



Internesional
Labour
Organizasyon

Decent Work Country Diagnostics: PHILIPPINES 2017

Decent Work Country Diagnostics: Philippines 2017

International Labour Organization
Country Office for the Philippines
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Decent work country diagnostics: Philippines 2017

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Foreword (DOLE)

The national economic blueprint of the Philippines is anchored on “AmBisyon Natin 2040”, with a long-term vision and aspiration for Filipinos to have decent jobs that bring sustainable income, including opportunities for entrepreneurship.

The government, under the leadership of President Rodrigo Duterte, recognizes the importance of creating more jobs and remains committed to protecting workers’ rights and welfare. The Department of Labor and Employment (DOLE) is at the forefront to help achieve this goal, as a shared responsibility with employers and workers in the country.

A comprehensive analysis and assessment of the decent work situation in the Philippines is vital to gauge where we are and what needs to be done. The DOLE has thus collaborated with the International Labour Organization (ILO) in the conduct of the Decent Work Diagnostics and consultation with partners and stakeholders. The collaboration supports the country’s commitment to have decent jobs for all.

Findings of the Diagnostics will further contribute to attaining the DOLE’s Eight-Point Labor and Employment Agenda and to achieving President Duterte’s vision for workers and their families, as well as employers.

Let me acknowledge all the work done to complete the Diagnostics. We have identified priorities as well as challenges, and now we have opportunities ahead of us to find solutions and to work together towards decent jobs for all Filipinos.

Mabuhay tayong lahat!



A handwritten signature in black ink, appearing to read 'Silvestre H. Bello III'.

Silvestre H. Bello III
Secretary
Department of Labor
and Employment (DOLE)

Foreword (ILO)

The Decent Work Country Diagnostics presents labour market trends, conditions and challenges in the Philippines. The Diagnostics offers a well-informed and comprehensive narrative of growth and decent work situation.

Decent work reflects people's aspirations for a better life as it drives economic growth and sustainable development, reduces poverty and contributes to achieving the Sustainable Development Goals (SDG). Promoting full and productive employment, extending social protection, guaranteeing rights at work and ensuring social dialogue are key pillars of decent work.

Indicative priorities and challenges from the Diagnostics will serve as input to the Decent Work Country Programme (DWCP), the Future of Work initiative of the ILO and the Common Country Assessments (CCA) of the United Nations Development Action Framework (UNDAF). The Diagnostics will also provide information for national development plans and strategies.

The ILO Country Office for the Philippines congratulates the Department of Labor and Employment (DOLE) for producing the Diagnostics. Of course, this will not be possible without key inputs, comments and contributions from our constituents – government, workers' and employers' organizations as well as partners and stakeholders who participated in dialogue and consultations. Their voices matter in validating the Diagnostics, in identifying priorities and challenges, and in building consensus to ensure decent work for all.

More than a report, the Diagnostics is a tool to guide us on what needs to be done. It is a crucial step in the continuing journey to support national efforts geared towards achieving economic growth and sustainable development through decent work.



A handwritten signature in black ink, appearing to read 'Khalid Hassan'.

Khalid Hassan

Director

International Labour Organization (ILO)

Country Office for the Philippines

Contents

Foreword	iii
List of tables	viii
List of figures	x
Acknowledgements	xii
Abbreviations	xiii
Executive summary	xvi
Introduction	1
A. The national development framework for inclusive growth	3
B. Decent work for shared prosperity and elimination of poverty and inequality	6
Section I. Overall setting	10
A. Demographic structure and dynamics	11
A.1 Age and sex demographics	11
A.2 Education, health and human development	11
A.2.1 Opportunities and access to education and technical-vocational training	13
A.2.2 Provision of and access to health services	14
A.3 Budget allocation and challenges	14
B. Structure and performance of the economy	16
B.1 GDP growth and contributions by sector	16
B.2 Employment growth lags behind GDP growth	19
B.3 Sectoral shares in GDP and employment	19
B.4 National revenues, capital formation and investment attractiveness	20
Section II. Employment by status, informal employment and the working poor	23
A. Labour force participation	25
B. Employment, unemployment and underemployment	25
B.1 Employment trends and patterns	25
B.2 Quality of employment	26
B.2.1 Formal sector employment and precarious employment increasing	27
B.2.2 Underemployment and informal and vulnerable employment.	29
B.3 Unemployment	30
B.4 A distinct problem NEET	32
C. Sectoral and enterprise performance in creating employment	32
C.1 Performance of the economic sectors	32
C.1.1 The dilemma of job-slow growth	32
C.1.2 Sectoral challenges	33
C.1.2.1 Transforming the agriculture sector	33
C.1.2.2 Reviving industry and manufacturing	34
C.1.2.3 Balancing and sustaining gains in services	35
C.2 Performance of enterprises	36
C.2.1 MSMEs: Dominant but weak	36
C.2.2 Enterprise challenges and constraints	37
D. Inclusiveness of growth	38
D.1 Growth inadequate to create enough decent work	38

D.2 Quality of employment	39
D.3 Poverty incidence and inequality are being reduced but remain significant	41
D.4 Medium term projections: Employment growth and poverty reduction	43
E. Accelerating growth across sectors and in enterprises	44
F. Gearing up for a just transition toward sustainable development	46

Section III. Fundamental principles and rights at work and international labour standards

50

A. The Philippine constitution and international labour standards	51
B. Work to be abolished	51
B.1 Forced labour	51
B.2 Child labour	53
C. Non-discrimination and equality of opportunity, access and treatment in employment	55
C.1 Policy and legal framework	55
C.2 Policy performance and outcomes	56
C.2.1 Wide sex gap in labour force participation	56
C.2.2 Employment opportunities and access tend to be skewed against women	57
C.2.3 Sex-based occupational segregation in wage and salary employment	58
C.2.4 Sex-based wage gap and differences in working hours	59
C.3 Call for additional legal measures and judicial developments	60
D. Freedom of association and the right to self-organization and collective bargaining	63
D.1 Policy and legal framework	63
D.1.1 Private sector labour relations	63
D.1.2 Public sector labour relations	64
D.2 Policy performance and outcomes	66
D.3 Related issues: Security of tenure and dispute resolution	68
D.4 Issues and challenges	72

Section IV. Decent working conditions and occupational safety and health

76

A. Working hours	77
B. Wages	77
B.1 Growth in real average wage is slow	77
B.2 Low paid employment	79
B.3 Minimum wage and its effects	80
B.4 Issues and challenges	81
C. Occupational safety and health standards	83
C.1 Policy and legal framework	83
C.2 Policy performance	85
D. The inspectorate	86
D.1 Authority and administrative capacity	86
D.2 Policy performance	86
E. The future of work: New frontiers on rights at work	89

Section V. Social protection	91
A. Policy and legal framework; expenditure programme	93
B. Social insurance	94
B.1 Coverage and membership	94
B.2 Contributions, benefits and claims	95
C. Active labour market interventions	97
C.1 Programmes, resource allocation and performance	97
D. Social welfare	99
D.1 Programmes, resource allocation and performance	99
E. Social safety nets: Disaster preparedness and mitigation	100
F. Issues and challenges	101
Section VI. International labour migration	105
A. International migration	107
B. OFWs: Policy and legal framework	108
C. Deployment of OFWs	109
C.1 Skills profile of OFWs	113
C.1.1 Sea-based OFWs	113
C.1.2 Land-based OFWs	114
C.2 Services and assistance to OFWs; continuing and new concerns	116
D. Inward migration	118
E. From overseas employment to migration and development	119
Section VII. Social dialogue	121
A. Policy and institutional framework	123
A.1 Mechanisms outside the enterprise	123
A.2 Enterprise-level mechanisms	125
B. Policy performance, outcomes and issues	126
B.1 Tripartism and social dialogue outside the enterprise	126
B.2 Social dialogue within the enterprise	127
C. Tripartism, social dialogue and inclusive growth	129
Concluding note	131
Glossary of terms	141
References	149

List of tables

Table 1.	Philippine human development index	12
Table 2.	Selected health indicators	12
Table 3.	Expenditure programme on education and health	13
Table 4.	Education and health service facilities, 2015	15
Table 5.	Gross Domestic Product and per capita GDP	17
Table 6.	Expenditure shares in GDP	17
Table 7.	Capital formation and wage share	20
Table 8.	Gross fixed capital formation as per cent of GDP	22
Table 9.	Net foreign direct investments flows	22
Table 10.	Labour force participation rate by sex and age group	25
Table 11.	Precarious employment in establishments, 2014	27
Table 12.	Employees in precarious work by sex, sector and category of employee	28
Table 13.	Discouraged unemployed by sex and age group	32
Table 14.	GDP, employment, elasticity and labour productivity, 2011-2015	33
Table 15.	Distribution of establishments and employment	36
Table 16.	Sectoral distribution of establishments and employment, 2014	37
Table 17.	Compliance by banks with mandatory loan allocations for MSMEs	38
Table 18.	Working poverty by sex, sector and class of worker	39
Table 19.	Underemployment, vulnerable, precarious and informal employment by industry, 2015	40
Table 20.	Underemployment, vulnerable, precarious and informal employment by region, 2015	41
Table 21.	Poverty incidence among families, real average annual family income and Gini Coefficient	42
Table 22.	Poverty, underemployment and vulnerable employment by region, 2015	43
Table 23.	National labour market aggregates and indicators	44
Table 24.	Trafficking in persons	52
Table 25.	Economic activity rate of children by sex and age group	54
Table 26.	Key employment indicators	57
Table 27.	Female share in occupational employment	58
Table 28.	Gender wage gap by major occupation group	59
Table 29.	Union density rates	66
Table 30.	Collective bargaining coverage rates	66
Table 31.	Disposition of med-arbitration cases	67
Table 32.	Cases handled by the National Labor Relations Commission	69
Table 33.	Average time to dispose NLRC cases on termination of employment: 2010-2011	70
Table 34.	Cases handled by the National Conciliation and Mediation Board	71
Table 35.	Average real daily basic pay by major occupation group	78
Table 36.	Average real daily basic pay and proportion of low paid employees by category of employee	79
Table 37.	Minimum wage earners	81
Table 38.	Establishments with safety and health committee and health and safety personnel	85
Table 39.	Violation rates on selected standards	87
Table 40.	Disposition of labour standards cases	88
Table 41.	Expenditure programme on social protection	94
Table 42.	Contributions, benefits and claims under social insurance	96
Table 43.	Average monthly pension	96

Table 44. Top ten most availed TVET courses, 2013	98
Table 45. CCT target, 2008-2015	100
Table 46. Overseas Filipinos cash remittances by type of worker	108
Table 47. Outflow of nationals for employment	111
Table 48. Intra-ASEAN labour migration	113
Table 49. Deployed land-based OFWs by top ten occupational categories, new hires	114
Table 50. Repatriated OFWs	117
Table 51. Alien employment permits by major occupation group	118
Summary table. Selected statistics on decent work, Philippines	139

List of figures

Figure 1. Snapshot of the labour and employment challenge, 2015	8
Figure 2. Total population by age group	11
Figure 3. Working age population by highest educational attainment	14
Figure 4. Enrollment, graduates, assessed and certified under TVET	16
Figure 5. Sectoral shares in GDP	17
Figure 6. GDP and employment growth	19
Figure 7. Sectoral shares in employment	19
Figure 8. GDP and employment sectoral shares	20
Figure 9. Employment-to-population-ratio by sex and age group	26
Figure 10. Employment by class of worker	26
Figure 11. Underemployment rate by sector and sex	30
Figure 12. Unemployment rate by sex and age group	30
Figure 13. Unemployment rate by educational attainment	31
Figure 14. Reasons why vacancies are hard to fill	31
Figure 15. Youth not in employment, education or training (NEET)	32
Figure 16. Informal, precarious and vulnerable employment and underemployment by sector, 2015	40
Figure 17. Economic growth and reduction in poverty incidence of families by region	42
Figure 18. Incidence of child labour by age group, 2011	54
Figure 19. Working children not in school by sex and age group	55
Figure 20. Female share in sectoral employment	57
Figure 21. Female share in class of worker employment	58
Figure 22. Employed by weekly hours of work	59
Figure 23. Trade union and collective bargaining structure in the private sector	64
Figure 24. Proportion of employed with excessive hours by sector and category of employee	77
Figure 25. Average real daily basic pay and GDP growth	78
Figure 26. Average daily basic pay by sector	79
Figure 27. Proportion of low-paid employees	80
Figure 28. Wage and salary workers in private establishments receiving above minimum wage	81
Figure 29. Minimum wage rates (MWRs) above poverty threshold (PT)	82
Figure 30. Percentage of wage orders issued with exemption provision and ratio of exemptible categories to wage orders with exemption provision	82
Figure 31. Establishments that applied, and granted exemption from the wage order	83
Figure 32. Incidence of non-fatal occupational injuries and occupational diseases	85
Figure 33. Labour law compliance officers	86
Figure 34. Establishments covered and assessed	87
Figure 35. Proportion of social security system contributing members	95
Figure 36. Average monthly retirement pension and per capita poverty threshold	97
Figure 37. Workers assisted through labour market interventions, 2005-2015	98
Figure 38. PESOs and jobs fairs performance	99
Figure 39. Proportion of population affected by natural disasters	100
Figure 40. Stock estimate of overseas Filipinos by world region	107
Figure 41. Deployed overseas Filipino workers	110
Figure 42. OFWs by sex	110
Figure 43. OFWs by sex and age group	110

Figure 44. Deployed land-based workers, rehires and new hires	111
Figure 45. Land-based OFWs by country of destination	111
Figure 46. OFWs by sex and major occupation group	114
Figure 47. OWWA membership	116
Figure 48. OFWs with HIV by sex	117
Figure 49. Returning OFWs by sex, country and reason	117
Figure 50. Alien employment permits by nationality	118

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Abbreviations

ADB	Asian Development Bank
AEP	Alien Employment Permit
ALMPs	Active Labour Market Programmes
ARMM	Autonomous Region of Muslim Mindanao
ASEAN	Association of Southeast Asian Nations
BFOQ	Bona Fide Occupational Qualification
BLR	Bureau of Labor Relations
BPO	Business Process Outsourcing
BSP	Bangko Sentral ng Pilipinas
CBA	Collective Bargaining Agreement
CCT	Conditional Cash Transfer
CEACR	Committee of Experts on Application of Conventions and Recommendations
CFO	Commission on Filipinos Overseas
CNA	Collective Negotiation Agreement
CSC	Civil Service Commission
CSF	Credit Surety Fund
DepEd	Department of Education
DeWS	Decent Work Statistics
DILP	DOLE Integrated Livelihood Programme
DOLE	Department of Labor and Employment
DSWD	Department of Social Welfare and Development
ECC	Employees' Compensation Commission
ECP	Employees' Compensation Programme
ENR	Environment and Natural Resources
EPR	Employment-to-working age Population Ratio
FDI	Foreign Direct Investments
FIES	Family Income and Expenditure Survey
GDP	Gross Domestic Product
GIP	Government Internship Programme
GOCCs	Government-Owned or Controlled Corporations
GSIS	Government Service Insurance System
HDI	Human Development Index
HDMF	Home Development Mutual Fund (Pag-IBIG Fund)
HSWs	Household Service Workers
IACAT	Inter-Agency Council Against Trafficking
ILO	International Labour Organization
IMF	International Monetary Fund
ITBPM	Information Technology and Business Process Management
ITCs	Industry Tripartite Councils
IPs	Indigenous Peoples
KSA	Kingdom of Saudi Arabia
LFS	Labour Force Survey
LFPR	Labour Force Participation Rate
LGUs	Local Government Units
LLCOs	Labour Laws Compliance Officers
LLCS	Labour Laws Compliance System
LMCs	Labour Management Councils
MDG	Millennium Development Goal
MCCT	Modified Conditional Cash Transfer
MSMEs	Micro, Small and Medium Enterprises

MWRs	Minimum Wage Rates
NAPC	National Anti-Poverty Commission
NCMB	National Conciliation and Mediation Board
NCR	National Capital Region
NEET	Not in Employment, Education or Training
NGAs	National Government Agencies
NLRC	National Labor Relations Commission
NRCO	National Reintegration Center for Overseas Filipino Workers
NTIPC	National Tripartite Industrial Peace Council
NWPC	National Wages and Productivity Commission
OECD	Organization for Economic Cooperation and Development
OFWs	Overseas Filipino Workers
OHAT	Outpatient HIV/AIDS Treatment
OSH	Occupational Safety and Health
OSHC	Occupational Safety and Health Center
OSHS	Occupational Safety and Health Standards
OWWA	Overseas Workers Welfare Administration
PPP	Pantawid Pamilya Program
PDP	Philippine Development Plan
PEPM	Philippine Employment Projection Model
PESOs	Public Employment Service Offices
PEZA	Philippine Economic Zone Authority
PHIC	Philippine Health Insurance Commission
PhilHealth	National Health Insurance Corporation
PLEP	Philippine Labor and Employment Plan
PNP	Philippine National Police
POEA	Philippine Overseas Employment Administration
POLOs	Philippine Overseas Labor Offices
PSA	Philippine Statistics Authority
PSLMC	Public Sector Labor Management Council
PT	Poverty Threshold
RTIPCs	Regional Tripartite Industrial Peace Councils
RTWPBs	Regional Tripartite Wage and Productivity Boards
SEC	Standard Employment Contract
SDGs	Sustainable Development Goals
SLP	Sustainable Livelihood Programme
SOC	Survey on Children
SPES	Special Program for the Employment of Students
SSC	Social Security Commission
SSS	Social Security System
STCWS	Standards of Training, Certification and Watchkeeping for Seafarers
SUCs	State Universities and Colleges
SY	School Year
TESDA	Technical Education and Skills Development Authority
TIPC	Tripartite Industrial Peace Council
TVAAC	Tripartite Voluntary Arbitration Advisory Council
TVET	Technical-Vocational Education and Training
UN	United Nations
UN-CEDAW	United Nations Convention on the Elimination of Discrimination Against Women
UNESCAP	United Nations Economic and Social Commission for Asia and the Pacific
VCGBs	Voluntary Codes of Good Practices
WB	World Bank



Executive summary





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The Report diagnoses the situation, issues and challenges on labour and employment in the country in relation to the overall goal of achieving sustainable and inclusive growth. As a main premise, massive creation of decent work is an essential precondition to inclusive growth. Relatively strong economic growth over the last decade was not inclusive as it did not translate to massive creation of decent work and therefore had limited effect on reduction of poverty and inequality. Many policies, laws and institutions aligned with international labour standards are already in place but there are gaps in implementation and enforcement. Attention should also be given to policy areas where laws and institutions already exist but may be insufficient or need revision or updating, as well as areas where there are yet no laws or institutions effectively in place. To help focus on labour and employment issues, a new national decent work agenda based on the development framework of the Constitution and supportive of the new national development directions of the administration's "0 + 10" socio-economic agenda, the medium-term Philippine Development Plan (*PDP 2017-2022*) and the long-term *AmBisyon Natin 2040* as well as the Sustainable Development Goals (SDGs) is needed.

Realizing decent work and inclusive growth must consider multiple factors. Particularly crucial are overall factors like the country's constrained capacity to produce due to inadequate infrastructure, support facilities and high costs of doing business, a pattern of "job-slow" growth and the structural disconnect between Gross Domestic Product (GDP) growth and employment growth, skills and job mismatches, low productivity especially in agriculture and in Micro, Small and Medium Enterprises (MSMEs), and the extent and depth of the problems of inequality, vulnerability and poverty.

Equally important factors are the increasing population and shifting demographics which, with strategic management, can yield potential demographic dividends. For this purpose, human capital development with the core components of education, training and health are indispensable. More urgent attention should likewise be given to a working age population with relatively low labour force participation rate persistently skewed against women, a relatively high dependency ratio, the profile of the employed dominated by young, low-skilled and low-paid or underemployed workers, the precarious and vulnerable nature of many forms of employment especially in the informal sector and among women and the youth, labour underutilization and underemployment.

On fundamental principles and rights at work, these are generally recognized in national law. But there is room for improvement in the implementation, enforcement and possible enhancement of policies and laws against child labour and forced labour, as well as of policies and laws on non-discrimination and equality of opportunity, access and treatment, and freedom of association and collective bargaining. The national policy framework on freedom of association and collective bargaining, in particular, may need to be reviewed and modernized considering the declining trade union density and collective bargaining coverage rates and the emergence of new work arrangements. There are also policy gaps in the sense that the application of fundamental principles and rights tend to be focused on formal employment and effectively exclude the informal sector.

On general labour standards, Occupational Safety and Health (OSH) and other social legislations, the subject matter and scope of national laws are generally aligned with international labour standards. As in fundamental principles and rights, there is also room for improvement in their implementation and enforcement including, particularly, the need to continuously enhance the administrative capacity of the inspectorate. These standards also have effective application only to the formal sector. On specific issues, determination of incidence of excessive working hours, the effectiveness of the wage-setting mechanism, instances of occupational and sex-based segregation and differentiation in pay, opportunity and treatment, and lack of security of tenure and precarious employment especially in light of the rising incidence of non-regular or non-standard forms of employment that increasingly appears to characterize new and future work arrangements are key challenges.

On social protection, the country's social protection programme is comprehensive and sufficiently institutionalized. Increase in the national expenditure programme for social protection, access to social protection programmes, and actual number of beneficiaries over the years are notable. The main challenges are adequacy and sustainability of benefits, as well as finding the proper complementary mix of passive and active labour market interventions so as not to destroy work incentives, streamlining of fragmented programmes to maximize impacts, and improving preparedness for climate change and other risks.

On international labour migration, the push and pull factors for outward labour migration remain strong. While the policy and regulatory framework already covers the full cycle of overseas labour migration, implementation and enforcement need to be improved. A key concern, likewise, is the profile of Overseas Filipino Workers (OFWs) which continues to be dominated by low-skilled categories and occupations many of which are in the 3-D (dirty, dangerous and demanding) where workers, particularly women, face higher risks. Looking forward, there is also a need for a re-examination of international labour migration policy from one focused on overseas employment and welfare to a more comprehensive migration and development perspective, especially in light of regional and global movement of professionals and highly-skilled workers.



On social dialogue and tripartism, the country has functioning social dialogue and tripartite mechanisms. It should continue to expand the space for social dialogue by including non-traditional sectors and coming up with substantive outputs or recommendations based on consensus on broader social and economic policy areas and issues that affect labour and employment. Formulation of the new decent work agenda is an opportunity for current social dialogue mechanisms and processes to expand and further mature.

A new national decent work agenda will help focus development efforts on achieving growth with employment, employment with rights, and social protection for all, appropriately aligned with the larger agendas of *PDP 2017-2022* and *AmBisyon 2040*. Toward this, several practical initial steps can be taken by the social partners and other stakeholders, such as identifying and acting on policy as well as implementation, enforcement and coordination gaps; giving more attention to the informal sector and special groups of workers, particularly those in the informal sector and other vulnerable groups, such as persons in domestic work, children at work, persons with disabilities and workers exposed to the risks of disasters, conflicts and distressed conditions; continuously balancing regulatory and facilitative or allocative interventions in the labour market; aiming for reforms that are productivity-enhancing, adaptive and transformative; correcting institutional weaknesses and failures, particularly perceived weaknesses in the labour dispute resolution system; and setting up an integrated decent work information management system that links quantitative and qualitative data on outputs, outcomes and impacts, and enable more effective monitoring, evaluation and analysis of policies, laws and programmes. The agenda may be organized around four central points of action, namely supply side measures to improve the economy's capacity to produce, particularly in continuously developing and optimizing the utilization

of human resources for productive and remunerative work; demand side measures to create adequate opportunities for and equal access to productive, remunerative and decent work within the domestic economy; social protection measures to provide a balanced, accessible and effective mix of active and passive labour market measures and social programmes; and institutional and governance measures consisting of appropriate policies, laws and governance mechanisms to ensure that the rights and opportunities of workers, employers and all stakeholders are not only recognized but effectively realized.



Introduction





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A. The national development framework for decent work and inclusive growth

1. The 1987 Philippine Constitution provides the State's fundamental development framework for decent work and inclusive growth with wide-ranging policy goals, among which are:
 - A just and dynamic social order that will ensure the prosperity and independence of the nation and free the people from poverty through policies that provide adequate social services, full employment, a rising standard of living, and an improved quality of life for all.¹
 - A more equitable distribution of opportunities, income, and wealth; a sustained increase in the amount of goods and services produced by the nation for the benefit of the people; and an expanding productivity as the key to raising the quality of life for all, especially the under-privileged.²
 - Industrialization and full employment based on sound agricultural development and agrarian reform, through industries that make full and efficient use of human and natural resources, and which are competitive in both domestic and foreign markets; and protection of Filipino enterprises against unfair foreign competition and trade practices.³
 - Social justice in all phases of national development.⁴

¹1987 Constitution, ART. II, Section 9.

²*Idem*, ART. XII, Section 1.

³*Idem*.

⁴*Idem*, ART. II, Section 10.

- Protection and promotion of the rights and welfare of all Filipino workers, local and overseas, including the preferential use of Filipino labour.⁵
2. These goals have the same substance as the UN Sustainable Development Goals (SDGs)⁶ and the ILO's decent work and future of work initiatives.
 - The SDGs envision inclusive growth as one that “will only be possible if wealth is shared and income inequality is addressed” in the context of “dynamic, sustainable, innovative and people-centered economies, promoting youth employment and women’s economic empowerment, in particular, and decent work for all,”⁷ and specifically one that will end poverty (Goal 1); promote full and productive employment and decent work for all (Goal 8); and reduce inequality (Goal 10).⁸
 - Decent work is quality employment, or 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, freedom for people to express their concerns, organize and participate in the decisions that affect their lives, and equality of opportunity and treatment for all women and men. Its strategic pillars are job creation, rights at work, social protection and social dialogue, with gender equality as a cross-cutting objective.⁹
 3. In both national and international contexts, massive creation of decent work enables the realization of shared prosperity, improved quality of life and reduction of poverty and inequality. It is therefore a precondition to inclusive growth.
 4. The country’s official development plan for inclusive growth is the new PDP,¹⁰ which has a six-year medium term phase from 2017 to 2022 (PDP 2017-2022) and 25-year long term phase

⁵*Idem*, Section 19 in relation to ART. XIII, Section 3 and ART. XII, Section 12.

⁶UN General Assembly Resolution, “Transforming our world: the 2030 Agenda for Sustainable Development,” A/RES/70/1 (2015), at http://www.un.org/ga/search/view_doc.asp?symbol=A/RES/70/1&Lang=E, p. 14. The 17 SDG goals are:

- Goal 1. End poverty in all its forms everywhere
- Goal 2. End hunger, achieve food security and improved nutrition and promote sustainable agriculture
- Goal 3. Ensure healthy lives and promote well-being for all at all ages
- Goal 4. Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all
- Goal 5. Achieve gender equality and empower all women and girls
- Goal 6. Ensure availability and sustainable management of water and sanitation for all
- Goal 7. Ensure access to affordable, reliable, sustainable and modern energy for all
- Goal 8. Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all
- Goal 9. Build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation
- Goal 10. Reduce inequality within and among countries
- Goal 11. Make cities and human settlements inclusive, safe, resilient and sustainable
- Goal 12. Ensure sustainable consumption and production patterns
- Goal 13. Take urgent action to combat climate change and its impacts
- Goal 14. Conserve and sustainably use the oceans, seas and marine resources for sustainable development
- Goal 15. Protect, restore and promote sustainable use of terrestrial ecosystems, sustainably manage forests, combat desertification, and halt and reverse land degradation and halt biodiversity loss
- Goal 16. Promote peaceful and inclusive societies for sustainable development, provide access to justice for all and build effective, accountable and inclusive institutions at all levels
- Goal 17. Strengthen the means of implementation and revitalize the Global Partnership for Sustainable Development

⁷*Idem*, paragraph 27, p. 8.

⁸These are supported by other goals, specifically ensuring inclusive and equitable quality education and promote lifelong learning opportunities for all (Goal 4), achieving gender equality and empower all women and girls (Goal 5), building resilient infrastructure, promoting inclusive and sustainable industrialization and fostering innovation (Goal 9), and promoting peaceful and inclusive societies that provide access to justice for all and building effective, accountable and inclusive institutions at all levels (Goal 16).

⁹<http://www.ilo.org/global/topics/decent-work/lang--en/index.htm>.

¹⁰Reformulated at six-year intervals at every change of political administration. The lead agency in preparing the PDP is the National Economic Development Authority (NEDA). PDP 2011-2016, supported by the Philippine Labor and Employment Plan (PLEP) 2011-2016 had good governance and anti-corruption as overarching themes and aimed for the primary goal of attaining inclusive growth with three broad strategies - a high and sustained economic growth that provides productive and decent employment opportunities; equal access to development opportunities across geographic areas and across different income and social groups to ensure that economic growth and opportunities translate to poverty reduction; and implementation of effective and responsive social safety nets to assist those adversely affected by rapid economic growth.

dubbed as *AmBisyon Natin 2040*.¹¹ The objective is to translate the administration's "0 + 10-point socio-economic agenda"¹² into strategies, policies, programmes, and activities built on the three pillars of "*Malasakit*" or enhancing the social fabric, "*Pagbabago*" or reducing inequality, and "*Kaunlaran*" or increasing potential growth, to be supported by a strong foundation in national peace and security, strategic and accelerated infrastructure development, resiliency, and ecological integrity. The ultimate goal is inclusive growth with a prosperous, healthy, high trust and predominantly middle class society where no one is poor, and a smart, innovative and globally competitive knowledge economy.¹³

5. The items under the "0 + 10 agenda" expected to have the most direct and positive impact on the creation of more and better job and employment opportunities are investing in human capital development; accelerating annual infrastructure spending; promoting rural and value chain development; increasing competitiveness and ease of doing business; promoting science, technology and the creative arts to enhance innovation and creative capacity; and improving social protection programmes.
6. Within PDP 2017-2022 and *AmBisyon Natin 2040*, the Department of Labor and Employment (DOLE)¹⁴ has its own eight-point agenda for labour and employment supportive of decent work and inclusive growth. The priorities include effective policies and measures to address unemployment and underemployment, full respect of labour standards and the fundamental principles and rights at work, strengthened protection and security of OFWs, and enhanced workers' social protection and welfare programmes to be pursued through workers' and employers' participation, tripartism and social dialogue.
7. The realization of PDP 2017-2022 and *AmBisyon Natin 2040* will be framed by the challenges, opportunities and dynamics of a world in a continuous state of transformation. Driving transformation are demographic shifts, climate change, technological innovation, profound changes in the nature, organization and processes of work, shifting contours of poverty and prosperity, growing inequality, economic stagnation and the changing character of production and employment. All stakeholders are thus required to imagine the long-term future of work in order to steer its evolution in the direction of social justice, amidst widespread anxiety about whether the future will produce greater polarization within and between

¹¹Executive Order No. 5, signed by President Rodrigo Duterte on 11 October 2016.

¹²First presented at the Davao Business Forum, 20 June 2016 as the 10-point socio-economic agenda. The ten items are: (a) Continuing and maintaining current macroeconomic policies, including fiscal, monetary, and trade policies; (b) Instituting progressive tax reform and more effective tax collection, indexing taxes to inflation; (c) Increasing competitiveness and ease of doing business; (d) Accelerating annual infrastructure spending to account for 5 per cent of GDP, with Public-Private Partnerships playing a key role; (e) Promoting rural and value chain development toward increasing agricultural and rural enterprise productivity and rural tourism; (f) Ensuring security of land tenure to encourage investments, and addressing bottlenecks in land management and titling agencies; (g) Investing in human capital development, including health and education systems, and matching skills and training; (h) Promoting science, technology, and the creative arts to enhance innovation and creative capacity; (i) Improving social protection programmes, including the government's Conditional Cash Transfer programme; and (j) Strengthening implementation of the Responsible Parenthood and Reproductive Health Law. "0 + 10" incorporates peace and order as "ground zero," or the essential foundation for all the ten items.

¹³Secretary Ernesto Pernia, National Economic Development Authority, "Next Philippine Development Plan to focus on long term aspirations of Filipinos," at <http://www.neda.gov.ph/2016/11/28/next-ph-development-plan-to-focus-on-long-term-aspirations-of-filipinos/>

¹⁴Based on the statement of DOLE Secretary Silvestre Bello III given in his confirmation hearing at the Commission on Appointments, 12 October 2016. The agenda reiterates the speech of the DOLE Secretary delivered at the 37th National Conference of Employers, 13 July 2016. Under this agenda, DOLE plans to take the following specific actions: (1) create one-stop shop centers for overseas Filipino workers OFWs (OSSCOs), set up of DOLE 24/7 hotline, and streamline processes for frontline services; (2) develop Human Resource Development (HRD) roadmaps to support industry roadmaps aimed at creating employment opportunities, and strengthening of public employment facilitation services through Public Employment Service Offices (PESOs); (3) strict enforcement of labour standards including the law on security of tenure through labour inspection, industry self-regulation and voluntary compliance; (4) effect summary closures, strengthen and expand the capacity of Philippine Overseas Labor Offices (POLOs), strengthen re-integration programmes and other forms of assistance for OFWs and their families, and adopt measures and mechanisms to protect and promote the welfare and interest of OFWs at every stage of the migration cycle from recruitment to deployment to re-integration; (5) ensure access to programmes, adequacy of benefits, source of funding, and sustainability of social protection programmes; (6) develop means to enhance collective bargaining and other forms of labour-management participation including tripartism and social dialogue; (7) reduce and eventually eliminate case backlogs; simplify rules of procedure including adoption of summary procedures for certain cases; and rationalize the stages of dispute resolution; and (8) recognize and the right of workers to participate in policy and decision-making processes directly affecting them and of employers to reasonable returns on investments and to expansion and growth.

countries.¹⁵ The transformation will also have to be guided by the principles of “just transition”¹⁶ toward sustainable development, which includes creating a green, carbon-neutral economy and conserving natural resources.

B. Decent work for shared prosperity and elimination of poverty and inequality

8. On the back of sound macro-economic fundamentals, strong domestic consumption fueled by remittances from OFWs and other Filipino migrants, and the continued expansion of Business Process Outsourcing (BPO), the Philippines’ GDP grew by an average of 6 per cent annually from 2011 to 2015¹⁷ and by 6.8 per cent in 2016. Continued growth in GDP is forecast by the World Bank (WB) at 6.9 per cent in 2017, 7 per cent in 2018 and 6.7 per cent in 2019,¹⁸ and by the Asian Development Bank (ADB) at 6.4 per cent in 2017 and 6.6 per cent in 2018.¹⁹ The Organization for Economic Cooperation and Development (OECD) estimates a 5.7 per cent average annual growth between 2016 and 2020. Nevertheless, the key questions remain: Will this growth bring about massive creation of decent work? Will it be inclusive and sustainable?

9. Amidst economic growth, unemployment, underemployment, poverty, inequality and substantial economic and social inequality and exclusion persist. The themes are familiar:

- A fast-growing population that has reached around 101 million, almost two-thirds of which is of working age.



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¹⁵See International Labour Organization (ILO), “The future of work we want: a global dialogue,” <http://www.ilo.org/global/topics/future-of-work/dialogue/lang--en/index.htm>, downloaded 30 March 2017.

¹⁶International Labour Organization, Guidelines for a just transition towards environmentally sustainable economies and societies for all (2015), http://www.ilo.org/wcmsp5/groups/public/---ed_emp/---emp_ent/documents/publication/wcms_432859.pdf

¹⁷Highest among the ASEAN-5 countries, i.e., Indonesia, Malaysia, the Philippines, Thailand and Viet Nam.

¹⁸<http://data.worldbank.org/country/philippines>

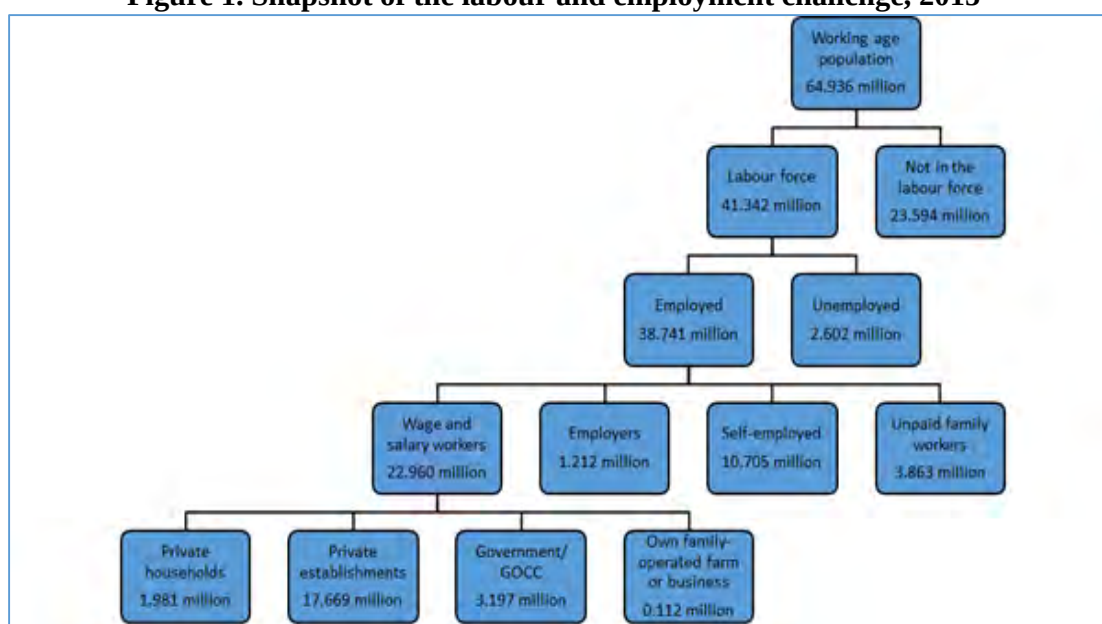
¹⁹<https://www.adb.org/countries/philippines/economy>



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- One-third of the working age population that do not participate in the labour force, with women accounting for a disproportionately large share.
 - A labour force that continues to grow faster than the economy can create jobs.
 - Wage and salary employment that has been growing modestly, but with more than six million private sector employees (34 per cent) in precarious employment who cannot effectively exercise or enjoy their full legal rights.²⁰
 - At least 38 per cent of employed in the informal sector, characterized by high levels of vulnerability, particularly among the self-employed and unpaid family workers, and with limited labour rights and social protection coverage.
 - Low productivity across sectors, chronically so in agriculture especially in the past ten years.
 - Persistently high unemployment and underemployment rates at 6-8 per cent and 18-23 per cent.
 - Poverty incidence of the population at over 20 per cent in 2015.
10. From the standpoint of decent work and the future of work, shared prosperity and elimination of poverty and inequality rest on **growth with employment, employment with rights, and social protection for all**.²¹ Achieving these objectives must start from a comprehensive assessment of the state of labour and employment in the country (Figure 1), and a diagnosis of the specific problems, issues and challenges that will then enable stakeholders to formulate a specific, results-based, goal-oriented national decent work agenda aligned with the goals of PDP 2017-2022 and *AmBisyon Natin 2040*.

Figure 1. Snapshot of the labour and employment challenge, 2015



Source: Philippine Statistics Authority, Labor Force Survey.

²⁰Based on 2015 Labor Force Survey, Philippine Statistics Authority (PSA).

²¹Some of these are now embedded in specific parts and chapters of PDP 2017-2022, with Parts III (Inequality reducing transformation), IV (Increasing growth potential), and VI (Foundations for sustainable development)



Section I.

Overall setting



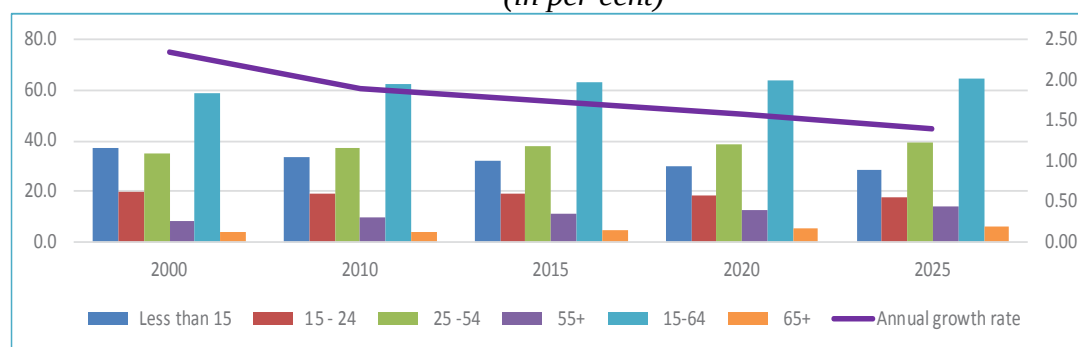
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A. Demographic structure and dynamics

A.1 Age and sex demographics

11. About 38 per cent of the total population are in the three most urbanized and industrialized regions – Region IV-A (CALABARZON), National Capital Region (NCR) and Region III.²² The population is evenly distributed between the sexes. While about 68 per cent (69.3 million) of the population is 15 years old and over, it remains dominantly young with 51 per cent below 25 years old and 32 per cent below 15. The population grew by a cumulative 32 per cent since 2000 - 1.9 per cent annually from 2000 to 2010 and by 1.73 per cent from 2010 to 2015.²³ Growth in working age population slowed down from almost 3 per cent in 2000 to about 1.5 per cent starting in 2014 (Figure 2). Between 2015 and 2020, slower annual growth of about 1.59 per cent is projected.²⁴ By 2025, the share of those below working age is seen to go down to 29 per cent; in spite of slower growth, the share of the working age population is still projected to go up to 71 per cent. These shifts, expected to continue over the longer term, creates a potential for a demographic dividend as it will bring down the age dependency ratio,²⁵ making it possible for the economy to re-allocate resources from those below working age toward increasing the productive capacity of the working age population.

Figure 2. Total population by age group
(in per cent)



Sources: Philippine Statistics Authority, *Population Censuses (2000 and 2010)* and *2010 Census-based Population Projections (rest of the years)*.

A.2 Education, health and human development

12. To enable the working age population become productive members of the labour force, total human development with the core elements of education, training and health is key. This is guided by explicit State policies to protect and promote the right of all citizens to quality education at all levels²⁶ and to adopt an integrated and comprehensive approach to health development where essential goods, health and other social services are available to all at affordable cost.²⁷

²²2015 Census, PSA. As of 2015, Region IV-A had a population of 14.41 million, NCR 12.88 million, and Region III 11.22 million.

²³2015 Census, PSA.

²⁴The 2010 Census-based population projections utilized the Cohort-Component Method. This methodology is based on the future trends in fertility, mortality and migration. The three series of population projections, namely, the low, medium and high series, are based on the above-mentioned assumptions adopted.

²⁵Age dependency ratio refers to ratio between children (less than 15 years old) and the elderly (65 years old and over) to the economically productive population (15-64 years old).

²⁶1987 Philippine Constitution, ART. XIV, Sections 1 to 9.

²⁷*Idem*, ART, XIII, Section 11.

13. The Human Development Index (HDI) assesses a country's long-term progress in three basic dimensions: a long and healthy life, access to knowledge and a decent standard of living, measured by life expectancy, mean years of education among the adult population, and access to learning and knowledge by expected years of schooling for children of school-entry age (Table 1).²⁸ The experience of the Philippines shows that education and health are positively correlated with income opportunity and reduction of poverty and inequality (Table 2). There is also a direct relationship between mean years of schooling and income per capita. One year of additional schooling resulted in 26 per cent increase in income per capita between 1990 and 2000, and 31 per cent between 2005 and 2014.
14. Overall, the country's HDI performance show nominal improvements and persistent gaps over the last three decades, underscoring the importance of continuing strategic investments in the areas of education and health as a means to reduce poverty and inequality. The country's HDI is now slightly above the median of 0.63 for countries classified under the medium development group but is still below the average of 0.71 for countries in East Asia and the Pacific.

Table 1. Philippine human development index

Year	Life expectancy at birth	Expected years of schooling	Mean years of schooling	GNI per capita (2011 PPP\$)	HDI value
1980	62.2	10.3	5.4	4 410	0.557
1985	63.8	10.5	6.2	3 487	0.565
1990	65.3	10.8	6.6	3 962	0.586
1995	66.1	10.8	7.1	4 111	0.598
2000	66.7	11.4	7.6	4 994	0.623
2005	67.2	11.6	7.9	6 058	0.640
2010	67.7	11.3	8.2	7 478	0.654
2011	67.8	11.3	8.4	6 853	0.653
2012	67.9	11.3	8.5	7 166	0.657
2013	68.1	11.3	8.7	7 598	0.664
2014	68.2	11.3	8.9	7 915	0.668

Source: United Nations, Human Development Report.

Table 2. Selected health indicators

Indicator	1990 baseline	2013	2015 MDG target
Infant mortality rate	57	23	19
Under 5 mortality rate	80	31	27
Maternal mortality ratio	209	221	52
		(2011 data)	
Prevalence of underweight children below 5	26.5	21.5	13.3
	(1992 data)	(2015 data)	
Proportion of births attended by skilled health personnel	58	87	100

Source: Philippine Statistics Authority, MDG Watch.

²⁸UNDP, 2015.

A.2.1 Opportunities and access to education and technical-vocational training

15. The State's policy is to provide universal access to basic education and training for children of school age and adults²⁹ and give the highest budgetary priority to education.³⁰ Toward these ends, the budget for education has more than doubled between 2014 and 2017 and now represents 19 per cent of the total budget (Table 3) although it is still a very small percentage of GDP. Access to education is also improving. In 2015, school participation or net enrolment ratio of those between 5 to 15 years was 74 per cent in kindergarten, 91 per cent in elementary and 68 per cent in secondary education. In secondary education, girls had higher net enrolment ratio at 73 per cent than boys at 64 per cent.³¹ In School Year (SY) 2015-2016, teacher-to-student ratios in the public elementary and secondary schools stood at 1:33 and 1:25, respectively, slightly improving from 1:36 and 1:27 in SY 2014-2015. The adult secondary school graduation rate is 57.9 per cent in 2015 from 45 per cent in 2000. About 60.4 per cent of women compared to 55.4 per cent of men completed their secondary schooling.³²

Table 3. Expenditure programme on education and health

Expenditure programme	2014	2015	2016	2017
Amount (Php billion)				
Education	284.300	387.451	490.628	637.774
Health	89.011	109.257	125.353	146.178
% of National budget				
Education	14.08	16.05	16.34	19.04
Health	4.41	4.52	4.18	4.36
% of GDP				
Education	2.25	2.91	3.40	...
Health	0.70	0.82	0.87	...

Sources: Department of Budget and Management; Philippine Statistics Authority, *National Accounts of the Philippines*.

16. Over 90 per cent of adults aged 25-64 years old were functionally literate, with women posting a slightly higher rate (91.7 per cent) than men (88.7 per cent).³³ Over 43.8 per cent (about 28.5 million) reached or completed secondary education, 26.2 per cent tertiary (about 17 million), 24 per cent primary (15.6 million), and 4.2 per cent post-secondary (about 2.7 million). More men had secondary schooling while more women reached tertiary level. Less than 2 per cent of the total working population (1.3 million) were certified, job-ready Technical-Vocational Education and Training (TVET) graduates. The proportion of those reaching secondary, post-secondary and tertiary levels in relation to those with primary level schooling has been improving slightly since 2011 (Figure 3).

²⁹1987 Constitution, Art. XIV, Sec. 2.

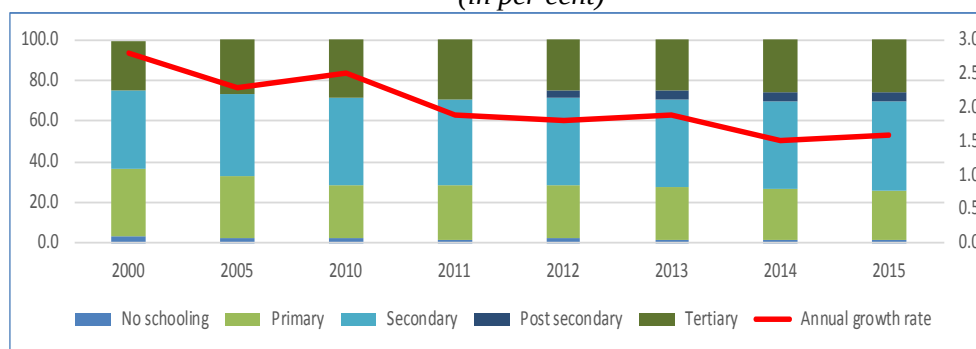
³⁰*Idem*, Sec. 5.

³¹Department of Education, 2015 Enhanced Basic Education Information System (EBEIS). The K to 12 Programme under Republic Act No. 10533, or the Enhanced Basic Education Act of 2013 covers Kindergarten and 12 years of basic education (six years of primary education, four years of Junior High School, and two years of Senior High School [SHS]) to provide sufficient time for mastery of concepts and skills, develop lifelong learners, and prepare graduates for tertiary education, middle-level skills development, employment, and entrepreneurship.

³²Adult secondary-school graduation rate refers to total adults who have completed high school education as a percentage share of total adult household population 25 years old and over (PSA data).

³³2013 estimate.

Figure 3. Working age population by highest educational attainment
(in per cent)



Note: Before 2012, data for post-secondary education was included in tertiary.

Source: Philippine Statistics Authority, Labor Force Survey.

A.2.2 Provision of and access to health services

17. On health, the policy and legal framework for affording universal health care is institutionalized through a national health insurance programme.³⁴ For wage and salary workers, the programme is tied to the Government Service Insurance System (GSIS) and the Social Security System (SSS) for public and private sector employees. Through State subsidies, the programme also aims to provide health services to the entire population, including those in the informal sector and generally the poor and marginalized.³⁵ Significant progress in providing the poor with access to health services has been made over the last two decades, but substantial challenges remain. The country is in deficit of its millennium development goals of reducing infant mortality and maternal mortality and malnutrition, and of increasing the proportion of birth attended by trained health personnel. In 2013, only around half of the 37,436 barangays across the country had health stations (Table 4). The ratio of public health workers to total population was low, with three doctors, six nurses, 17 midwives and 209 health workers per 100,000 persons.³⁶

A.3 Budget allocation and challenges

18. Delivery of adequate basic education and health services is a key goal. It is noteworthy that the government has backed this up by significantly increasing the budgets for both education and health. Although the increased budget represent only nominal percentages of the national budget and GDP and there remains many old and new challenges, its impacts in meeting old and new challenges can be optimized through efficient and effective budget execution and implementation.

³⁴Republic Act No. 7825, An Act Instituting the National Health Insurance Program for All Filipinos (1995), as amended by Republic Act No. 9241 (2004).

³⁵Section 2, RA No. 7825 provides: "Declaration of Principles and Policies. – Section II, Article XIII of the 1987 Constitution of the Republic of the Philippines declares that the State shall adopt an integrated and comprehensive approach to health development which shall endeavor to make essential goods, health and other social services available to all the people at affordable cost. Priority of the needs of the underprivileged, sick, elderly, disabled, women, and children shall be recognized. Likewise, it shall be the policy of the State to provide free medical care to paupers."

³⁶As of 2000, which is the latest available figure.

Table 4. Education and health service facilities, 2015

Region	Total population	GRDP growth	Poverty incidence of the population	Public and private elementary and secondary schools	Government and private hospitals	Barangay health stations	Average population per barangay	Average population per barangay health station
Philippines	101 million			62 618	1 195	19 622	2 399	5 187
Number								
Percent	100.0	5.9	21.6	100.0	100.0	100.0		
NCR	12.8	6.6	3.9	5.1	13.4	2.4	7 611	27 206
CAR	1.7	3.7	19.7	3.4	1.9	3.3	1 485	2 758
Region I	5.0	5.0	13.1	5.9	7.2	5.9	1 547	4 356
Region II	3.4	3.7	15.8	4.9	4.9	6.3	1 499	2 793
Region III	11.1	5.3	11.2	9.1	14.1	10.0	3 638	5 737
Region IV-A	14.3	5.9	9.1	11.3	17.4	11.5	3 482	6 550
Region IV-B	2.9	1.7	24.4	4.0	1.9	4.3	2 157	3 594
Region V	5.7	8.4	36.0	7.0	4.3	5.9	1 682	5 040
Region VI	7.5	8.3	22.4	8.4	5.2	10.5	1 877	3 693
Region VII	7.3	4.8	27.6	7.7	4.8	9.6	2 176	3 962
Region VIII	4.4	3.9	38.7	7.1	3.6	4.2	997	5 265
Region IX	3.6	7.2	33.9	4.4	3.7	3.6	2 085	5 335
Region X	4.6	5.5	36.6	5.1	5.4	5.5	2 358	4 395
Region XI	4.8	7.9	22.0	4.1	4.5	5.2	4 249	4 826
Region XII	4.5	3.3	37.3	4.4	4.7	5.7	3 879	4 175
Caraga	2.6	4.2	39.1	3.7	1.4	4.0	1 999	3 349
ARMM	3.7	-0.8	53.7	4.2	1.6	2.1	1 464	8 348

Sources: Philippine Statistics Authority; Department of Education and Department of Health.

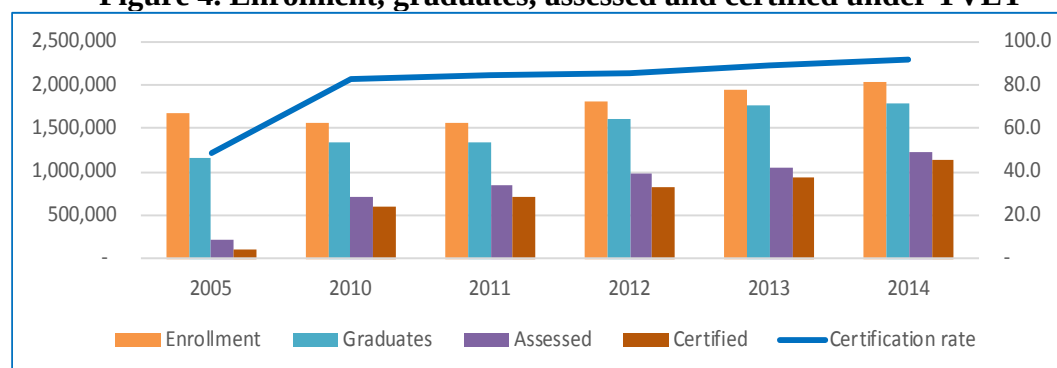
For both education and health, budget execution should ensure equal access to facilities and services across regions. Except for Regions III, IV-A, V and the Visayas regions, the proportions of elementary and secondary schools were below 6 per cent. On the other hand, while it is logical that there are more private and government hospitals in the more developed and densely populated regions such as NCR and Regions III and IV-A, the data indicate that barangay health stations are inadequate even to meet the needs of these regions. For example, NCR has the highest population unserved by barangay health stations. Regions III and IV-A account for the most number of barangay health stations but their high population density likewise limit access as evidenced by the average population being served by each barangay health station. The same problems become even more pronounced with respect to the regions with the highest poverty incidence such as Autonomous Region of Muslim Mindanao (ARMM) and Regions V and VIII.

19. On education, shifting age demographics has, as has been noted, the potential upsides of a demographic dividend and of bringing down the age dependency ratio. *PDP 2017-2022* devotes an entire chapter to emphasize the urgency of taking advantage of this upside but that it will not be realized within a short period if no strategic measures are taken.³⁷ Acceleration of the dividend will come about only if the current under 15 population and the working youth have the requisite education, training, access to health services and opportunities to make them productive contributors to the economy. But inadequate investments in these areas as well as in job-creating infrastructure can aggravate labour underutilization and can instead result in a demographic burden.
20. Tracking education and training outcomes – and their correlation with quality of employment and access – demands more urgent attention. About 75 per cent of the working age population reached either elementary, secondary or post-secondary level education, while drop-outs or school leavers still constitute approximately 8.8 per cent of those between 5 to 17 and 22.9 per cent of those between 15 to 17. This means that majority of the working population and the

³⁷See Chapter 13, *PDP 2017-2022*.

labour force do not possess adequate educational qualifications and can be absorbed only in low-skilled and low-paid jobs. On the other hand, while the output of technical and vocational education has increased because of training grants and subsidies, about 20 per cent of those who enroll under the Technical Education and Skills Development Authority (TESDA) programmes do not complete their courses, while only about one-half of those enrolled eventually get certified (Figure 4). Without relevant qualifications and skills upgrading – and without the attendant improvement in quality of jobs being generated – occupational mobility will be limited and the low-skilled and even semi-skilled will be at risk of being consigned to low-quality and low-paid work for their entire working lives.

Figure 4. Enrolment, graduates, assessed and certified under TVET



Source: Technical Education and Skills Development Authority.

21. Across the board, education and training need to be modernized and re-focused to optimize impact. National school curricula, teaching methods, professional qualifications, and skills and licensing standards need to be continuously upgraded and benchmarked to regional and global standards. There is an urgent need to address shortages of properly trained teachers, classrooms, textbooks and instructional materials including internet connectivity. The full implementation of the K to 12 programme now requires the last two years of secondary schooling (senior high school) to incorporate technical and vocational courses; Department of Education (DepEd) and TESDA need to ensure the courses they offer are not redundant and are responsive to the needs of the economy.
22. On health, increased preparedness for pandemics and natural disasters present an additional challenge for health authorities. HIV cases increased from 2,349 in 2011, 7,829 in 2015, to 3,063 in the first four months of 2016. Since 1984, the number of reported cases has reached 33,419. Around 92 per cent (30,865) of these cases involved men; 4,182 (12.5 per cent) were OFWs, of whom 3,510 (83.9 per cent) were men. More than half (17,096 or 51.2 per cent) of the cases involved persons aged from 25 to 34 and 8,965 (26.8 per cent) from 15 to 24³⁸. The increase in HIV cases is illustrative of the country's vulnerability not only to HIV but also to other pandemics that have caused global alarm in recent years, such as SARS and the MERS-CoV. This vulnerability is increased exponentially by the large volume of OFWs. Given that the country is one of the most disaster-prone countries in the world, natural calamities also pose substantial health risks especially in low-lying, densely populated and remote areas.

B. Structure and performance of the economy

B.1 GDP growth and contributions by sector

23. The economy posted moderate to solid GDP growth from 2000 to 2015 (Table 5). Except in 2011, annual GDP growth was consistently above 4 per cent. From 2012 to 2016, GDP growth ranged from 5.9 per cent to 7.1 per cent. Per capita GDP also grew proportionately.

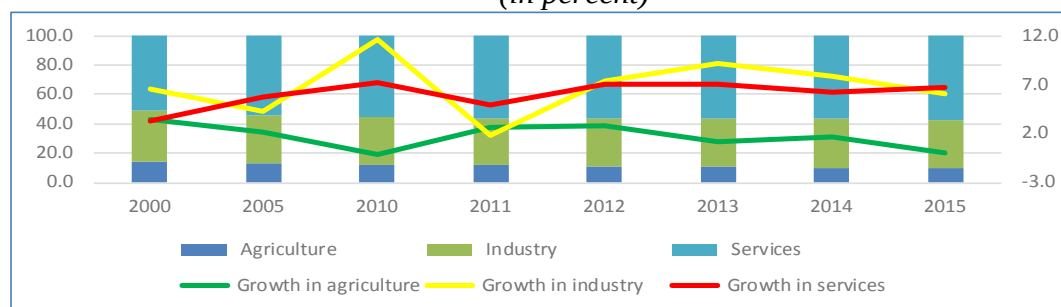
³⁸Department of Health-Epidemiology Bureau, April 2016.

Table 5. Gross Domestic Product and per capita GDP
(at constant prices)

Indicator	2000	2005	2010	2011	2012	2013	2014	2015
GDP (Php billion)	3 581	4 481	5 702	5 910	6 305	6 751	7 170	7 594
Agriculture	500	597	663	680	699	707	719	720
Industry	1 234	1 465	1 860	1 894	2 031	2 219	2 391	2 536
Service	1 847	2 419	3 179	3 336	3 575	3 825	4 060	4 338
Growth rate (%)	4.4	4.8	7.6	3.7	6.7	7.1	6.2	5.9
Agriculture	3.4	2.2	-0.2	2.6	2.8	1.1	1.7	0.1
Industry	6.5	4.2	11.6	1.9	7.3	9.2	7.8	6.0
Service	3.3	5.8	7.2	4.9	7.1	7.0	6.2	6.8
GDP per capita (Php)	46 630	52 561	61 570	62 332	65 332	68 746	71 790	74 770
Growth rate	4.4	2.7	5.8	1.2	4.8	5.2	4.4	4.1

Source: Philippine Statistics Authority, National Accounts of the Philippines.

24. Driven by the retail and wholesale and BPO sub-sectors, services expanded its GDP share to almost 60 per cent in 2015. Industry had about one-third with manufacturing, fueled primarily by electronics products, accounting for about one-fourth of total GDP. Agriculture's share dropped to 9.5 per cent.

Figure 5. Sectoral shares in GDP
(in percent)

Source: Philippine Statistics Authority, National Accounts of the Philippines.

25. In terms of expenditure shares, the economy has been led by household consumption with more than 70 per cent of GDP while government consumption averaged around 10 per cent (Table 6). Export share has consistently been lower than imports through the years. Notably, the shares of these two expenditures which were at more than 50 per cent in 2000 have fallen significantly in 2015. The combination of consumption-led growth particularly by households and foreign remittances, weak capital formation, more imports and less exports are both causative and symptomatic of low productivity and weak job creation.

Table 6. Expenditure shares in GDP
(in per cent)

Type of Expenditure	2000	2005	2010	2011	2012	2013	2014	2015
Household final consumption	72.2	75.0	71.6	73.5	74.2	73.4	72.5	73.8
Government consumption	11.4	9.0	9.7	9.7	10.8	10.8	10.5	11.0
Capital formation	18.4	21.6	20.5	20.5	18.2	20.0	20.5	20.6
Exports	51.4	46.1	34.8	32.0	30.8	28.0	28.8	28.2
Less: Imports	53.4	51.7	36.6	35.7	34.1	32.2	32.4	33.5

Source: Philippine Statistics Authority, National Accounts of the Philippines.



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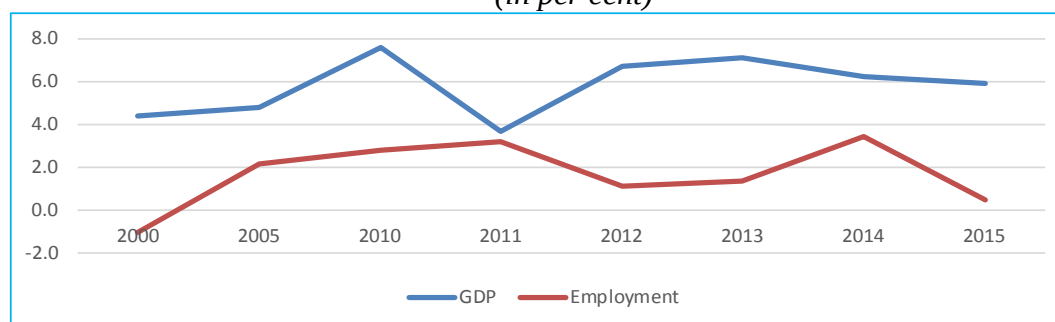


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B.2 Employment growth lags behind GDP growth

26. A recurrent theme in the economy is that GDP growth does not always translate to employment growth (Figure 6). From 2000 to 2015, GDP grew by an annual average of 5.1 per cent while employment grew by only 2.3 per cent. In years with relatively higher GDP growth (for example, 2010, 2012, 2013), there was lower employment growth although underemployment went down. In years with relatively lower GDP growth (2005, 2011, 2014), there was higher employment growth but underemployment also went up.

Figure 6. GDP and employment growth
(in per cent)

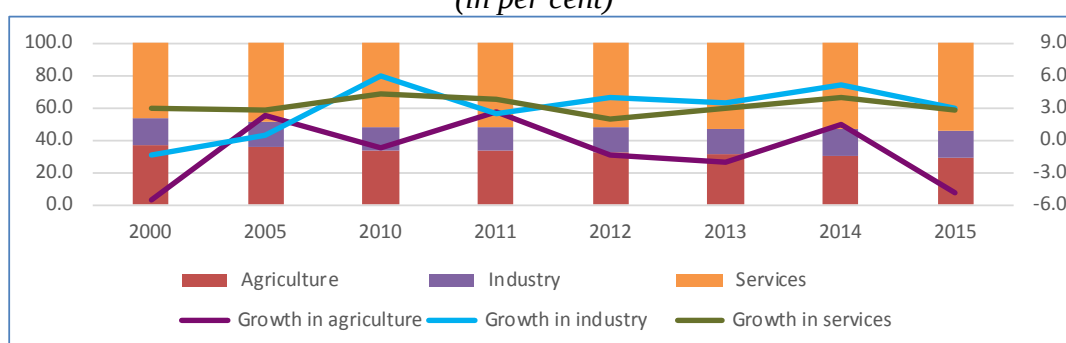


Sources: Philippine Statistics Authority, National Accounts of the Philippines and Labor Force Survey.

B.3 Sectoral shares in GDP and employment (Figures 7 and 8)

27. Total employment reached 38.741 million in 2015. Services accounted for 54.7 per cent, agriculture for 29.2 per cent, and industry for 16.2 per cent. Preliminary figures in 2016 show that total employment has reached 40.837 million, of which the share of services further expanded to 55.7 per cent, agriculture decreased to 26.8 per cent, and industry increased to 17.5 per cent.

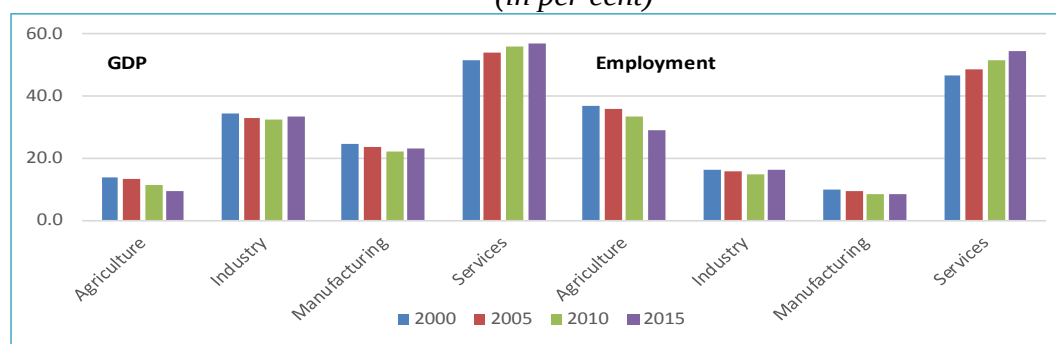
Figure 7. Sectoral shares in employment
(in per cent)



Source: Philippine Statistics Authority, Labor Force Survey.

28. The disconnect between GDP and employment growth is due to structural causes. The most productive sector – industry – accounts for one-third of GDP but only has 16 per cent of total employed. The least productive – agriculture – accounts for less than 10 per cent of GDP but has 30 per cent of total employed.

Figure 8. GDP and employment sectoral shares
(in per cent)



Sources: Philippine Statistics Authority, *National Accounts of the Philippines* and Labor Force Survey.

29. The disconnect also reflects regional disparities. Services and industry have higher shares to GDP and employment in the more developed and urbanized regions, namely the NCR, Central Luzon, CALABARZON and Central Visayas. These same regions also account for 44 per cent of total employment.³⁹ Agriculture has a higher employment share than services in five regions;⁴⁰ it has higher share than the national average agriculture share (29.2 per cent) in eight other regions.⁴¹ Thus, the more productive economic sectors are concentrated in small pockets of developed and urbanized areas surrounded by large agricultural areas of relatively low productivity.

B.4 National revenues, capital formation and investment attractiveness

30. GDP share of national government revenues barely changed from 15.3 per cent in 2000 to 15.8 per cent in 2015 (Table 7). Debt service interest payments still took a big chunk of the national budget at 14.3 per cent. This constrained government from allocating more to key public investments like capital formation, particularly in infrastructure, which could have led to more economic activities, created more employment and increased the GDP wage share. From 2010 to 2015, GDP share in capital formation has been uneven, with dips in 2011, 2012 and 2014 due to austerity measures and policy gridlocks that slowed down government spending in infrastructure. As a result, GDP wage share remained more or less at the same level. One inference that can be drawn is that the economy now appears to be near full potential in generating wage employment.

Table 7. Capital formation and wage share

Indicator	2000	2005	2010	2011	2012	2013	2014	2015
Capital formation, at constant 2000 prices								
Growth rate (%)	1.1	3.0	31.6	2.8	-4.3	27.9	5.2	15.1
% of GDP	18.4	21.1	20.8	20.6	18.5	22.1	21.9	23.8
Wage share in GDP (%)	26.2	27.7	32.2	35.0	35.0	34.7	34.8	35.1

Note: Data from 2010 based on 2008 SNA. Thus, data not strictly comparable with earlier years which were based on the 1968 SNA.

Source: Philippine Statistics Authority, *National Accounts of the Philippines*.

³⁹Share to total employment: Metro Manila at 12.3 per cent, Central Luzon at 10.7 per cent, CALABARZON at 13.1 per cent, and Central Visayas at 8.3 per cent. Based on 2015 data.

⁴⁰Agricultural share to regional employment: ARMM (69.4 per cent), Regions II (54.4 per cent), and XII (46.1 per cent), CAR (48.1 per cent) and MIMAROPA (44.6 per cent). Based on 2015 data.

⁴¹Agricultural share to regional employment: Regions I (31.5 per cent), V (36.7 per cent), VI (36.7 per cent), VIII (43.7 per cent), IX (44.4 per cent), X (38.2 per cent), XI (33.3 per cent), and Caraga (35.3 per cent). Based on 2015 data.



31. A comparison of the GDP share of gross fixed capital formation of ASEAN countries indicates that, with the exception of Cambodia for which no data is available, the Philippines has the lowest share and has hardly moved from 2010 to 2015 (Table 8).

Table 8. Gross fixed capital formation as per cent of GDP

Country	2010	2011	2012	2013	2014	2015
Brunei Darussalam	23.5	25.9	32.8	39.5	27.2	35.0
Cambodia	16.2	16.0	15.1	18.9	20.9	..
Indonesia	31.0	31.3	32.7	32.0	32.6	33.2
Malaysia	22.4	22.2	25.4	26.5	26.0	26.2
Myanmar	22.9	29.2	29.9	31.5	31.7	34.7
Philippines	20.5	18.7	19.6	20.6	20.6	21.4
Singapore	26.1	25.6	26.8	27.9	26.5	25.5
Thailand	24.0	25.8	27.0	25.4	24.8	24.9
Vietnam	32.6	26.8	24.2	23.6	23.8	24.7

Source: ADB's Statistical Database System (<https://sdfs.adb.org/sdfs/>)

32. The flow of net foreign direct investments (FDI) increased from \$3.737 billion in 2013 to \$5.835 billion in 2015 (Table 9). However, FDIs accounted for only 2 per cent of GDP in 2014 and 2015. The Philippines lags behind the FDI flows of the original ASEAN members and Viet Nam due mainly to poor physical infrastructure, high electricity costs and high costs of doing business in general including red tape, contract enforcement, rule of law issues and perceptions of corruption. It is noteworthy that in relation to the original ASEAN members and Viet Nam, there is a direct correlation between capital formation and investment attractiveness.

Table 9. Net foreign direct investments flows
(in million US\$)

Country	2013	2014	2015
Philippines	3 737	5 740	5 835
Indonesia	23 282	25 121	20 054
Malaysia	11 295	10 619	10 963
Singapore	66 060	68 457	65 328
Thailand	14 416	6 057	7 087
Vietnam	8 900	9 200	11 800

Note: The BSP adopted the Balance of Payment, 6th edition (BPM6) compilation framework effective 22 March 2013, thus earlier data not comparable.

Source: Bangko Sentral ng Pilipinas.

Section II.

Employment by status, informal employment and the working poor





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A. Labour force participation

33. In 2016, about 68.1 million or 68 per cent of the population are at the working age of 15 years old. Forty-three million were in the labour force, or a labour force participation rate (LFPR) of 63 per cent. The labour force is concentrated in the developed and urbanized regions. NCR, CALABARZON and Region III have 38 per cent of the labour force.⁴² Together with Region VI (West Visayas) and Region VII (Central Visayas),⁴³ they accounted for 53 per cent of the total.
34. In the last decade, overall LFPR slightly declined, but slightly increased in the prime age group between 25 and 54 years old. In 2015, the share of the 15 to 24 age cohort hit its lowest in the past decade (Table 10). In terms of sex distribution, more men than women participate in the labour force. Only one out of two women compared to over three out of four men are in the labour force, equivalent to a sex gap of over 27 percentage points. The gap was widest in the prime age group from 25 to 54 years old at 33 percentage points as LFPR was highest among men at 94 per cent and women at about 61 per cent. This wide sex gap in LFPR has persisted in spite of more women than men reaching college and the many laws ensuring equal treatment and access in employment and occupation.

Table 10. Labour force participation rate by sex and age group
(in per cent)

Sex and age group	2005	2010	2011	2012	2013	2014	2015
Total	64.7	64.1	64.6	64.2	63.9	64.6	63.7
Men	79.6	78.5	79.0	78.5	78.1	78.6	77.3
Women	49.9	49.7	50.4	50.0	49.9	50.7	50.1
15-24	48.0	45.4	46.7	46.1	45.3	46.1	43.7
25-54	76.6	76.9	77.2	76.9	77.0	77.7	77.3
55+	55.0	54.8	55.0	54.1	53.9	54.4	54.2

Source: Philippine Statistics Authority, Labor Force Survey.

B. Employment, unemployment and underemployment

B.1 Employment trends and patterns

35. In 2016, about 40.84 million or 94.6 per cent of the labour force were employed. Employment distribution reflects those of the working age population and LFPR – NCR, CALABARZON and Region III accounted for 37 per cent of all employment⁴⁴ and, together with West Visayas and Central Visayas,⁴⁵ have 53 per cent of total employment. The overall employment-to-working age population ratio (EPR) was about 60 per cent, virtually unchanged since 2005 but with observable patterns and slight shifts in sex and age cohorts (Figure 9). Men had an EPR of over 70 per cent while women had less than 50 per cent. Thus, the wide sex gap in LFPR is replicated among the employed. Over 75 per cent EPR was reported for those from 25 to 54 years old, inching up in 2014 and 2015. For the age cohort 15-24, or the youth, it declined slightly in 2015 (37 per cent).

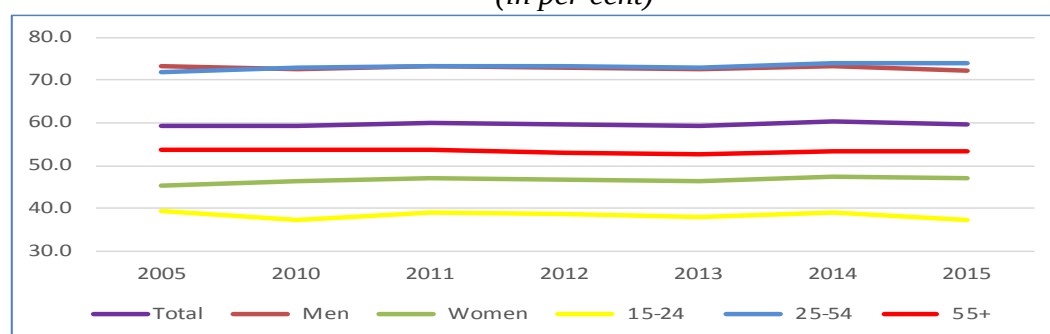
⁴²12.8 per cent, 13.9 per cent and 10.8 per cent respectively, based on 2016 data.

⁴³7.8 per cent and 7.9 per cent respectively, based on 2016 data.

⁴⁴12.7 per cent, 13.6 per cent and 10.7 per cent respectively, based on 2016 data.

⁴⁵7.9 per cent and 7.9 per cent respectively, based on 2016 data.

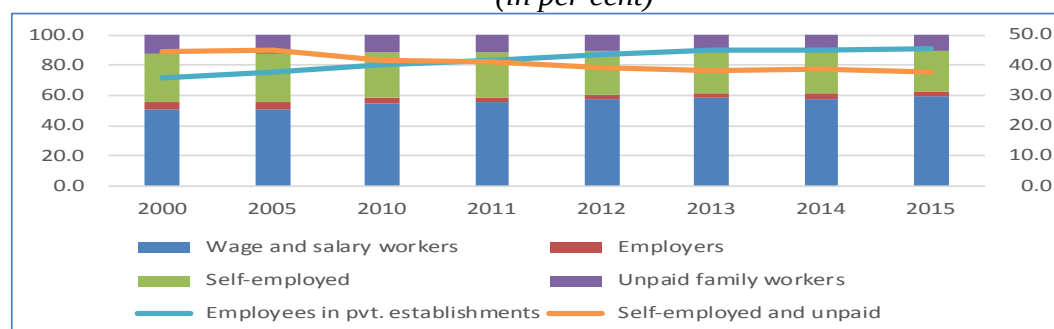
Figure 9. Employment-to-population-ratio by sex and age group
(in per cent)



Source: Philippine Statistics Authority, Labor Force Survey.

36. In 2016, 66.6 per cent of total employed (27.194 million) worked full-time or for 40 hours or more a week while part-time workers totaled 13.250 million. Mean hours worked was recorded at 42.3 per week. Formal sector or wage and salary employment has been increasing. In 2012, formal sector employment in private establishments outnumbered the informal sector (self-employed and unpaid family workers) for the first time. In 2015, wage employment accounted for 23 million (59.3 per cent) of total employed, with about 17.7 million or 77 per cent in private establishments. Self-employed workers accounted for 27.6 per cent while employers in own-family operated business and unpaid family workers had less than 10 per cent each (Figure 10).

Figure 10. Employment by class of worker
(in per cent)



Source: Philippine Statistics Authority, Labor Force Survey.

B.2 Quality of employment

37. Quality of employment or lack of it is another key issue as reflected in the indicators on underemployment, full-time and part-time employment, working hours, precarious employment and vulnerable employment. Full-time employment follows GDP growth patterns – high GDP growth increases full-time employment and raises overall employment quality. Part-time employment, underemployment and vulnerable employment correspondingly decline in times of high GDP growth but increase in times of economic slowdown. Extreme weather disturbances and natural disasters adversely affect employment, especially agriculture.

B.2.1 Formal sector employment and precarious employment increasing

38. Formal sector employment is expanding but precarious work among those formally employed is also increasing. This is manifested in the rise of non-standard or non-regular forms of employment or “precarious employment,” defined as “short-term or seasonal or casual job”⁴⁶ including some forms of fixed term or project employment contracts, seasonal employment, and employment through contracting or subcontracting arrangements. A highly-politicized issue, precarious employment is popularly known locally as “contractualization,” “endo” or “5-5-5.”⁴⁷ As elsewhere, precarious employment is seen as a serious threat to the rights of workers to security of tenure, labour standards, occupational safety and health, self-organization and collective bargaining, and social protection.⁴⁸ Precarious workers are employed to fill permanent job needs but are denied permanent employee rights. Worldwide, permanent employment across a number of sectors has shifted to precarious jobs through outsourcing, use of employment agencies, and inappropriate classification of workers as “short-term” or “independent contractors.”⁴⁹
39. Precarious employment is monitored in terms of incidence, work stability and security, and workers’ income.⁵⁰ In 2014, it was estimated that almost a million workers of the 4.47 million (22 per cent) directly employed in establishments with 20 or more workers were in precarious employment (Table 11). In addition, there were also 622,000 workers employed through contracting or subcontracting agencies with fixed term employment contracts. About 85 per cent of those in precarious employment were in private establishments.

Table 11. Precarious employment in establishments, 2014
(in 000 except per cent)

Sector	Total employment	Precarious employment				
		Total	% of total employment	Casual	Seasonal	Contractual or Project-based
Total	4 472	982	22.0	208	102	672
Agriculture	239	97	40.6	10	56	32
Industry	1 335	347	26.0	87	22	238
Manufacturing	1 006	213	21.2	64	17	132
Services	2 898	538	18.6	111	25	403

Note: The survey covered establishments employing 20 workers or more.

Source: Philippine Statistics Authority, Integrated Survey on Labor and Employment.

40. Across all establishments regardless of size, the LFS estimates that the number of employees in precarious employment almost doubled from 3.9 to 7 million between 2000 and 2015 (Table 12). It now accounts for over 30 per cent of total employees or wage and salary workers. In private establishments, about one-third of total employees were in precarious work.

⁴⁶PSA’s Labor Force Survey. Precarious employment is usually but not exclusively used in relation to employment in the formal sector, as distinguished from vulnerable employment which is usually used in relation to employment in the informal sector.

⁴⁷These terms are not found in the Labor Code. “Contractualization” is a loose coinage for any employment contract whose duration is fixed in the contract. “Endo” is the contraction for end of contract. The duration of a fixed term contract is usually for five months, thus the additional coinage “5-5-5” employees.

⁴⁸Characterized by uncertainty and insecurity as to the duration of employment; multiple possible employers or a disguised or ambiguous employment relationship; a lack of access to social protection and benefits usually associated with employment; low pay; and substantial legal and practical obstacles to joining a trade union and bargaining collectively. (See ILO, “From precarious work to decent work: outcome document to the workers’ symposium on policies and regulations to combat precarious employment,” p. 27, International Labour Organization, Geneva, 2012).

⁴⁹International Labour Rights Forum, <http://www.laborrights.org/issues/precarious-work>.

⁵⁰See PSA’s Decent Work Statistics, <http://labstat.psa.gov.ph/dews>.

Table 12. Employees in precarious work by sex, sector and category of employee

Sex, sector and category of employee	2000	2005	2010	2011	2012	2013	2014	2015
Proportion of employees in precarious work (%)	28.3	26.2	26.9	27.1	30.4	32.2	30.0	30.7
Men	30.9	27.7	28.6	28.5	32.5	34.5	32.1	33.2
Women	23.9	23.5	24.1	24.7	27.0	28.3	26.5	26.5
Agriculture	54.0	45.4	46.3	46.8	52.7	55.9	55.8	57.7
Industry	31.9	31.4	32.3	31.2	35.8	38.2	35.3	37.1
Services	18.6	18.5	19.5	19.8	21.8	23.1	21.2	21.5
Private household	31.4	23.7	25.6	25.5	28.0	30.4	28.2	27.9
Private establishment	32.0	29.4	30.0	30.0	33.8	35.5	33.2	34.0
Government/government corporation	10.3	11.7	12.8	13.4	13.9	14.8	13.2	14.2
Own family-operated farm or business	26.0	21.9	20.7	21.4	24.8	25.2	21.7	25.9
Total employees in precarious work (000)	3 940	4 267	5 276	5 564	6 538	7 154	6 718	7 040
Men	2 693	2 811	3 474	3 640	4 366	4 793	4 479	4 726
Women	1 247	1 455	1 802	1 925	2 173	2 361	2 240	2 314
Agriculture	1 341	1 233	1 522	1 693	2 001	2 131	1 973	1 990
Industry	1 124	1 265	1 432	1 417	1 723	1 935	1 872	2 025
Services	1 474	1 769	2 322	2 454	2 815	3 088	2 873	3 025
Private household	497	350	493	497	558	598	542	553
Private establishment	3 153	3 601	4 374	4 634	5 534	6 074	5 748	6 003
Government/government corporation	233	288	386	409	417	450	401	455
Own family-operated farm or business	56	28	23	24	30	32	26	29

Note: Employees in precarious work are defined as wage and salary workers whose nature of employment is short-term, casual or those who worked for different employers on day-to-day or week-to-week basis.

Source: Philippine Statistics Authority, Labor Force Survey.

41. Under the Labor Code, regular employment⁵¹ is presumed while specific forms of non-regular employment⁵² are legal. However, employers often resort to non-regular employment through short-term or fixed period contracts to defeat the employees' right to regular employment and security of tenure and circumvent other labour rights. In direct or bilateral employment relationships, this is done by improperly disguising an employment relationship as some other relationship or improperly categorizing regular employment as non-regular through a stipulation in the employment contract. Contracting or subcontracting arrangements or trilateral employment relationships are allowed under the Labor Code⁵³ but are sometimes misused to obscure the categories of employment and undermine labour protection.
42. In the public sector, the forms of precarious employment are casual, contractual and co-terminus employment. In 2012, it was estimated that of the total 914,071 incumbents in the government service, 20,285 (2.2 per cent) were co-terminus, 69,031 (7.6 per cent) were casual and 28,068 (3.1 per cent) were contractual.⁵⁴ A common device is the use of "job order" contracts, recognized by civil service laws and regulations,⁵⁵ where persons are engaged to do

⁵¹Art. 295, Labor Code. Regular employment is where the employee has been engaged to perform activities which are usually necessary or desirable in the usual business or trade of the employer.

⁵²Under Art. 295, *idem*, these include a) employment with a period or term that has been fixed for a specific project or undertaking the completion or termination of which has been determined at the time of the engagement of the employee (fixed period or project employment); b) employment where the work or service to be performed is seasonal in nature and the employment is for the duration of the season (seasonal employment), and c) casual employment. Subject to regulations, employment involving a trilateral relationship through contracting or subcontracting arrangements is also legal (Arts. 106-109, *idem*).

⁵³*Idem*, Arts. 106-109, now implemented through DOLE Department Order No. 174-17, the new rules and regulations implementing Arts. 106 to 109 of the Labor Code, as amended, issued on 16 March 2017. A "trilateral employment relationship" refers to the relationship in a contracting or subcontracting arrangement where there is a contract for a specific job, work or service between the principal and the subcontractor, and a contract of employment between the contractor and its workers. There are three parties involved in these arrangements: the principal who decides to farm out a job, work or service to a contractor; the contractor who has the capacity to independently undertake the performance of the job, work or service; and the contractual workers engaged by the contractor to accomplish the job, work or service. (Sec. 3 [m], D.O. No. 18-A). Though already used in jurisprudence, the phrase "trilateral employment relationship" is no longer used in DOLE D. O. No. 174-17.

⁵⁴Data from the assessment of human resource conducted by the Civil Service Commission, 2012.

⁵⁵Civil Service Commission Resolution 02-0790 dated June 5, 2002.

work that are usually not different from the work performed by regular employees. They are often engaged directly as independent contractors with explicit disclaimers on the existence of an employment relationship, or are sourced from agencies who act as their ostensible employer. As such, they do not get employee benefits. In 2012, there were 206, 20 job order workers. Local government units had 138,973 (67.4 per cent) while national government agencies had 48,227 (23.4 per cent).⁵⁶

43. Recent regulatory action of DOLE in the form of revised implementing rules and regulations of the Labor Code⁵⁷ continues to prohibit labor-only contracting and other illicit practices and curb the incidence of short-term employment with more stringent requirements for registration of contractors and subcontractors which supply work or service to principals under contracting and subcontracting arrangements. The application of this regulatory action, however, is limited to employment under contracting or subcontracting arrangements or trilateral employment relationships. It does not cover bilateral employment relationships where violations on the right to security of tenure through disguised forms of employment or mis-categorization of regular employment into short-term employment has become more pronounced in recent years.
44. There is a need for serious dialogue and consensus among all stakeholders, including legislators, on how to regulate both regular or standard and non-regular or non-standard forms of employment, especially given the diametrically opposed positions of workers and employers in the private sector and the differentiated treatment between forms of employment in the private sector (where the Labor Code and jurisprudence do not allow disclaimers of employment relationship) and in the public sector (where CSC rules expressly allow similar disclaimers). The objective of the dialogue can include formulation of a cohesive policy on regular and non-regular forms of employment applicable to both the private and public sectors. The dialogue can be guided, among others, by the data and experience from the Philippine setting, the principles of equal protection and non-discrimination, the principles enunciated in ILO Recommendation No. 198, and the need to evolve a balanced and flexible policy and regulatory framework that will promote employment and rights at work and at the same time allow the evolution of existing and future work arrangements.

B.2.2 Underemployment and informal and vulnerable employment⁵⁸

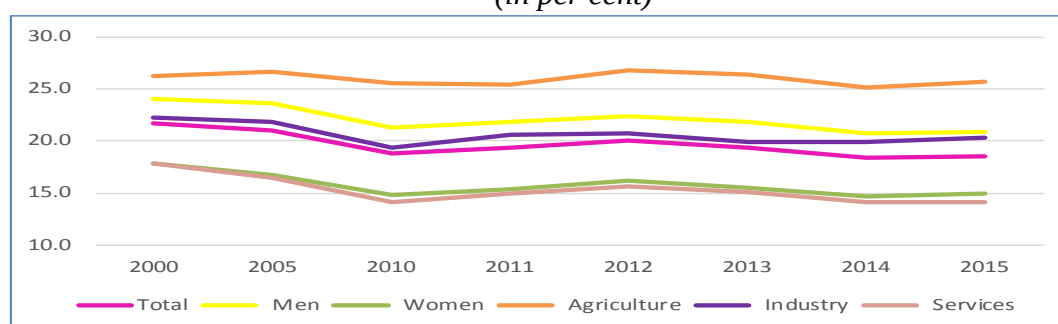
45. The underemployed are those wanting additional hours of work, whether they are in formal or informal employment. Underemployment ranged at 18 to 23 per cent over the last decade. It was at 18.3 per cent in 2016 representing 7.48 million workers. More than half (55.1 per cent or 4.12 million) were visibly underemployed working less than 40 hours a week. By region, underemployment is highest in Region V at 30.3 per cent, Region X at 27.9 per cent, Region VIII at 29.7 per cent and Caraga (Region XIII) at 27.8 per cent. It involves more women than men (Figure 11). Most pronounced in agriculture where almost one in every four workers is underemployed, it is also significant in industry and services. On the other hand, vulnerable employment refers to the proportion of the self-employed and unpaid family workers to total employment. In 2016, vulnerable employment was at 34.9 per cent. The less developed regions with large agricultural sectors typically have higher incidence of vulnerable employment.

⁵⁶Data from the assessment of human resource conducted by the Civil Service Commission, 2012.

⁵⁷DOLE D.O. No. 174-17.

⁵⁸As used in this report, vulnerable employment refers to the self-employed and unpaid family workers.

Figure 11. Underemployment rate by sector and sex
(in per cent)



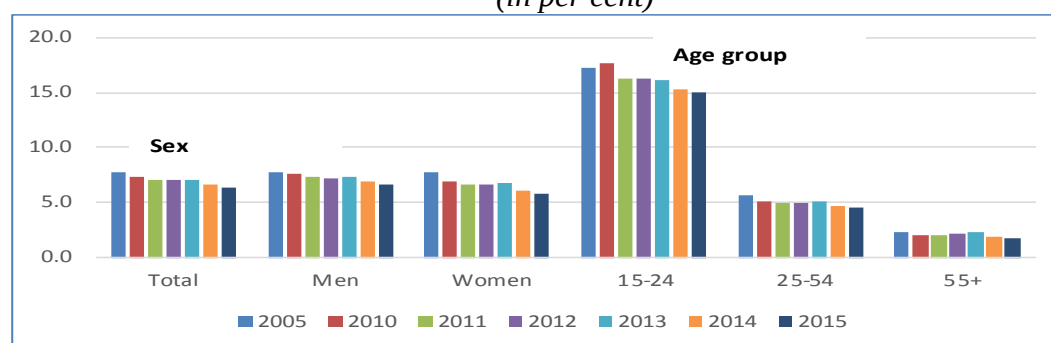
Source: Philippine Statistics Authority, Labor Force Survey.

46. Informal employment⁵⁹ subsumes those in self-employment and unpaid work constituting about 38 per cent of total employed. Common in both agriculture and services and often involving women and the youth and children, informal sector workers are highly vulnerable. They have low level of education and skills and are engaged in work that is impermanent, of low productivity, and yields little or no income. Underemployment, discussed further in a later section, is highly pronounced in the sector. About 3.9 million or 10 per cent of total employed are in unpaid work. In all, informal workers have little opportunity of moving up the skills and income ladder. Hardly covered by labour standards and social protection, they are the poorest and most marginalized segment of the working population.

B.3 Unemployment

47. As of 2016, about 2.38 million or 5.5 per cent of the labour force were unemployed.⁶⁰ Most of them were men (1.49 million or 62.9 per cent); those aged 15-24 years old (1.145 million or 48.4 per cent) and those who attained high school education (1.013 million or 42.8 per cent) (Figure 12). The more developed and urbanized regions with the highest share of working population and employment also had the highest unemployment rates, with CALABARZON at 8.0 per cent, NCR at 6.6 per cent, and Region III at 8.1 per cent.

Figure 12. Unemployment rate by sex and age group
(in per cent)



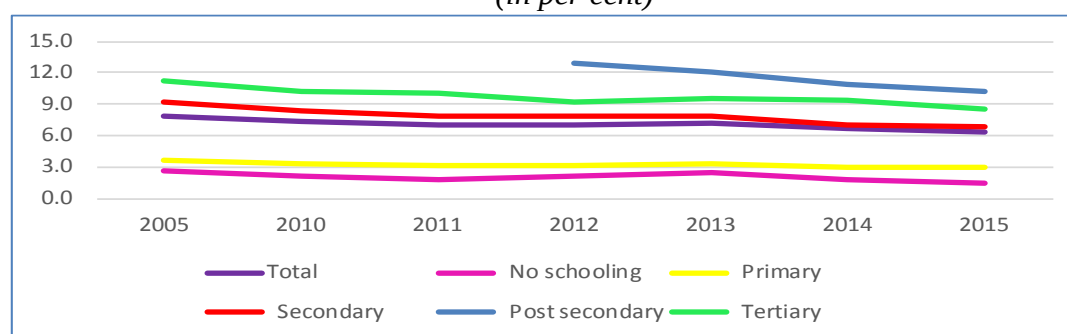
Source: Philippine Statistics Authority, Labor Force Survey.

48. The unemployment rate among those with tertiary and post-secondary education is relatively higher than those with lower education (Figure 13). This implies a demand-supply mismatch where the jobs being created are not of the kind or quality that match their qualifications. A frequently-held view is that the better educated are in a better economic situation such that they are more selective or can afford to wait longer for better prospects.

⁵⁹See Figure 1.

⁶⁰From the 6-8 per cent range over the past decade.

Figure 13. Unemployment rate by educational attainment
(in per cent)

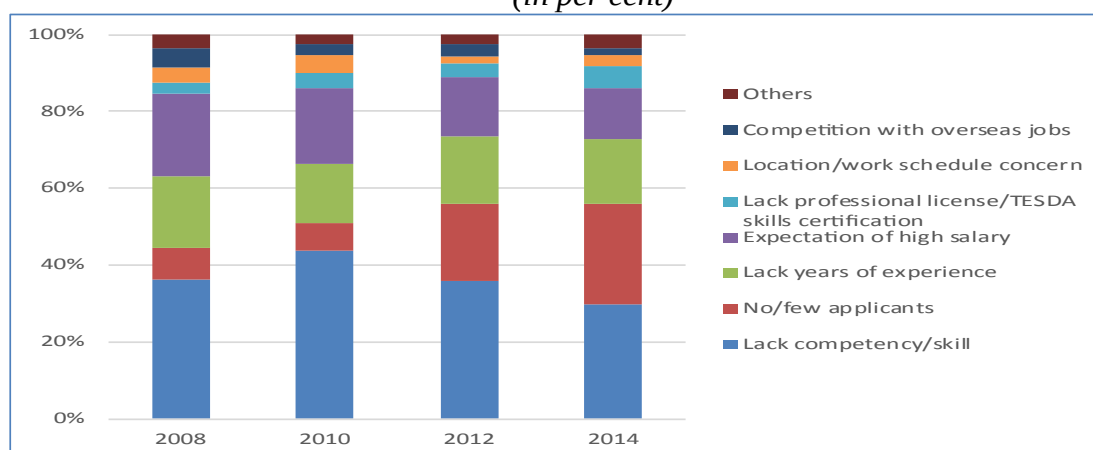


Note: Before 2012, data for post-secondary education included in tertiary.

Source: Philippine Statistics Authority, Labor Force Survey.

49. Another symptom of demand-supply mismatch is the existence of “hard-to-fill” vacancies due to the applicants’ lack of competencies/skills and years of experience (Figure 14). A study noted that beginning 2001, firms were hiring older and more experienced workers while avoiding young workers to minimize training costs. When the 2008 global crisis struck, workers who were laid off were either those near retirement or the very new workers, usually aged 15 to 19.⁶¹

Figure 14. Reasons why vacancies are hard to fill
(in per cent)



Note: The surveys covered establishments employing 20 workers or more. Data for 2008 and 2010 not strictly comparable with later years as these excluded agriculture and fishery.

Sources: Philippine Statistics Authority, BLES Integrated Survey/Integrated Survey on Labor and Employment.

50. About 44 per cent of the youth cohort (15-24 years old) is in the labour force. Youth unemployment is at 15 per cent, the highest among all age cohorts. The youth unemployed do not have job-ready skills. They have difficulty making the school-to-work transition due to low educational attainment, age, behaviour towards job search, family considerations, social network, minimum wage, regulations and restrictions on employment arrangements.
51. Another dimension of the unemployment problem is the existence of discouraged workers, or those unemployed who no longer looked for work on the perception that no work is available for them due to their lack of or obsolete skills and competencies (Table 13). While declining, discouraged workers is still at 12 per cent, with older workers affected the most.

⁶¹ADB. 2009. How Has Asia Fared in the Global Crisis? A Tale of Three Countries: Republic of Korea, Philippines, and Thailand.

Table 13. Discouraged unemployed by sex and age group
(per cent of total unemployed)

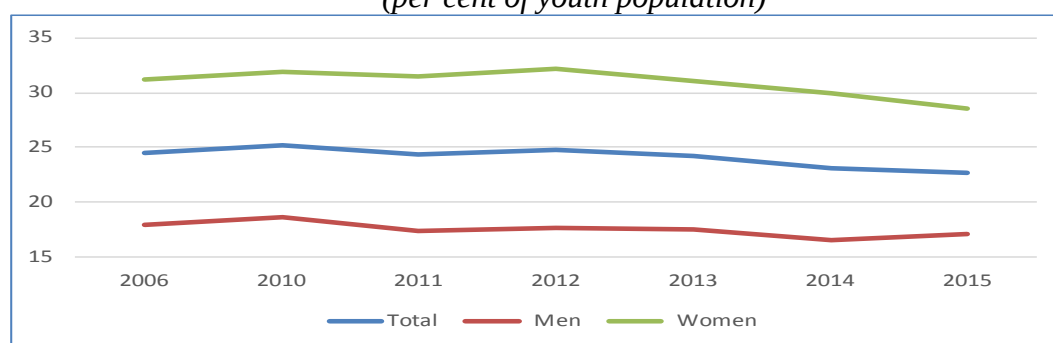
Sex and age group	2005	2010	2011	2012	2013	2014	2015
Total	21.4	16.4	14.4	14.4	14.3	12.5	12.0
Men	23.5	18.3	16.3	16.1	16.0	14.0	13.3
Women	18.1	13.2	11.2	11.7	11.5	9.7	9.5
15-24	21.5	17.3	14.9	14.7	14.5	12.4	12.1
25-54	20.1	15.0	13.3	13.5	13.3	11.8	11.5
55+	36.5	21.7	22.6	21.4	23.3	21.6	16.3

Source: Philippine Statistics Authority, Labor Force Survey.

B.4 A distinct problem: NEET

52. A distinct group specially involving the young population are persons who are neither in employment, education or training (NEET) (Figure 15). A high NEET rate is an indication of unutilized labour with serious long-term and generational implications. It is estimated that almost one out of four young persons is in this group. The incidence among women is around 1.8 times higher than men, again indicating an opportunity gap skewed against one sex.

Figure 15. Youth not in employment, education or training (NEET)
(per cent of youth population)



Source: Philippine Statistics Authority, Labor Force Survey.

C. Sectoral and enterprise performance in creating employment

C.1 Performance of the economic sectors

C.1.1 The dilemma of job-slow growth

53. The data over the last 15 years show a pattern of “job-slow” growth, as shown in the employment elasticity of GDP. In agriculture, marginal average growth came with a negative employment effect. In industry, strong average growth had a marginal employment effect. Employment elasticity is noticeably higher in the more labour-intensive sub-sectors of mining and quarrying and construction, and lower in the more capital-intensive sub-sectors that require specific skills like manufacturing and utilities (electricity, gas and water supply). Services also posted strong average growth but likewise with a marginal employment effect. Public administration and defence and hotels and restaurants were the only sub-sectors where employment grew higher than GDP; in public administration, employment growth may be partly attributed to the government’s temporary employment programmes implemented during the period.
54. A relatively high or relatively low employment elasticity in periods of strong sectoral growth indicate that the sector either has further room for employment creation or, conversely, has approximated its full employment generating potential. The latter seems to be generally the case for all sectors, as shown in Table 14. Thus, for employment to grow at a faster rate, GDP needed to expand much faster than the average of 5.9 per cent registered during the period.

Table 14. GDP, employment, elasticity and labour productivity, 2011-2015
(Annual average, in per cent except employment elasticity and
actual value of labour productivity)

Major Industry Group	Annual growth		Industry group share		Employment elasticity	Labour productivity	
	GDP	Employment	GDP	Employment		Growth	Value (Php)
Total	5.9	1.9	100.0	100.0	0.4	3.9	177 046
Agriculture	1.7	-0.9	10.5	31.2	-9.9	2.6	59 518
Agriculture, hunting and forestry	2.4	-0.7	8.6	27.5	-1.7	3.2	55 049
Fishing	-1.2	-1.9	1.9	3.7	1.3	0.8	92 791
Industry	6.4	3.5	32.8	15.6	0.7	2.8	372 366
Mining and quarrying	4.2	4.1	1.1	0.6	2.0	0.7	319 660
Manufacturing	6.9	1.5	22.7	8.3	0.3	5.3	486 646
Electricity, gas and water supply	3.9	-1.1	3.3	0.4	-0.7	5.2	1,566 832
Construction	7.0	6.5	5.6	6.3	0.5	0.3	156 511
Services	6.4	3.1	56.7	53.3	0.5	3.2	188 424
Wholesale and retail trade repair of motor vehicles motorcycles, and personal and household goods	6.0	1.4	16.6	18.9	0.4	4.8	156 303
Hotels and restaurants	6.3	9.4	1.8	4.0	1.3	-1.3	78 966
Transport, storage and communication	6.3	3.4	7.6	7.9	0.5	2.8	169 449
Financial intermediation	7.9	4.6	7.0	1.2	0.7	3.3	1 021 191
Real estate, renting and business activities	7.9	6.0	11.0	3.6	0.8	1.9	535 622
Public administration and defense, compulsory social security	3.1	3.6	4.2	5.2	1.9	-0.4	142 823
Other services	5.9	3.2	8.5	12.4	0.7	2.7	121 772

Sources: Philippine Statistics Authority, National Accounts of the Philippines and Labor Force Survey.

55. Labour productivity or value added per worker is often a function of human and capital investments, technology and innovation. Virtually no improvement in labour productivity can be noted in agriculture. In services and industry, modest improvements can be noted overall. The manufacturing, utilities, financial intermediation and real estate, renting and business activities illustrate that sub-sectors with strong GDP growth and which require specific technical or professional skills tend to have lower employment elasticity but higher value-added. These are the sub-sectors where most of the quality jobs are found. However, while they contributed about 44 per cent of GDP, their employment share was only 14 per cent. On the other hand, the agriculture sector and the sub-sectors of wholesale and retail as well as hotels and restaurants, which have higher labour intensity but with lower skills and qualifications requirements, contributed only about 30 per cent of GDP while accounting for 55 per cent of employment thereby resulting in a much lower value-added.

C.1.2 Sectoral challenges

C.1.2.1 Transforming the agriculture sector

56. Employment in agriculture, especially in the rural areas where three out of every four poor Filipinos live, is characterized by low productivity and returns, large-scale informality, and high incidence of poverty. While rice is the dominant crop accounting for around 45 per cent of crop arable area and 24 per cent of total agriculture gross value-added, the Philippines remains a rice importer. Agro-based products had only 6 per cent share of total exports in 2016⁶² mainly limited to bananas and pineapples. Other agricultural products remain uncompetitive due to quality and price issues. Low agricultural productivity negatively impacts on employment and income. Since it results in higher prices on food products and on costs of living, its most immediate negative impact is on household welfare. Thus, it hampers poverty reduction efforts in households.

⁶²PSA, Merchandise Export Performance data, April 2016. Exports from **Total Agro-Based Products**, with a 6.0 per cent share to total exports in April 2016, amounted to \$256.57 million. It dropped by 11.1 per cent from \$288.60 million in April 2015.

57. The problems in agriculture are due primarily to a failure to modernize and diversify and to persistent land tenure issues. The sector is also most vulnerable to climate change risks. The directions of *PDP 2017-2022* and *AmBisyon Natin 2040* are encouraging as public investments in agricultural modernization are seen as critical not only in raising productivity and improving sectoral capacity to create productive employment especially for the lower-skill and lower-educated segments of the labour force, but also as a key toward inequality-reducing transformation.⁶³ These investments should take into account all stages of the crop or production cycle, from irrigation to farm inputs and technology, common facilities such as farm equipment, harvest and post-harvest and other support facilities like aggregation centers, warehouses and silos, agri-processing, farm-to-market roads and infrastructure and logistics, among others. Investments on research and development is also critical, especially in the development of climate change-adaptive and resistant crops as well as green processing technologies. Finally, outstanding policy and institutional issues on land reform, land rights and land use should also be resolved fairly, consistent with the underlying goal of land reform which is social justice.

C.1.2.2 Reviving industry and manufacturing

58. Export-led industrialization, anchored on manufacturing exports, has been part of the country's development strategy since the 1970s. In April 2016, outward shipments of manufactured goods accounted for 90.9 per cent of total export receipts,⁶⁴ with electronics products including components and semiconductors accounting for 53 per



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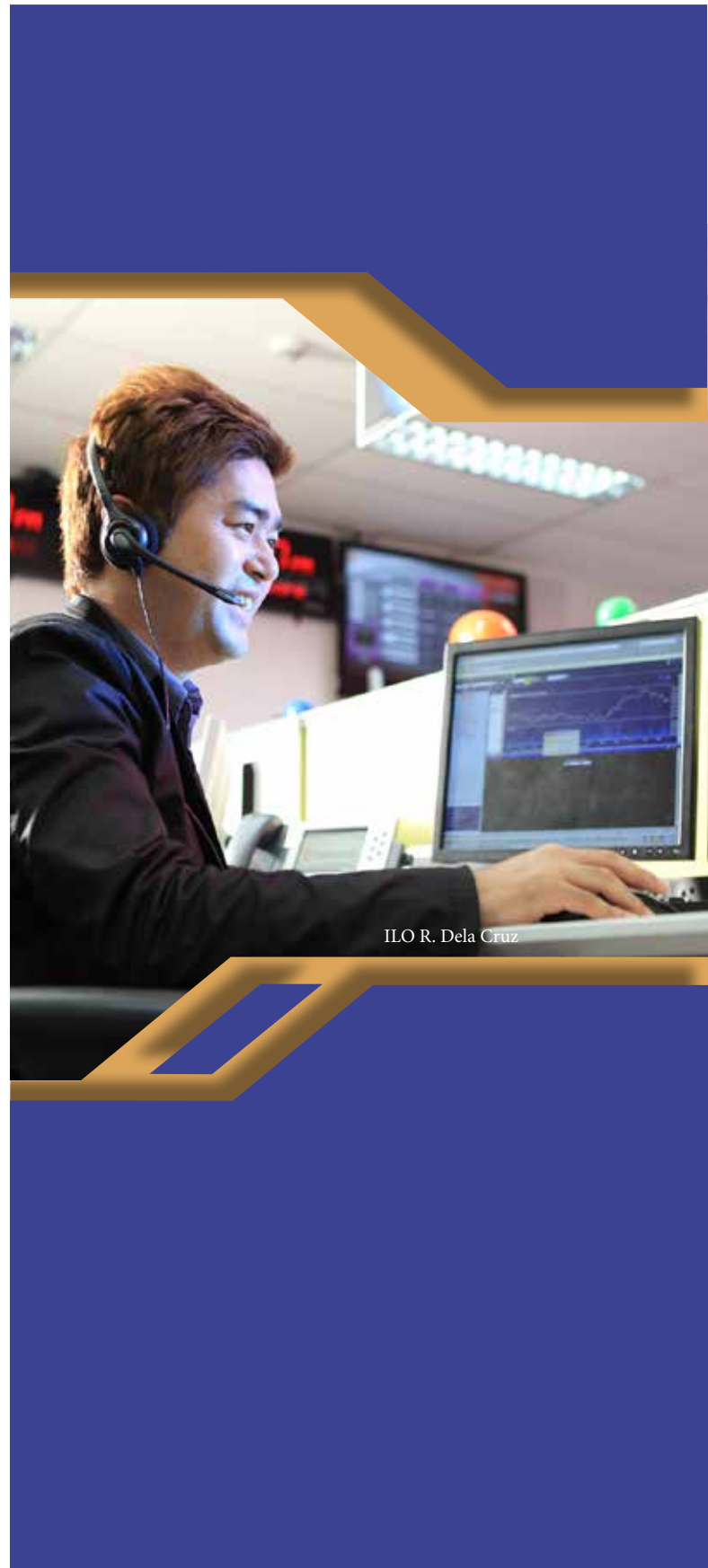
⁶³See Part III, Chapters 8-12, PDP 2017-2022.

⁶⁴PSA, Merchandise Export Performance data, April 2016. Manufactured Goods were valued at \$3.869 billion, or 90.9 per cent of the total export receipts in April 2016. It increased by 2.1 per cent from \$3.788 billion recorded in April 2015.

cent of total export revenues.⁶⁵ But while total manufacturing exports increased in 2016, total export sales and total merchandise exports actually decreased by 4.1 per cent and 7.3 per cent.⁶⁶ The decrease in total export sales was attributed to declines in three major export products: semiconductors, apparel and clothing accessories, chemicals, and machinery and transport equipment. This is a signal that the country's niche export markets are far from stable and that industry as a whole requires strategic repositioning. Manufacturing, in particular, is highly concentrated in electronics exports. Over-reliance on this product line makes the sub-sector vulnerable to the recessionary effects of financial shocks that affect its main export markets, particularly Japan and the United States. At the same time, other countries in the region are gaining ground not only in electronics manufacturing, but also in the country's other major exports. Thus, there is a need to continuously find niches in the higher stages of the value chain and to diversify to other products.

C.1.2.3 Balancing and sustaining gains in services

59. Services grew fastest over the last four decades and now accounts for more than half of GDP and employment. Formal employment in the sector has been expanding at a fairly robust rate of 10 per cent annually. Nevertheless, growth within the sector is differentiated. Financial intermediation and real estate, renting and business activities, although with relatively low employment share and moderate employment elasticity, were the fastest growing sub-sectors and ranked second and third in value-added per worker across all industry groups. On the other hand, next to public administration, hotels and restaurants had the highest employment growth and employment elasticity across all sectors but labour productivity growth was negative.



ILO R. Dela Cruz

⁶⁵The country's top 10 manufactured exports are electronics products including semiconductors, other manufactures, woodcrafts and furniture, machinery and transport equipment, ignition and other wiring sets, chemicals, apparel and clothing accessories, metal components, miscellaneous articles, electronic equipment and parts.

⁶⁶PSA, Merchandise Export Performance data, April 2016. The Philippines' export sales amounted to \$4.254 billion in April 2016, a 4.1 per cent decrease from \$4.434 billion recorded value in April 2015. The decrease was attributed to three major commodities - apparel and clothing accessories (-39.1 per cent), chemicals (-9.0 per cent), and machinery and transport equipment (-0.9 per cent). Further, total merchandise exports between January and April 2016 decreased by 7.3 per cent from \$18.738 billion in 2015 to \$17.363 billion in the same period of 2016.

60. In the last two decades, liberalization of key areas of investment catalyzed growth and job creation in some sub-sectors, notably business process outsourcing (BPO). In 2012, BPOs employed over 800,000 workers who were relatively higher-paid and contributed 5.4 per cent to the country's GDP. The sub-sector's total direct and indirect contribution to value-added growth through services exports, real estate, construction, retail trade, and telecommunications was estimated at around 10 per cent of GDP.⁶⁷ The industry estimates that by 2016, BPO revenues will hit US\$25 billion, account for about 8 per cent of GDP, and employ 1.3 million workers directly and 3.2 million more indirectly.⁶⁸
61. Across other sub-sectors such as financial intermediation, real estate, renting and business activities and wholesale and retail, outputs and outcomes are mixed. The main job generator – wholesale and retail trade – has a relatively fast growth in labour productivity but is still below the sector average in terms of growth in value-added. On the other hand, hotels and restaurants has the fastest employment growth but has a negative labour productivity growth and low value-added per worker, indicating that jobs in this sub-sector are likely to have low skills requirements and to be precarious and of low quality.

C.2 Performance of enterprises

C.2.1 MSMEs: Dominant but weak

62. In 2014, there were 947,000 registered establishments employing 7.78 million workers nationwide (Table 15). Micro, small and medium enterprises (MSMEs)⁶⁹ accounted for more than 99 per cent of the total. Micro and small enterprises employed 55 per cent or 4.28 million workers. Large enterprises employed 38 per cent or 2.97 million. Medium enterprises represent a “missing” or “thin” middle, employing only 6.8 per cent or about 530 thousand.

Table 15. Distribution of establishments and employment
(in per cent except total)

Size of establishment	2004	2010	2011	2012	2014
Total establishments (000)	784	778	820	945	947
Micro	91.0	91.3	90.6	89.4	89.9
Small	8.2	8.0	8.6	9.7	9.2
Medium	0.4	0.4	0.4	0.4	0.4
Large	0.4	0.4	0.4	0.4	0.4
Total employment (000)	5 643	5 669	6 346	7 590	7 780
Micro	36.8	30.5	28.0	30.5	30.1
Small	25.3	25.0	25.9	27.2	24.9
Medium	7.1	6.8	7.1	7.3	6.8
Large	30.8	37.7	39.0	35.0	38.1

Note: In the absence of data on the number of MSMEs by total assets as defined under the law, the then National Statistics Office and Small and Medium Enterprise Development Council Resolution No. 1, s. 2003 defined MSMEs according to employment size.

Source: Philippine Statistics Authority, List of Establishments.

63. Most MSMEs are in the services sector regardless of employment size. In industry, manufacturing comprised the bulk of establishments and employment. Agriculture had the least share in number of establishments and employment; work and employment arrangements in this sector are informal in nature and largely household-based (Table 16).

⁶⁷World Bank Philippine Office. (2013). *Philippine Development Report: Creating More and Better Jobs*. World Bank Philippine Office.

⁶⁸Estimates from the Information Technology and Business Process Association of the Philippines (IBPAP).

⁶⁹PSA. Classification by employment size: micro enterprises – nine or less; small enterprises – 10 to 99; medium enterprises – 100 to 199.

Table 16. Sectoral distribution of establishments and employment, 2014
(in per cent)

Sector	Total	Micro	Small	Medium	Large
Total establishments	100.0	100.0	100.0	100.0	100.0
Agriculture, forestry, and fishing	0.9	0.7	2.3	4.1	4.7
Industry	13.3	12.6	17.5	35.9	37.0
Manufacturing	12.5	12.2	14.3	25.8	27.0
Services	85.8	86.7	80.1	59.9	58.3
Total employment	100.0	100.0	100.0	100.0	100.0
Agriculture, forestry, and fishing	2.8	1.0	2.9	4.0	4.0
Industry	26.2	14.3	21.2	36.4	37.0
Manufacturing	20.8	13.7	16.9	26.1	28.0
Services	71.0	84.7	75.9	59.7	59.0

Source: Philippine Statistics Authority, *List of Establishments*.

C.2.2 Enterprise challenges and constraints

64. MSMEs – particularly micro and small enterprises - have a bigger employment share at 60 per cent than large enterprises but account for only 36 per cent of GDP. Most MSME jobs are of low productivity and quality, employ low- or semi-skilled labour, and yield low income. Many MSMEs are not registered and do not have legal personality as business entities.⁷⁰ A study also shows that entrepreneurs often set up micro and small businesses as a matter of necessity for want of other options. Local entrepreneurs are not backed up by technology and research and are less likely to introduce any product or market innovation. They also do not expect to create more than five jobs in the next five years. Overall, a vast majority of new businesses are subsistence in nature and have limited potentials at job creation, specially creation of quality and decent jobs. A 2009 survey which covered registered firms shows that after three years, 91 per cent of small firms remained small and only 1 per cent moved to the medium-size category. Among medium-size enterprises, 17 per cent upscaled to large-size category while 21 per cent reverted to small-size category. This pattern perpetuates the “missing middle” phenomenon.⁷¹
65. The legal and institutional framework to support MSMEs is the Magna Carta for Micro, Small and Medium Enterprises.⁷² It aims to promote financial inclusion for MSMEs by eliminating or reducing market, policy and regulatory constraints that prevent MSMEs from developing. Among others, it mandates banks to allocate a minimum of 8 per cent of their loan portfolio to micro and small enterprises and 2 per cent to medium enterprises. However, compliance with the mandatory allocations has been decreasing. This is attributed mainly to the high risk of loan default associated with MSMEs, their inability to comply with requirements for loan applications particularly collaterals, and stricter prudential regulations from the Bangko Sentral ng Pilipinas (BSP) to minimize borrower defaults (Table 17).

⁷⁰See World Bank Philippine Office (2013). *Philippine Development Report: Creating More and Better Jobs*. Red tape and associated costs discourage MSMEs from registering. Non-registration inhibits growth of the enterprise. It forces the enterprise to remain small and hidden to avoid formal regulations, product standards and taxes. It also has an exclusionary effect, that is, non-registered MSMEs cannot access to credit and technical assistance from government, such as appropriate technologies and processes, product development and promotion, and market information and connectivity.

⁷¹*Ibid.*

⁷²Republic Act No. 6977 (1991), as amended by Republic Act No. 8289 (1997) and Republic Act No. 9501 (2008), An Act to Promote, Develop and Assist Small and Medium Scale Enterprises Through the Creation of the Small and Medium Enterprise Development (SMED) Council, and the Rationalization of Government Assistance, Programmes and Agencies Concerned with the Development of Small and Medium Enterprises, and for Other Purposes.

**Table 17. Compliance by banks with mandatory loan allocations
for MSMEs⁷³
(in per cent)**

Indicator	2000	2005	2010	2011	2012	2013	2014	2015
Minimum % of net loan portfolio required to be allocated								
Micro and small enterprises	6.0	6.0	8.0	8.0	8.0	8.0	8.0	8.0
Medium enterprises	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0
Total percentage of compliance for micro, small and medium enterprises	23.48	23.19	16.40	15.15	13.31	11.69	11.00	10.54
Universal commercial banks	21.46	19.77	14.47	13.23	12.02	10.45	9.74	9.10
Thrift banks	54.32	32.02	22.61	24.26	19.03	16.79	14.92	15.50
Rural and cooperative banks	35.78	66.50	46.09	40.11	31.77	37.27	33.94	33.49
Percentage of compliance for micro and small enterprises	12.72	12.45	8.46	7.56	6.39	5.59	4.90	4.35
Universal commercial banks	11.53	9.24	6.76	5.78	5.29	4.58	3.95	3.39
Thrift banks	26.51	20.76	14.02	16.23	11.26	9.80	7.36	7.14
Rural and cooperative banks	28.74	53.25	34.07	29.58	22.27	26.04	24.81	23.20
Percentage of compliance for medium enterprises	10.76	10.74	7.94	7.58	6.92	6.10	6.10	6.19
Universal commercial banks	9.93	10.53	7.71	7.45	6.73	5.87	5.79	5.70
Thrift banks	27.81	11.27	8.59	8.03	7.76	6.99	7.57	8.36
Rural and cooperative banks	7.04	13.25	12.03	10.52	9.50	11.23	9.13	10.29

Source: *Bangko Sentral ng Pilipinas, Supervisory Data Center.*

66. In 2008, the BSP and other concerned entities set up a Credit Surety Fund (CSF)⁷⁴ to secure business loans obtained by cooperatives operating as MSMEs. The CSF cover is in lieu of collateral, and thus serves to address the inability of cooperative enterprises to access to credit because they cannot put up adequate collateral.⁷⁵ In February 2016, the CSF was institutionalized through the Credit Surety Fund Cooperative Act.⁷⁶ Actual evaluation of the CSF programme is needed to determine the extent to which it has facilitated access to credit and promoted financial inclusion, to determine its contributions to employment generation, and to consider whether its implementation justifies replication beyond cooperatives.

D. Inclusiveness of growth

D.1 Growth inadequate to create enough decent work

67. From the data presented in this Section and in Section 1, economic growth did create work and employment opportunities but not in adequate number and quality to significantly increase incomes or reduce unemployment and underemployment. Neither did it build confidence in the working age population that adequate opportunities for work actually existed, as evidenced by the fact that LFPR has remained at 63 per cent and the number of the working age population

⁷³Basis for minimum per cent allocation:

a. RA 8289 - Magna Carta for Small Enterprises, approved on May 6, 1997 (amending RA 6977): at least 6 per cent for small enterprises and 2 per cent for medium. Size of enterprise according to total assets: micro – not more than Php1.5 million; small – more than Php1.5 million-Php15 million; medium – more than Php15 million-Php 60 million.

b. RA 9501- Magna Carta for Micro, Small and Medium Enterprises, approved on May 23, 2008 (amending RA 6977 as amended): at least 8 per cent for micro and small enterprises; and 2 per cent for medium. Category of enterprises based on total assets: micro – not more than Php3 million; small – more than Php3 million-Php15 million; medium – more than Php15 million-Php100 million.

⁷⁴The CSF partners are cooperatives, non-government organizations, local government units. Cooperatives are eligible for CSF surety cover. The Development Bank of the Philippines, Land Bank of the Philippines, Industrial Guarantee and Loan Fund are the financial contributors to the CSF and also act as the lenders.

⁷⁵As of December 2015, 45 CSFs in 30 provinces and 15 cities have been established and 15,248 MSMEs have been able to access loans from banks totaling Php2.28 billion.

⁷⁶Republic Act No. 10744 (2016), An Act Providing for the Creation and Organization of Credit Surety Fund Cooperatives to Manage and Administer Credit Surety Funds to Enhance the Accessibility of Micro, Small and Medium Enterprises, Cooperatives and Non-Government Organizations to the Credit Facility of Banks and for Other Purposes.

who were not economically active or did not participate in the labour force actually increased (Table 18). This situation is confounded by other factors such as the existence of discouraged workers and those who are technically out of the labour force but are also not in education, employment and training. Overall, there is a significant degree of human resource exclusion, non-participation and underutilization that needs more urgent attention.

Table 18. Working poverty by sex, sector and class of worker
(in per cent)

Sex, sector and class of worker	2006	2009	2012
Total	22.9	22.8	21.9
Men	25.0	25.1	24.4
Women	19.5	19.3	18.1
Agriculture	43.5	44.3	44.0
Industry	15.7	16.2	13.4
Services	10.5	11.1	9.5
Wage and salary workers	17.2	18.3	18.1
Employers	16.9	14.5	11.7
Self-employed	27.5	26.3	26.0
Unpaid family workers	38.7	39.6	37.3

Source: Philippine Statistics Authority, *Merged Files of the Family Income and Expenditure Survey and LFS*.

68. Economic growth also did not generate decent work opportunities enough to reduce the proportion, distribution and category of activities of the working poor. The share of the working poor in total employment hardly changed in 2012 compared to six years earlier. Only one out of five working poor is in formal or wage employment – a disproportionately low share. Men, agriculture workers and unpaid workers had the highest rates in their respective categories.⁷⁷

D.2 Quality of employment

69. For those employed, high proportions of informal employment⁷⁸ and underemployment were noted across regions and industry groups (Tables 19 and 20). Figure 16 illustrates the sectoral shares of informal employment and other categories. In 2015, it was estimated that one in every two workers was either self-employed, an unpaid family worker or an employee whose nature of employment is short-term, seasonal, casual or worked for different employers on day-to-day or week-to-week basis.

⁷⁷On average, there are around two employed members per family with about half of families whose income were sourced from wages and salaries (2012 FIES) and an average household size of 4.6 (2010 Census).

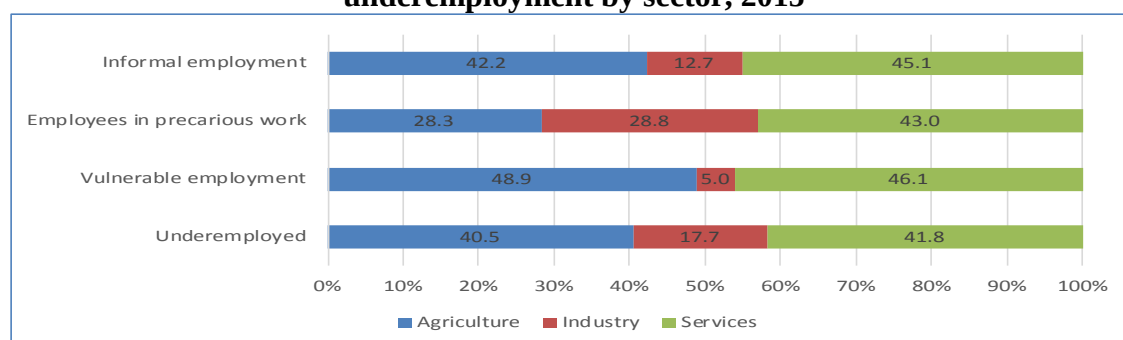
⁷⁸There is no institutionalized survey on informal employment although a Survey on the Informal Sector was conducted in 2008. An analysis of its results by UNESCAP estimated that 67.7 per cent of total employed are in informal employment. See Heintz, J. 2010. Defining and Measuring Informal Employment and the Informal Sector in the Philippines, Mongolia, and Sri Lanka. Working Paper No. 3. United Nations Development Account Project: Interregional Cooperation on the Measurement of the Informal Sector and Informal Employment (UNESCAP).

Table 19. Underemployment, vulnerable, precarious and informal employment⁷⁹ by industry, 2015
(in 000 except per cent)

Major industry group	Underemployed		Vulnerable employment		Employees in precarious work		Informal employment	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Philippines	7 180	18.5	14 569	37.6	7 040	30.7	21 609	55.8
Agriculture	2 906	25.7	7 131	63.1	1 990	57.7	9 121	80.8
Agriculture, hunting and forestry	2 558	25.6	6 134	61.5	1 904	60.4	8 038	80.6
Fishing and aquaculture	348	26.3	997	75.5	86	29.3	1 083	82.0
Industry	1 271	20.3	726	11.6	2 025	37.1	2 751	43.8
Mining and quarrying	66	28.1	55	23.4	56	31.6	111	47.2
Manufacturing	576	17.9	638	19.9	656	26.3	1 294	40.3
Electricity, gas, steam and air conditioning supply	10	12.0	-	-	16	19.3	16	19.3
Water supply; sewerage, waste management and remediation activities	9	17.3	3	5.8	10	20.4	13	25.0
Construction	610	22.6	31	1.1	1 287	48.6	1 318	48.9
Services	3 003	14.2	6 712	31.7	3 025	21.5	9 737	46.0
Wholesale and retail trade; repair of motor vehicles and motorcycles	993	13.6	4 261	58.3	819	29.0	5 080	69.5
Transport and storage	502	18.1	1 260	45.3	285	19.1	1 545	55.6
Accommodation and food service activities	242	14.1	582	33.9	328	30.7	910	53.0
Information and communication	41	10.8	68	17.8	63	20.7	131	34.4
Financial and insurance activities	41	8.2	20	4.0	52	10.9	72	14.5
Real estate activities	21	11.4	66	35.9	16	14.2	82	44.6
Professional, scientific and technical activities	22	10.6	35	16.8	24	14.5	59	28.4
Administrative and support service activities	104	9.1	33	2.9	171	15.6	204	17.9
Public administration and defense; compulsory social security	326	15.6	-	-	370	17.7	370	17.7
Education	116	9.0	13	1.0	106	8.4	119	9.3
Human health and social work activities	48	9.7	25	5.1	65	14.2	90	18.2
Arts, entertainment and recreation	71	20.7	33	9.6	73	23.9	106	30.9
Other service activities	475	17.4	317	11.6	651	27.1	968	35.4
Activities of extraterritorial organizations and bodies	a	a	-	-	1	33.3	1	33.3

Source: Philippine Statistics Authority, Labor Force Survey.

Figure 16. Informal, precarious and vulnerable employment and underemployment by sector, 2015



Source: Philippine Statistics Authority, Labor Force Survey.

⁷⁹ a. Per cent of underemployed is proportion of employed wanting additional work to total employed (underemployment rate).

b. Per cent of vulnerable employment is proportion of self-employed and unpaid family workers to total employed.

c. Per cent of employees in precarious work is proportion of employees whose nature of employment is short-term, seasonal, casual or worked for different employers on day-to-day or week-to-week basis, to total employees.

d. Per cent of informal employment is proportion of vulnerable employment and employees in precarious work, to total employed. This is a crude measure in the absence of a regular survey on informal employment.

70. The more developed regions of NCR, Regions III and CALABARZON had the lowest proportion of underemployment and informal, vulnerable and precarious employment. These regions also had the lowest poverty incidence among its population. The nature, type and seasonality of activities are major factors in determining informality, vulnerability and precariousness. Consequently, these characteristics are most prevalent in agriculture, hunting and forestry; fishing and aquaculture; wholesale and retail trade; and accommodation and food and service activities (hotels and restaurants).

Table 20. Underemployment, vulnerable, precarious and informal employment by region, 2015
(in 000 except per cent)

Region	Underemployed		Vulnerable employment		Employees in precarious work		Informal employment	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Philippines	7 180	18.5	14 569	37.6	7 040	30.7	21 609	55.8
NCR	475	10.0	943	19.8	785	21.2	1 728	36.4
CAR	158	20.8	402	53.0	114	33.6	516	68.0
Region I	340	16.9	773	38.4	432	37.4	1 205	59.8
Region II	168	11.1	446	29.5	343	40.5	789	52.2
Region III	555	13.5	1 132	27.4	783	27.4	1 915	46.4
Region IV-A	925	18.2	1 486	29.2	956	27.4	2 442	48.0
Region IV-B	269	20.8	627	48.4	265	42.4	892	68.8
Region V	749	31.6	1 115	47.0	434	36.3	1 549	65.2
Region VI	681	21.3	1 143	35.8	765	40.1	1 908	59.7
Region VII	592	18.4	1 345	41.8	411	22.4	1 756	54.6
Region VIII	321	31.8	517	51.1	190	39.8	707	69.9
Region IX	256	18.5	693	50.1	159	24.3	852	61.6
Region X	496	24.9	881	44.3	419	39.4	1 300	65.4
Region XI	365	19.0	684	35.5	402	34.5	1 086	56.4
Region XII	407	23.2	828	47.2	320	36.5	1 148	65.4
Caraga	286	26.2	522	47.8	204	37.5	726	66.5
ARMM	140	11.1	1 031	81.9	58	26.7	1 089	86.5

Source: Philippine Statistics Authority, Labor Force Survey.

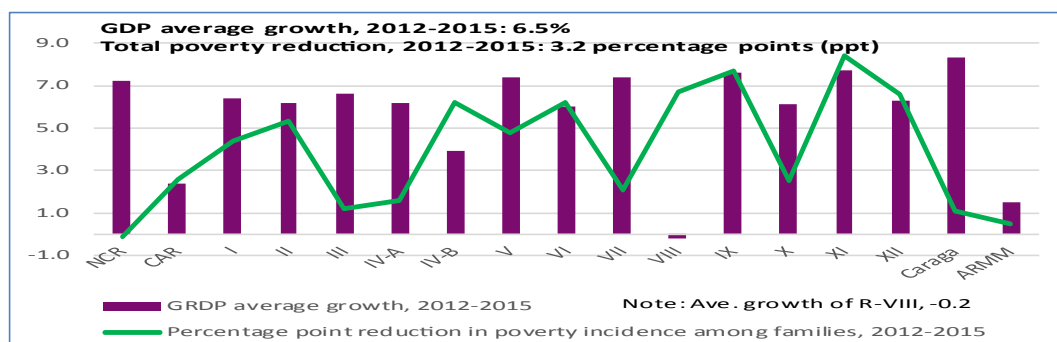
D.3 Poverty incidence and inequality are being reduced but remain significant

71. In 2015, poverty incidence⁸⁰ and subsistence incidence⁸¹ among individuals decreased to 21.6 per cent and 8.1 per cent respectively. Poverty incidence among families also decreased to 16.5 per cent.⁸² Real average family income and the Gini coefficient improved slightly (Table 21). The relationship between economic growth and poverty reduction among regions was positive but differentiated (Figure 17). Less developed regions that registered high growth made dramatic inroads in poverty reduction in families (e.g., Regions I, II, V, VI, IX and XII except Caraga). In more developed regions (e.g., NCR, Region III, CALABARZON, VII and X), gains were not as pronounced in spite of relatively high growth. The data therefore suggest a need for development planning and implementation to be sensitive to regional differences in opportunities, endowments and challenges in mobilizing resources in order to maximize desired outcomes and impacts.

⁸⁰From 25.2 per cent in 2012. As of 2015, the number of poor individuals was estimated at 21.9 million. The poverty thresholds were Php21,753 in 2015 and Php18,935 in 2012.

⁸¹From 10.4 per cent in 2012.

⁸²From 19.7 per cent in 2012.

Figure 17. Economic growth and reduction in poverty incidence of families by region

Sources: Philippine Statistics Authority, National Accounts of the Philippines and Official Poverty Statistics.

Table 21. Poverty incidence among families, real average annual family income and Gini Coefficient

Region	Poverty incidence among families (%)			Real average family income (Php 000)			Gini Coefficient		
	2009	2012	2015	2009	2012	2015	2009	2012	2015
Philippines	20.5	19.7	16.5	180	181	189	0.4641	0.4605	0.4439
NCR	2.4	2.6	2.7	318	305	322	0.4081	0.4028	0.3909
CAR	19.2	17.5	14.9	190	200	202	0.4658	0.4675	0.4211
Region I	16.8	14.0	9.6	163	165	177	0.4170	0.4265	0.3979
Region II	20.2	17.0	11.7	157	149	165	0.4560	0.4096	0.4065
Region III	10.7	10.1	8.9	187	196	210	0.3821	0.4084	0.3970
Region IV-A	8.8	8.3	6.7	216	219	223	0.4203	0.4186	0.4012
Region IV-B	27.2	23.6	17.4	121	134	153	0.4116	0.4476	0.4568
Region V	35.3	32.3	27.5	128	122	128	0.4268	0.4233	0.3961
Region VI	23.6	22.8	16.6	136	153	154	0.4309	0.4754	0.4362
Region VII	26.0	25.7	23.6	164	163	166	0.4711	0.4712	0.4647
Region VIII	34.5	37.4	30.7	133	124	130	0.5008	0.4834	0.4649
Region IX	39.5	33.7	26.0	119	119	124	0.4915	0.4592	0.4362
Region X	33.3	32.8	30.3	139	137	145	0.4860	0.4844	0.4636
Region XI	25.5	25.0	16.6	140	143	166	0.4339	0.4330	0.4295
Region XII	30.8	37.1	30.5	128	120	125	0.4462	0.4570	0.4626
Caraga	46.0	31.9	30.8	120	126	124	0.4732	0.4397	0.4338
ARMM	39.9	48.7	48.2	94	92	89	0.2991	0.2882	0.2801

Sources: Philippine Statistics Authority, Official Poverty Statistics and Family Income and Expenditure Survey.

72. Overall, the country fell short of its MDG poverty reduction target of 17.2 per cent of the population by 2015. Uneven levels of development across regions translated to highly skewed variances in opportunities, poverty incidence, real income and inequality. Compared to the national average, the Luzon regions generally have less poverty incidence among families, better Gini coefficient, and higher real annual family income. In contrast, all the Visayas and Mindanao regions where agriculture predominates have higher poverty incidence and lower real family incomes. ARMM, an outlier among the regions that needs special attention, may have the best Gini coefficient but this is because much of the population is equally poor. ARMM has the highest poverty incidence and lowest real income, with the latter two indicators deteriorating from 2009 to 2015.

73. Underemployment, precarious employment and vulnerable employment are closely linked to poverty incidence (Table 22). The country's poorest regions such as CARAGA, Regions V, VIII, X and XII had poverty rates of at least 36 per cent and also had the highest underemployment

rates. Other regions with underemployment higher than the national rate of 18.5 per cent (CAR, Regions IV-B, VI, VII, IX and XI) showed high proportions of self-employment and unpaid family work (vulnerable employment). All these ten regions with the exception of Region IV-B also had the widest family income disparities (Gini coefficients). Exceptionally, ARMM had low underemployment but had the highest proportion of vulnerable employment (more than 80 per cent) and poverty incidence at more than half of its total population.

**Table 22. Poverty, underemployment and vulnerable employment
by region, 2015**
(in per cent)

Region	Poverty incidence among population	Underemployment rate	Proportion of self-employed and unpaid family workers in total employment
Philippines	21.6	18.5	37.6
NCR	3.9	10.0	19.8
CAR	19.7	20.8	53.0
Region I	13.1	16.9	38.4
Region II	15.8	11.1	29.5
Region III	11.2	13.5	27.4
Region IV-A	9.1	18.2	29.2
Region IV-B	24.4	20.8	48.4
Region V	36.0	31.6	47.0
Region VI	22.4	21.3	35.8
Region VII	27.6	18.4	41.8
Region VIII	38.7	31.8	51.1
Region IX	33.9	18.5	50.1
Region X	36.6	24.9	44.3
Region XI	22.0	19.0	35.5
Region XII	37.3	23.2	47.2
Caraga	39.1	26.2	47.8
ARMM	53.7	11.1	81.9

Sources: Philippine Statistics Authority, Official Poverty Statistics and Labor Force Survey.

D.4 Medium term projections: Employment growth and poverty reduction

74. Based on growth, sectoral, demographic and other development patterns, ILO prepared a Philippine Employment Projection Model (PEPM) for the period from 2013 to 2022. The basic assumptions of the model are a GDP growth of 6 per cent to 6.5 per cent for the entire period (6.4 per cent to 7.2 per cent from 2013 to 2016, and 5.8 per cent to 6.2 per cent from 2016 to 2022). The labour force and working age population were also assumed to grow at relatively the same pace.
75. The model projects that at best, there will be minimal to moderate growth in employment and productivity. The incidence of vulnerable employment and working poverty will remain the same, contending an increase in the actual number of working poor. Incidence of the two across regions will remain highly correlated with the agriculture share in employment. So far, actual outcomes on employment, unemployment, and vulnerable employment in the first three years are within the range of the model's projections.
76. Industry roadmaps based on the model project net employment growth in agriculture over the forecast period at between 1.6 to 1.9 million mainly from raising of perennial and non-perennial crops, plant propagation, forestry, fishing and aquaculture, and animal production. Raising of perennial crops can have positive upstream effects on food processing. In services, information technology and business process management (IT-BPM) including BPOs are seen to remain a primary growth driver in GDP and employment. High employment growth is seen in wholesale and retail trade and repair of motorcycles and household goods (2.2 million additional workers),

followed by construction (567 to 720,000), and land transport (500,000). Other economic sub-sectors projected to grow are education (282,000), public administration and defense (232,000), food and beverage service activities (201,000), among others. In manufacturing, high employment growth is seen in IT-BPM related sub-sectors, aerospace manufacturing, automotive and automotive parts manufacturing (Table 23). Less positive employment growth is seen in the sub-sectors of furniture and rubber products manufacturing, and iron and steel. For electronics including semiconductors, projections are varied because of differences in relative growth of exports and imports.

Table 23. National labour market aggregates and indicators

Indicator	Persons (millions)		Average annual growth rate (%)			
	2010	2013	2010-2013	2013-2016	2016-2022	2013-2022
Total population	93.8	99.2	1.9	1.7	1.6	1.6
Overseas Filipino Workers	1.9	2.1	3.0	7.5	5.0	5.8
Below working age population	31.1	32.9	1.8	0.9	0.6	0.7
Working age population, excluding OFWs	60.7	64.2	1.9	1.9	1.9	1.9
Labour force	38.9	41.0	1.8	2.0	1.9	1.9
Employed	2.9	2.9	0.5	3.5 - 5.7	0.5 - 1.2	1.5 - 2.4
Unemployed	36.0	38.1	1.9	1.7 - 1.9	2.0	1.9 - 2.0
Vulnerable employment	15.0	14.6	-0.9	1.5 - 1.9	1.4 - 1.5	1.5 - 1.7
Working poor (<\$1.25/day)	7.1	7.2	0.4	1.8 - 2.0	1.9 - 2.0	1.9 - 2.0
Working poor (<\$2.00/day)	15.4	15.6	0.4	1.8 - 2.1	1.9 - 2.0	1.9 - 2.0
Total percentage point change						
Labour force participation rate	64.1	63.9	-0.1	0.2	-0.1	0.1
Employment-to-population ratio	59.3	59.4	0.0	(0.4) - (0.1)	0.1 - 0.3	(0.1) - 0.0
Unemployment rate	7.3	7.1	-0.3	0.5 - 0.8	(0.6) - (0.3)	(0.3) - 0.3
Vulnerable employment rate	41.7	38.3	-3.4	(0.2) - 0.0	(1.2) - (1.0)	(1.4) - (1.1)
Working poverty rate (<\$1.25/day)	19.0	19.0	0.0	0.0 - 0.1	(0.1) - 0.0	(-0.1) - 0.1
Working poverty rate (<\$2.00/day)	41.0	40.9	-0.1	0.1 - 0.2	(0.1) - 0.0	0.0 - 0.2
Labour productivity (Php 000)	158.2	177.5	3.9	4.6 - 5.2	3.8 - 4.1	4.0 - 4.5

Source: 2015 Philippine Employment Projection Model.

77. In terms of occupational groups, supply of skilled workers is expected to tighten while the surplus of semi-skilled and unskilled workers will grow. This implies increasing skills mismatch, reflecting dissonance between education and training outputs and labour market demands. Much of the employment growth is projected to take place in the sub-sectors that have inherently higher labour intensity, higher informality, and lower labour productivity and value-added such as agriculture and trading. On the other hand, except for IT-BPM, the sub-sectors projected to create jobs of better quality and demand higher level of skills have inherently low employment elasticity, such as aerospace manufacturing, automotive and automotive parts manufacturing. For export-oriented sub-sectors such as electronics manufacturing, these are expected to continue creating quality jobs. However, these sub-sectors are also exposed to external competition and shocks; the potential impact of external factors is large considering that manufacturing exports are largely concentrated in electronics products.

E. Accelerating growth across sectors and in enterprises

78. Even the most optimistic projections of the PEPM are not likely to bring about the conditions of inclusive growth, i.e., massive creation of quality employment, significant improvement in labour productivity and value-added, and substantial poverty reduction. Policy action needs to accelerate the realization of these conditions to enable a larger part of the working population to participate and become more economically active in productive and remunerative work.

79. In view of this, it is extremely important for *PDP 2017-2022* and *AmBisyon Natin 2040* to deliver on its specific strategic and policy actions aimed at not only enhancing the strengths and competitiveness of the more productive sectors, but also making the less productive sectors and sub-sectors more productive. The government's commitment to allocate at least 5 per cent of GDP to infrastructure spending is an encouraging sign. For their strategic value, investments on reliable and sustainable energy sources and other utilities, as well as on basic infrastructure, logistics and connectivity need to be given priority. Investments toward energy self-sufficiency and infrastructure development, in particular, will have a favorable and direct employment and productivity impact on the electricity, gas and water, construction and mining sub-sectors, and can also have second-round favorable effects on other sectors. Strategic investments in infrastructure will make possible, as discussed in Section I, C.1, the transformation and modernization of agriculture, the revival and repositioning of manufacturing and industry as a whole, and the continued growth and expansion in services toward generating employment opportunities of better quality.
80. Measures to address the root causes of human resource underutilization and exclusion, unemployment and underemployment are also of utmost importance in any national development framework. The surplus of unutilized or underutilized low skilled labour, as discussed in Section I, A.3, how to make workers more productive, and how the economy's capacity to absorb them can be enhanced, are major challenges. Accessible opportunities for skills upgrading are also extremely important. Increasing the productive and remunerative time of farmers and fisher-folk with farm-related or off-farm activities such as engaging them in farm-supportive and climate change-adaptive public works projects like protecting water sheds and marine resources, dredging of canals, dams and waterways, and building water catchment basins can dramatically increase their income opportunities while improving and sustaining their sources of livelihood.





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81. Tightening of the supply of skilled workers is already anticipated. Investments in human capital should develop the labour force to move up the skills and production value chain. This will require a reliable labour supply with higher education, qualifications and skills, correction of the dissonance between the outputs of the educational system and the signals from the labour market, and implementation of efficient active labour market programmes that facilitate school-to-work as well as work-to-work transitions.

F. Gearing up for a just transition toward sustainable development

82. The challenge of creating jobs of better quality needs to consider the imperatives of sustainable development for the present and future generations. *PDP 2017-2022* acknowledges the critical role of the environment and natural resources (ENR) sector in the country's development. This sector provides a broad scope of ecosystem services, such as: (a) provisioning (e.g., food, raw materials, freshwater); (b) regulating (e.g., local climate and air quality, carbon sequestration and storage, erosion prevention); (c) supporting (e.g., habitats for species, maintenance of genetic diversity); and (d) cultural (e.g., recreation, tourism). These ecosystem services support the growth and performance of other sectors, including agriculture, fisheries, industry and services, and provide livelihood, especially to resource dependent communities. Provision of these indispensable services, including the maintenance of a healthy and good quality environment, has been increasingly compromised due to mismanagement, misuse, and overexploitation of the country's ENR. It is critical that environmental health is improved and integrity ensured to help accelerate economic growth, strengthen resilience against the impact of climate change and disasters (natural and human induced), and improve the welfare of the poor and marginalized members of society.⁸³

⁸³PDP 2017-2022, Chapter 20, p. 315. <http://pdp.neda.gov.ph/wp-content/uploads/2017/01/Chapter-20.pdf>

83. To this end, it is noteworthy that *PDP 2017-2022* includes more aggressive strategies to rehabilitate and restore degraded natural resources, and protect the fragile ecosystems while improving the welfare of resource-dependent communities.⁸⁴ Providing a frank assessment of the ENR situation in the Philippines, it notes that managing natural resources as a whole needs further improvement, especially in monitoring environmental quality such as air and water pollution and wastewater management (many classified water areas are unfit for their intended uses); efforts on disaster risk reduction and climate change adaptation remain inadequate; socio-economic and environmental landscape is changing with increase in population and high concentrations in urban areas, straining resources; the impacts of climate extremes and variability are being felt with increasing frequency and intensity; environmental laws are weakly enforced; lack of sustainable financing and access to available funding facilities; private sector engagement in environmental activities is limited, including in climate change adaptation and disaster preparedness.⁸⁵
84. Recent developments in the policy and legal framework aim at further institutionalizing the principles of sustainable development, among which is the Philippine Green Jobs Act of 2016⁸⁶ that promotes sustainable development⁸⁷ amidst climate change.⁸⁸ The law affirms labour as a primary social economic force in promoting sustainable development and seeks to promote the rights of the people to a balanced and healthful ecology in accord with the rhythm and harmony of nature.⁸⁹ It seeks to contribute to the effort of “just transition”⁹⁰ toward to a green economy⁹¹ which includes creating a carbon-neutral economy, communications, manufacturing, health care, conservation of natural resources, among others. For this purpose, all concerned government agencies are to lead the transition with the use of green technologies,⁹² production of green goods and services,⁹³ and creation of green jobs.⁹⁴ The law was followed recently by the coming into force of the Paris agreement on climate change, which the Philippines subsequently ratified.⁹⁵
85. Given its economic structure, technological resources and capability, human resource knowledge and skills base, and high vulnerability to climate change and environmental risks, the country is still at the preparatory and positioning stage of moving toward a green economy. Transition to a more advanced stage will neither be easy nor inexpensive. The policy directions identified in *PDP 2017-2022* combined with the Green Jobs Act and the Paris Agreement have the potential to move sustainable development initiatives from declarations of commitments to more concrete collaboration and joint action among all stakeholders. For this to be realized, these instruments should influence national budget allocations in the direction of MDGs, which can then make sustainable development initiatives, programmes and projects attractive to potential investors and development financing institutions. On the other hand, while moving forward, the country needs to move quickly and pragmatically in confronting problems and obstacles already existing on the ground.

⁸⁴*Idem*.

⁸⁵*Idem*, pp. 315-318.

⁸⁶Republic Act No. 10771 (2016).

⁸⁷Defined as development that meets the needs of the present generation without compromising the ability of the future generations to meet their own needs (Sec. 4 [g], *idem*).

⁸⁸Refers to a change in climate that can be identified by changes in the mean or variability of its properties and that persists for an extended period typically decades or longer, whether due to natural variability or as a result of human activity (Sec. 4[b], *idem*).

⁸⁹Sec. 2 [c], *idem*.

⁹⁰International Labour Organization, Guidelines for a just transition towards environmentally sustainable economies and societies for all (2015), http://www.ilo.org/wcmsp5/groups/public/---ed_emp/---emp_ent/documents/publication/wcms_432859.pdf

⁹¹Refers to one which is low-carbon and resource-efficient, and results in the generation of green jobs and in improved human well-being and social equity, while significantly reducing environmental risks and ecological scarcities (Sec. 4 [d], *idem*).

⁹²Refers to the development and application of products, equipment and systems used to conserve the environment and natural resources (Sec. 4 [d], *idem*).

⁹³Refer to goods and services that benefit the environment or conserve natural resources, and may include research and development, installation and maintenance services (Sec. 4[e], *idem*).

⁹⁴Refer to employment that contributes to preserving or restoring the quality of the environment, be it in the agriculture, industry or services sector. Specifically, but not exclusively, this include jobs that help to protect ecosystems and biodiversity, reduce energy, materials and water consumption through high efficiency strategies, decarbonize the economy, and minimize or altogether avoid generation of all forms of waste and pollution. Green jobs are decent jobs that are productive, respect the rights of workers, deliver a fair income, provide security in the workplace and social protection for families, and promote social dialogue (Sec. 4 [c], *idem*).

⁹⁵The ratification was concurred in by the Philippine Senate on 14 March 2017.



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A woman with long dark hair, wearing a white short-sleeved shirt under a brown button-up vest and black trousers, is walking in an office hallway. She is looking upwards and to the left. The hallway has a white ceiling with fluorescent lights and glass partitions. The background is slightly blurred.

Section III.

Fundamental principles and rights at work and international labour standards

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A. The Philippine constitution and international labour standards

86. The Philippines is bound by the ILO standards and instruments it ratified and draws guidance from other relevant ILO instruments,⁹⁶ including the ILO Declaration of the Fundamental Principles and Rights at Work. Social justice and protection of the rights and welfare of workers, which are central goals of international standards, are overarching State policies on labour and employment under the Constitution.⁹⁷ The scope of social justice and labour protection policies include the specific areas of full employment and equality of employment opportunities, self-organization and collective bargaining including the rights to peaceful concerted activities and to strike, security of tenure, humane conditions of work, living wage, workers' participation in policy and decision-making processes, shared responsibility in settling disputes, productivity sharing, and expansion and growth for enterprises.⁹⁸ This scope embodies the decent work pillars and the areas covered by the fundamental conventions, particularly equality of employment opportunities (non-discrimination) and the rights to self-organization and collective bargaining. Freedom of association is also separately protected from abridgement under the Bill of Rights.⁹⁹ All these are put into effect by a Labor Code and several more specific labour and social welfare legislations.

B. Work to be abolished

B.1 Forced labour

87. The Constitution prohibits involuntary servitude in any form except as a punishment for a crime whereof the party shall have been duly convicted.¹⁰⁰ An anti-human trafficking law is in place prohibiting human trafficking and other situations amounting to forced labour.¹⁰¹ These legal mandates are consistent with the country's ratification of ILO Convention Nos. 29 and 105 against forced labour and other human rights conventions.

88. Although the incidence and magnitude of forced labour is difficult to track and monitor, its existence is undeniable. Administrative data from the Inter-Agency Council Against Trafficking (IACAT) show that documented trafficking cases mostly involve sexual exploitation and some labour trafficking cases such as forced labour, involuntary servitude, debt bondage, slavery, drug couriers and use of children in armed conflicts. From 2004 to 2015, IACAT prosecuted 133 labour trafficking cases (Table 24).

⁹⁶ART. II, Section 2 of the Philippine Constitution states that the Philippines adopts the generally accepted principles of international law as part of the law of the land and adheres to the policy of peace, equality, justice, freedom, cooperation, and amity with all nations. The Philippines has ratified 37 conventions, including all eight of the fundamental conventions.

⁹⁷1987 Philippine Constitution, ART. II, Section 18.

⁹⁸*Idem*, ART. XIII, Section 3.

⁹⁹*Idem*, ART. III, Section 8.

¹⁰⁰*Idem*, Section 18 (2).

¹⁰¹Republic Act No. 9208 (2003), as amended by Republic Act No. 10364 (2012), "An Act To Institute Policies To Eliminate Trafficking in Persons Especially Women and Children, Establishing the Necessary Institutional Mechanisms for the Protection and Support of Trafficked Persons, Providing Penalties for its Violations Therefor, and for Other Purposes."

Table 24. Trafficking in persons

Indicator	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Cases filed by type	2	32	87	117	182	276	285	315	388	261	308	326	274
Sexual exploitation	2	29	86	110	176	214	267	295	350	239	284	308	264
Cybersex trafficking	-	-	-	2	1	4	4	2	13	1	6	6	3
Labour trafficking	-	3	1	5	5	7	13	16	25	21	18	12	7
Organ trafficking	-	-	-	-	-	51	1	2	-	-	-	-	-
Convictions	-	-	7	-	3	6	10	18	25	27	27	55	47
Sexual exploitation	-	-	7	-	3	3	9	17	22	26	24	47	35
Cybersex trafficking	-	-	-	-	-	-	1	-	1	-	1	5	10
Labour trafficking	-	-	-	-	-	3	-	1	2	1	2	3	2
Persons convicted	-	-	6	-	4	5	11	16	32	32	37	57	49
Sexual exploitation	-	-	6	-	4	4	10	15	25	31	34	52	37
Labour trafficking	-	-	-	-	-	-	1	-	5	-	1	3	9
Organ trafficking	-	-	-	-	-	1	-	1	2	1	2	2	3

Source: Department of Justice, Inter-agency Council against Trafficking.

89. In 2014, the Department of Social Welfare and Development (DSWD) reported 648 women and 465 children victims of trafficking, 155 victims of illegal recruitment (121 women, 34 children) and 39 victims of child labour. During the same year, the Philippine National Police (PNP) recorded 385 crimes relating to trafficking in persons involving 238 women and 147 children, 103 cases of sexual harassment and 12 cases of child labour.¹⁰² The combined data from IACAT, DSWD and PNP indicate that not many cases reach the courts.
90. The ILO Committee of Experts on Application of Conventions and Recommendations (CEACR) has standing observations arising from the implementation of ILO Convention No. 29. Among these include the need to enforce the laws more effectively and to robustly prosecute violations, address allegations of complicity of certain government officials in trafficking activities, and ensure that migrant workers particularly women and children are not placed in situations that subject them to abuses including unpaid wages, food deprivation, forced confinement in the workplace, and physical and sexual abuse, or in situations where traffickers presenting themselves as recruiters use fraudulent recruitment practices, hiring fees, use of violence, withholding of travel documents and salaries, psychological intimidation and other practices, to force their victims into work.¹⁰³
91. In relation to Convention No. 105, the CEACR also observed that the imposition in some penal laws¹⁰⁴ of punishment for holding or expressing political views or views ideologically opposed to the established political, social or economic system is inconsistent with the Convention. Also seen as inconsistent is Article 278 (g)¹⁰⁵ of the Labor Code which confers on the Secretary of Labor and Employment and on the President (of the Philippines) the discretionary authority to enjoin or force an end to strikes in labour disputes that occur in industries which, in his or her opinion, are “indispensable to the national interest” and thereby require it to be resolved through compulsory arbitration. A strike during compulsory arbitration is prohibited and illegal, punishable by imprisonment which involves an obligation to perform labour. The Revised Penal Code also provides for sanctions of imprisonment for participation in illegal strikes.¹⁰⁶

¹⁰²Philippine Statistical Yearbook, 2015.

¹⁰³Observation (CEACR) – adopted 2013, published 103rd ILC session (2014), Forced Labour Convention, 1930 (No. 29) – Philippines (Ratification: 2005).

¹⁰⁴For example, Sections 142 and 154 of the Revised Penal Code are worded in terms broad enough to lend themselves to be applied as a means of punishment for the peaceful expression of views, enforceable with sanctions involving compulsory labour.

¹⁰⁵Formerly Art. 263 (g) of the Labor Code.

¹⁰⁶Observation (CEACR) – adopted 2013, published 103rd ILC session (2014), Abolition of Forced Labour Convention, 1957 (No. 105) – Philippines (Ratification: 1960).



B.2 Child labour

92. The Philippines ratified ILO Conventions Nos. 138 and 182. Under national law, the minimum age of employment is 15 years old.¹⁰⁷ A special law also provides for the elimination of the worst forms of child labour and for the protection of working children.¹⁰⁸ Technically, child labour is prohibited and illegal, and refers to any work performed by persons under 18 years of age which violates the conditions prescribed under the country's laws. On the other hand, child work is that performed by persons under 18 years of age that is not prohibited or illegal.

93. The 2011 Survey on Children (SOC) estimated that 2.097 million (7.9 per cent) children aged 5 to 17 years old were in child labour. The incidence was 10.2 per cent for boys and 5.4 per cent for girls. The incidence tends to increase with the age of the child: those aged 15-17 years is at 20.4 per cent while those under 15 is at 4.2 per cent. It is higher in rural areas (9.6 per cent) than in urban areas (5.2 per cent). On the other hand, LFS statistics show that the number and incidence of working children decreased from 2.29 million or 9 per cent in 2005 to 1.839 million or 6 per cent in 2015. This trend was apparent for both males and females and by age group. However, the incidence for those in the age group 15-17 years old was still at 17.8 per cent for both sexes in 2015 (Figure 18).

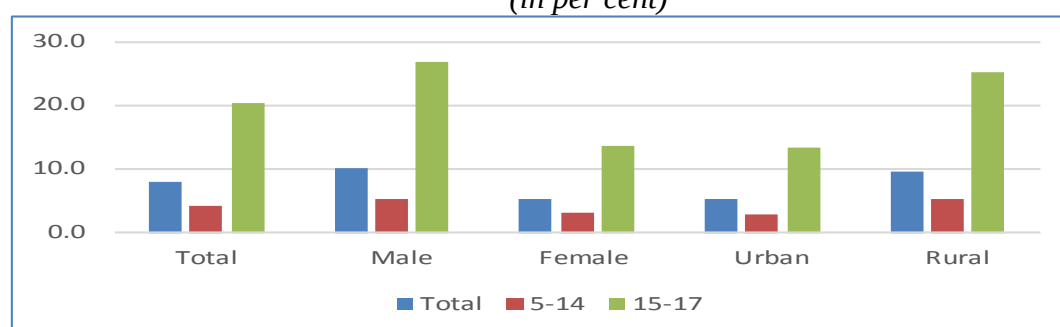
¹⁰⁷Under, Art. 137 of the Labor Code, no child below 15 years of age shall be employed, except when he works directly under the sole responsibility of his parents or guardian, and his employment does not in any way interfere with his schooling.

¹⁰⁸Republic Act No. 9231 (2003). Sec. 12-D of the Act prohibits child labour and defines the worst forms of child labour to include the following:

- (1) All forms of slavery, as defined under the "Anti-trafficking in Persons Act of 2003", or practices similar to slavery such as sale and trafficking of children, debt bondage and serfdom and forced or compulsory labour, including recruitment of children for use in armed conflict;
- (2) The use, procuring, offering or exposing of a child for prostitution, for the production of pornography or for pornographic performances;
- (3) The use, procuring or offering of a child for illegal or illicit activities, including the production and trafficking of dangerous drugs and volatile substances prohibited under existing laws; or
- (4) Work which, by its nature or the circumstances in which it is carried out, is hazardous or likely to be harmful to the health, safety or morals of children, such that it:
 - a) Debases, degrades or demeans the intrinsic worth and dignity of a child as a human being; or
 - b) Exposes the child to physical, emotional or sexual abuse, or is found to be highly stressful psychologically or may prejudice morals; or
 - c) Is performed underground, underwater or at dangerous heights; or
 - d) Involves the use of dangerous machinery, equipment and tools such as power-driven or explosive power-actuated tools; or
 - e) Exposes the child to physical danger such as, but not limited to the dangerous feats of balancing, physical strength or contortion, or which requires the manual transport of heavy loads; or
 - f) Is performed in an unhealthy environment exposing the child to hazardous working conditions, elements, substances, co-agents or processes involving ionizing, radiation, fire, flammable substances, noxious components and the like, or to extreme temperatures, noise levels, or vibrations; or
 - g) Is performed under particularly difficult conditions; or
 - h) Exposes the child to biological agents such as bacteria, fungi, viruses, protozoans, nematodes and other parasites; or
 - i) Involves the manufacture or handling of explosives and other pyrotechnic products.

94. In terms of sectoral and geographical distribution, SOC data show that 58.4 per cent (1.225 million) of child labourers are in rural areas, mostly in agriculture engaged in the production of sugarcane, banana, coconut, corn, hog, palm oil, rice, rubber and tobacco. Services including domestic work accounted for 34.6 per cent (726,000), while industry accounted for 7.0 per cent (147,000) who were employed in mining and quarrying, manufacturing pyrotechnics and construction, among others (Table 25).¹⁰⁹ In terms of nature of work, about 95 per cent (2.050 million) child labourers were engaged in hazardous work, including the worst forms of child labour. Eight out of every 10 children working in hazardous environments were exposed to physical hazards.

Figure 18. Incidence of child labour by age group, 2011
(in per cent)



Note: Data based on past 12 months reference period.

Source: Understanding Children's Work (UCW) Programme calculations based on the Philippine Statistics Authority, 2011 Survey on Children.

Table 25. Economic activity rate of children by sex and age group
(in per cent)

Sex and age group	2005	2010	2011	2012	2013	2014	2015
Total	9.0	7.2	8.5	7.7	6.9	7.2	6.0
5-9	1.5	1.1	1.3	0.9	0.8	0.9	0.8
10-14	7.8	5.3	7.2	5.8	5.0	5.6	4.4
15-17	23.6	20.8	22.9	22.1	20.3	20.9	17.8
Male	11.2	9.0	10.6	9.6	8.7	9.0	7.5
5-9	1.7	1.2	1.5	1.0	0.9	1.0	0.8
10-14	9.8	6.5	8.7	7.2	6.1	6.8	5.1
15-17	30.0	26.6	29.2	28.2	26.5	26.9	23.0
Female	6.6	5.4	6.4	5.7	5.0	5.4	4.5
5-9	1.2	0.9	1.1	0.8	0.8	0.8	0.7
10-14	5.7	4.2	5.5	4.4	3.8	4.4	3.6
15-17	17.0	14.9	16.4	15.9	14.0	14.7	12.5

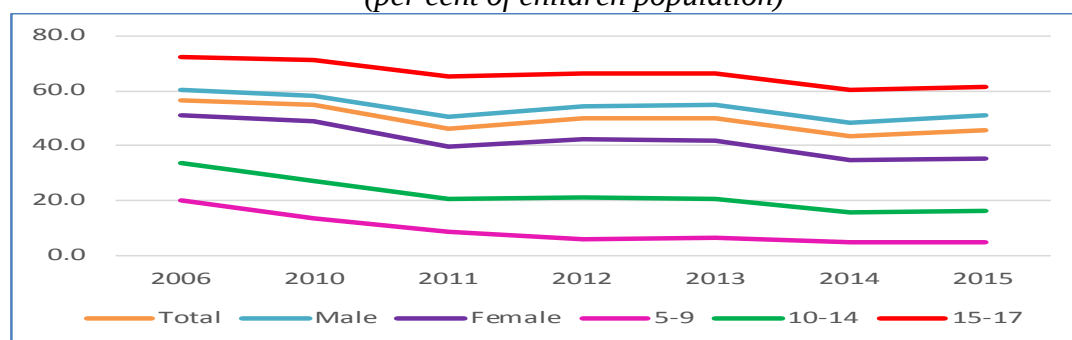
Note: Data based on past week reference period.

Source: Philippine Statistics Authority, Labor Force Survey.

95. School participation is an indirect indicator of the inroads and deficits in the elimination of child labour. Over the last decade, the proportion of working children not attending school decreased (56.7 per cent in 2006 to 45.4 per cent in 2015). In terms of educational outcomes, school attendance gap between child labourers and those who are not working increases with age. It was 18 per cent for those between ten to 14 years old and 48 per cent for those 15 to 17 (Figure 19). Child labourers have lower school life expectancy compared to other children. At each age up to 12 years old, the difference in expectancy is around two years in favour of those who are not working. From a life-cycle approach, they are most likely not able to get the necessary education and training to either proceed to higher levels of education or get good jobs as youth. They are at risk of entering adulthood as unemployed youth and as underemployed or vulnerably employed. As a result, their chance of acquiring decent work as adults is lower.

¹⁰⁹In 2015, half of working children were found in agriculture, hunting and forestry while one-fifth in trade industries. In terms of major occupation group, working children were mostly hired as labourers and unskilled workers (67.9 per cent).

Figure 19. Working children not in school by sex and age group
(per cent of children population)



Note: Data based on past week reference period.

Source: Philippine Statistics Authority, Labor Force Survey.

96. For the past decade, the Philippines implemented a programme for the progressive elimination of child labour particularly its worst forms by 2015. But the problem of child labour and working children is ultimately tied to poverty in households. With a significant proportion of households still in poverty, the essential condition for effectively eliminating child labour in all its forms remains unfulfilled.

C. Non-discrimination and equality of opportunity, access and treatment in employment

C.1 Policy and legal framework

97. The Philippines ratified ILO Convention No. 100 (Equal Remuneration Convention) and Convention No. 111 (Discrimination in Employment and Occupation Convention). It also acceded to the United Nations Convention on the Elimination of Discrimination Against Women (UN-CEDAW). Under ILO Convention No. 111, the protected characteristics that cannot be the basis of any distinction, exclusion or preference of such nature that nullifies or impairs equality of opportunity or treatment in employment or occupation are race, colour, sex, religion, political opinion, national extraction or social origin, or any other characteristic determined by the ratifying country. Consistent with international principles, the Constitution, the Labor Code and other laws provide protection against discrimination in employment and occupation. The Labor Code generally seeks to ensure equal employment opportunities regardless of sex, race or creed.¹¹⁰ In addition, discrimination based on other characteristics such as civil status, age, union membership, physical disability¹¹¹ and ethnic origin¹¹² is also prohibited by specific laws.
98. With the Constitution's emphasis on the role of women in nation-building and the fundamental equality before the law of women and men,¹¹³ the laws pay strong attention to discrimination based on sex. Legal protection for women includes mandatory provision by employers of safe and healthful working conditions taking into consideration their maternal functions, and such facilities and opportunities that will enhance their welfare and enable them to realize their full potential.¹¹⁴ The Labor Code provides for specific standards for women employees¹¹⁵ pertaining to: (a) facilities such as seats, separate toilet rooms and lavatories, and nurseries;

¹¹⁰Art. 3.

¹¹¹Republic Act No. 7277, otherwise known as the Magna Carta for Disabled Persons, or an Act Providing for the Rehabilitation, Self-Development and Self-Reliance of Disabled Persons and Their Integration into the Mainstream of Society and for other Purposes (1992).

¹¹²Republic Act No. 8371, otherwise known as the Indigenous People's Rights Act of 1997, or an Act to Recognize, Protect and Promote the Rights of Indigenous Cultural Communities/Indigenous Peoples, Creating a National Commission on Indigenous Peoples, Establishing Implementing Mechanisms, Appropriating Funds Therefor, and for other Purposes (1997).

¹¹³1987 Constitution, ART. II, Section 14.

¹¹⁴1987 Constitution, ART. XIII, Section 14.

¹¹⁵Labor Code of the Philippines. Arts. 130-136.

(b) maternity leave benefits in relation to social security benefits;¹¹⁶ (c) family planning services and incentives for family planning; (d) prohibition against discrimination in compensation and benefits, promotion, training opportunities, study and scholarship grants on the basis of sex; and (e) declaration as unlawful any stipulation against marriage, denying any benefits provided under the law and discharging a female employee on account of her pregnancy or refusing admission upon her return to work after giving birth for fear of the employee getting pregnant again.¹¹⁷

99. Over the years, various government offices have also established or formulated policies, programmes, rules and guidelines on promoting women's participation in the labour force and respecting their right for equality of access and treatment in employment. In addition, amendments in labour laws and new laws have also been introduced to expand protection of women workers¹¹⁸ as well as of acts of discrimination that are not sex-based. In 2010, a law was passed repealing the ban on the employment of women in night work.¹¹⁹ In 2016, another law was passed prohibiting discrimination against an individual based on age.¹²⁰

C.2 Policy performance and outcomes

100. Serious concerns remain on the over-representation of women in low-skilled and low-income jobs, gender segregation in occupation and vocational training, and the need to continuously promote women's access to higher-paid jobs and jobs offering career advancement.¹²¹

C.2.1 *Wide sex gap in labour force participation*

101. The historically wide sex gap in labour force participation persists, with only half of women of working age in the labour force despite the fact that they are generally better educated than men. The 2015 LFS data show 68.8 per cent of the 23.6 million not in the labour force were women. Almost three-fifths of them were caring for their children or doing housekeeping chores, confirming the persistence of gendered social norms and expectations on the role of women that tend to limit their opportunity and access to more remunerative work. On the other hand, women in the labour force have lower unemployment and underemployment rates than men (Table 26).

¹¹⁶Republic Act No. 1161, as amended by Republic Act No. 8262 (Social Security Act).

¹¹⁷Labor Code, Art. 135.

¹¹⁸Among these are Republic Acts No. 10151 (2011) on employment of night workers; 10028 (2010) on promotion of breastfeeding; 9710 (2008) on Magna Carta of Women; 9262 (2004) on anti-violence against women and their children; 8972 (2000) on parental leave for solo parents; 7877 (1995) on anti-sexual harassment; 7322 (1992) increasing maternity benefits for women in the private sector; and 6725 (1989) strengthening the prohibition on discrimination against women.

¹¹⁹Republic Act No. 10151 (2011), An Act Allowing the Employment of Night Workers. The Act repeals the ban against night work for women and instead requires that an alternative to night work is made available to women workers before and after childbirth for at least 16 weeks, with possible extension on the ground of medical necessity.

¹²⁰Republic Act No. 10911 (2016), An Act Prohibiting Discrimination Against Any Individual on Account of Age, and Providing Penalties Therefor. Under Section 5, the scope of the prohibition includes advertisements of vacancies/recruitment; declaration of age during the application process; exclusion of an application for employment; discrimination in compensation and benefits; promotion or opportunity for training; lay-off; and early retirement.

¹²¹*Idem*.

Table 26. Key employment indicators
(in 000 except per cent)

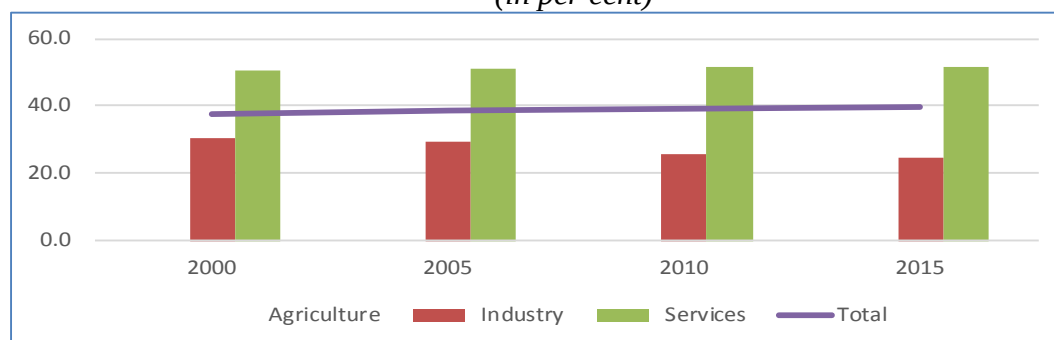
Indicator	Total			Men			Women		
	2005	2010	2015	2005	2010	2015	2005	2010	2015
Working age population	54,388	60,717	64,936	27,111	30,223	32,417	27,277	30,493	32,519
Labour force	35,286	38,893	41,342	21,646	23,729	25,062	13,641	15,164	16,280
Employed	32,313	36,035	38,741	19,910	21,921	23,406	12,403	14,114	15,335
Underemployed	6,785	6,762	7,180	4,703	4,680	4,897	2,082	2,082	2,283
Unemployed	2,748	2,859	2,602	1,685	1,808	1,656	1,062	1,051	945
Labour force participation rate	64.7	64.1	63.7	79.6	78.5	77.3	49.9	49.7	50.1
Employment-to-population ratio	59.4	59.3	59.7	73.4	72.5	72.2	45.5	46.3	47.2
Underemployment rate	21.0	18.8	18.5	23.6	21.3	20.9	16.8	14.8	14.9
Unemployment rate	7.8	7.4	6.3	7.8	7.6	6.6	7.8	6.9	5.8

Note: Definition of unemployment revised beginning April 2005 to include availability criterion in conformance with the international standard. 2005 data on labour force, labour force participation rate, unemployment rate refer to averages of the estimates for April, July and October.

Source: Philippine Statistics Authority, Labor Force Survey.

C.2.2 Employment opportunities and access tend to be skewed against women

102. Overall, women's share in total wage employment follows its share in labour force participation and has remained unchanged at less than 40 per cent (Figure 20). More than half are employed in services, especially in wholesale, retail and trade.¹²² Women share in industry, which traditionally offers jobs of higher productivity, income and stability, has been declining. In agriculture, women share has remained relatively unchanged. Further, women comprise less than 25 per cent of employers.

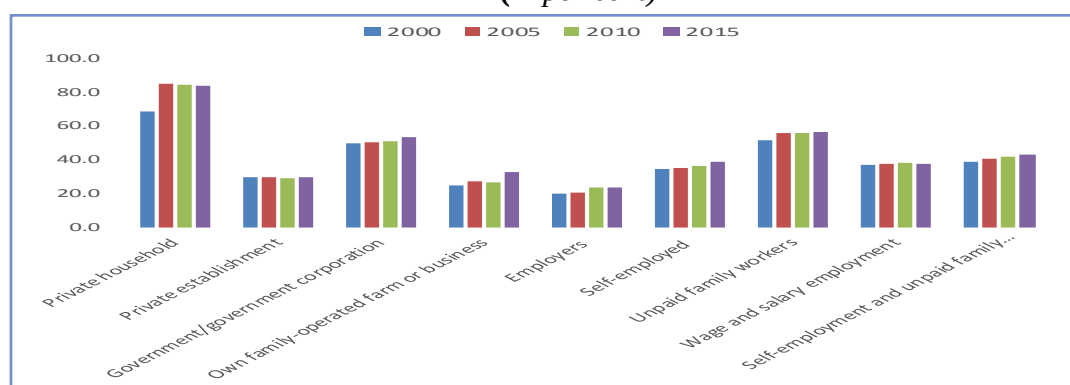
Figure 20. Female share in sectoral employment
(in per cent)

Source: Philippine Statistics Authority, Labor Force Survey.

103. Women employment is skewed toward work with high levels of informality and vulnerability, low skills content, low productivity, and low income or unpaid work. Over 80 per cent are employed in private households and almost 60 per cent are in unpaid work. This situation takes many employed women out of the coverage of protective labour standards on working hours, work environment, safety and health, and protection against sexual harassment and violence in the workplace, as well as social protection mechanisms tied to wage employment such as social insurance and maternity protection (Figure 21).

¹²²ADB.(2013). Gender Equality in the Labour Market in the Philippines.

**Figure 21. Female share in class of worker employment
(in per cent)**



Source: Philippine Statistics Authority, Labor Force Survey.

C.2.3 Sex-based occupational segregation in wage and salary employment

104. Data indicate a slight decline in occupational segregation and that more women are venturing and gaining access to traditionally male-dominated jobs.¹²³ In 2005, higher proportions of women were employed as officials of government and special interest-organizations, corporate executives, managers, managing proprietors and supervisors; professionals; clerks; and service workers and shop and market sales workers. By 2015, however, women share in these occupations went down (Table 27). Notably, a lower percentage of women are now occupying positions of managerial and decision-making responsibilities compared to a decade ago. In private establishments, women share has remained unchanged at about 30 per cent over the last decade. In the public sector (government and government corporations), women share has been consistently increasing and now accounts for over 50 per cent, although the CEACR has urged government to take further measures to increase women's participation in third-level positions.¹²⁴

**Table 27. Female share in occupational employment
(in per cent except Duncan Index of Dissimilarity)**

Major occupation group	2001	2005	2010	2015
All occupations	38.5	38.4	39.2	39.6
Officials of government and special interest-organizations, corporate executives, managers, managing proprietors and supervisors	59.0	57.4	52.7	46.6
Professionals	68.1	68.3	68.5	66.9
Technicians and associate professionals	49.1	51.9	51.9	51.1
Clerks	67.1	65.1	62.4	62.2
Service workers and shop and market sales workers	53.3	50.1	50.7	51.2
Farmers, forestry workers and fishermen	17.0	14.1	14.7	17.3
Trades and related workers	28.3	25.6	20.7	15.4
Plant & machine operators & assemblers	8.1	9.0	9.7	14.1
Labourers and unskilled workers	45.4	44.6	42.8	40.1
Special occupations	14.8	12.3	19.2	15.8
Duncan Index of Dissimilarity	0.349	0.343	0.305	0.248

Source: Philippine Statistics Authority, Labor Force Survey.

¹²³Measured by the Duncan Index of Dissimilarity, which is a summary indicator of occupational segregation. It ranges from zero to one, with zero meaning no occupational segregation and one being complete segregation between the two sexes. An increase in the index will mean a greater tendency of men or women to do different jobs. The country's index improved from 0.349 in 2001 to 0.248 in 2015.

¹²⁴Specifically, to ensure that the exemption from the requirement of publication of vacancies to primarily high-level positions in the public service does not have the effect of impairing equal access to employment. See CEACR Observation re: Discrimination (Employment and Occupation) Convention, 1958 (No.111), adopted in 2015 and published 105th ILC Session (2016).

105. Certain occupational categories remain to be male-dominated, such as farming, forestry and fishing; plant and machine operations and assembly; trades and related work; and special occupations. Nevertheless, women's share increased in farming, forestry and fishing (which may be a negative because of the low quality of jobs in this group), and in plant and machine operations and assembly (which may be a positive because of the higher skills content and the traditionally high sex barriers in these jobs). There is also a decrease in women's share among labourers and skilled workers.

C.2.4 Sex-based wage gap and differences in working hours

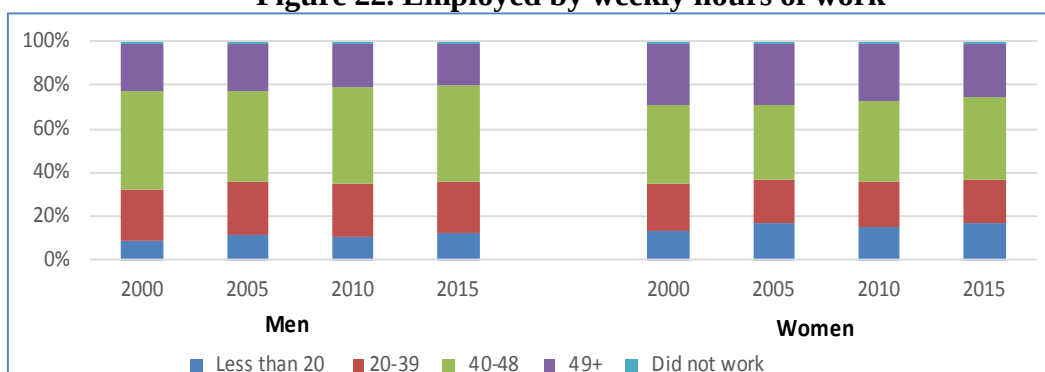
106. Most of the occupational groups recorded generally increasing sex-based wage gaps¹²⁵ where the average daily basic pay of women in the same occupation was relatively lower than those of men. The biggest gaps occurred among trades and related workers; service workers and shop and market sales workers; and labourers and unskilled workers. In 2015, women labourers and unskilled workers reportedly had an average basic pay 26.5 per cent lower than men (Table 28). In contrast, pay of women in managerial and supervisory positions was higher than men by 3.3 per cent. Higher proportions of women than men were working longer than the normal 48 hours per week (Figure 22).

Table 28. Gender wage gap by major occupation group
(in per cent)

Major occupation group	2001	2005	2010	2015
Officials of government and special interest-organizations, corporate executives, managers, managing proprietors and supervisors	-2.3	0.5	1.6	-3.3
Professionals	10.8	13.2	12.2	8.5
Technicians and associate professionals	5.9	11.6	14.7	11.3
Clerks	5.0	1.1	3.7	3.7
Service workers and shop and market sales workers	33.0	35.4	35.7	30.8
Farmers, forestry workers and fishermen	20.5	30.2	24.4	-19.6
Trades and related workers	19.4	18.3	23.5	27.5
Plant & machine operators & assemblers				

Source: Philippine Statistics Authority, Labor Force Survey.

Figure 22. Employed by weekly hours of work



Source: Philippine Statistics Authority, Labor Force Survey.

¹²⁵The gender wage gap is an important measure of discrimination and equal opportunity in the labour market. It is an indicator – assessed by occupation – of the degree to which the pay of women is lower than that of men (positive value) or the extent to which the pay of women is higher than that of men (negative value). The gender wage gap is defined as the difference between the average daily basic pay of men and women, expressed as a percentage of the average daily basic pay of men.

C.3 Call for additional legal measures and judicial developments

107. Apart from sex-based discrimination, there is scant information measuring the implementation and success of non-discrimination policies and laws covering other protected groups such as workers with disabilities and indigenous peoples (IPs) and other ethnic groups. Data on budget, specific programmes and measurable success indicators for these groups are hardly visible, in spite of specific laws covering them; properly designed interventions with spatial and cultural dimensions are especially important to IPs and ethnic minorities concentrated in particular regions or areas of the country. In the formal sector, on the other hand, diversity and inclusion policies are just beginning to develop at the initiative of a few large companies. Reviewing the country's legal framework and implementation of laws against discrimination, the CEACR has suggested for additional legal measures to protect women against discrimination in all aspects of employment including hiring, employment benefits and dismissal; expanding the anti-sexual harassment law; promoting equality of opportunity and treatment to those with disabilities and indigenous peoples¹²⁶ in wage and non-wage employment; and enhancing the capacity of responsible authorities to identify and address discrimination in its various forms.¹²⁷
108. Whether or not new legislation further strengthening protection against discrimination will be passed, the Supreme Court has been taking a quiet but firm and progressive



¹²⁶Based on the 2010 Census where total household population was 92.1 million, there were 1.4 million (1.6 per cent) persons with disabilities and 8.1 million (8.8 per cent) indigenous peoples, as classified under Magna Carta for Disabled Workers and the Indigenous People's Rights Act of 1997.

¹²⁷See CEACR Observation re: Discrimination (Employment and Occupation) Convention, 1958 (No.111), adopted in 2015 and published 105th ILC Session(2016).

stance for equal protection and against non-discrimination in employment and occupation. In various decisions over the years, the Court has upheld the right of employees to equal protection of the laws and the right to be protected against discrimination. While recognizing that these rights are not absolute and deferring to the inherent power of Congress to draw classifications as appropriate, the Court has been clear that any classification must be based on substantial distinctions; germane to the purposes of the law; not limited to existing conditions only; and applied equally to all members of the class.¹²⁸ These standards have become the benchmark on equal protection and non-discrimination in almost all fields of law, including labour law.

- In a case involving an OFW,¹²⁹ the Court struck down a statute on the ground that it violated the equal protection, protection to labour and social justice provisions of the Constitution. Noting that overseas Filipino workers are a constitutionally protected class, the Court adopted a “strict judicial scrutiny” approach in which a legislative classification which impermissibly interferes with the exercise of a fundamental right or operates to the peculiar disadvantage of a suspect class is presumed unconstitutional, and the burden is upon the government to prove that the classification is necessary to achieve a “compelling state interest” and that it is the “least restrictive means” to protect such interest. Where the classification violates a fundamental right, or prejudices persons accorded special protection by the Constitution, the Court will assume its primary role as the vanguard of constitutional guaranties and require a stricter and more exacting adherence to constitutional limitations.
- In a case involving freedom of religion and worship,¹³⁰ the Court struck down a resolution of the Civil Service Commission (CSC) exempting Muslim employees from working between 10 a.m. to 2 p.m. every Friday in order for them to pray and worship. The Court pointed out that such exemption had no statutory basis and effectively favors or creates a preference for one religion, in contravention of the non-establishment clause of the Constitution.¹³¹
- In a case involving locally-hired teachers and foreign-hired teachers in an international school,¹³² the Court applied the principle of “equal pay for equal work” premised on various provisions of the Constitution and the Labor Code ensuring equality of opportunities and non-discrimination and in particular prohibiting discrimination in regard to wages¹³³ and union membership,¹³⁴ as well as on the International Covenant on Economic, Social and Cultural Rights to which the Philippines is a signatory.¹³⁵ The Court ruled that persons who work with substantially equal qualifications, skills, effort and responsibility, under similar conditions, should be paid similar salaries. If an employer accords employees the same position and rank, the presumption is that these employees perform equal work. If the employer pays one employee less than the rest, the burden is on the employer to prove that this is not discriminatory.

¹²⁸*Serrano v. Gallant Maritime Services, En Banc*, G.R. No. 167614, 24 March 2009.

¹²⁹*Serrano v. Gallant Maritime Services, En Banc*, G.R. No. 167614, 24 March 2009.

¹³⁰*In Re: Request of Muslim Employees in the Different Court in Iligan City*, A.M. No. 02-2-10-SC, 14 December 2005.

¹³¹Section 5, Article III of the Constitution provides that [n]o law shall be made respecting an establishment of religion, or prohibiting the free exercise thereof. The exercise and enjoyment of religious profession and worship, without discrimination or preference, shall forever be allowed. No religious test shall be required for the exercise of civil and political rights.

¹³²*International School Alliance of Educators v. Quisumbing*, G. R. No. 128845, 01 June 2000.

¹³³Art. 135 (now 133, as renumbered), Labor Code.

¹³⁴Art. 248 (now 259, as renumbered), *Idem*.

¹³⁵Article 7 A.1 of the Covenant provides that the States Parties recognize the right of everyone to the enjoyment of just and favourable conditions of work, which ensure, in particular, remuneration which provides all workers, as a minimum, with fair wages and equal remuneration for work of equal value without distinction of any kind, in particular women being guaranteed conditions of work not inferior to those enjoyed by men, with equal pay for equal work.



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- In a case involving employees with disability who were first employed under a special employment programme for persons with disabilities but whose employment continued after completion of the programme,¹³⁶ the Court invoked the Magna Carta for Disabled Persons¹³⁷ which mandates that a *qualified* disabled employee should be given the same terms and conditions of employment as a *qualified* able-bodied person. Continuously employing the workers concerned meant they were qualified for the responsibilities of the position and should therefore be treated just like other regular employees, and not under the special provisions for disabled or handicapped workers.
- In a case involving a company policy against nepotism,¹³⁸ the Court strictly and narrowly interpreted a company's no-spouse rule as an invalid and not a *bona fide* occupational qualification (BFOQ), and ruled that the employer must show a compelling business necessity for which no alternative exists other than the discriminatory practice by proving that the employment qualification is reasonably related to the essential operation of the job involved; and that there is a factual basis for believing that all or substantially all persons meeting the qualification would be unable to properly perform the duties of the job. The concept of BFOQ, further ruled the Court, must stand the test of reasonableness, that is, an otherwise facially discriminatory requirement will be valid only if it reflects an inherent quality reasonably necessary for satisfactory job performance. Here, the Court also adopted an expansive approach by including both disparate treatment (overt discrimination) and disparate impact (covert discrimination) within the scope of inquiry into acts of discrimination.

¹³⁶ *Bernardo, et al v. NLRC and Far East Bank, G.R. No. 122917, 12 July 1999.* Art. 80 of the Labor Code provides differentiated treatment for handicapped workers, among others, by allowing employers to pay them at least 75 per cent of the minimum wage.

¹³⁷ Section 5. *Equal Opportunity for Employment.* No disabled person shall be denied access to opportunities for suitable employment. A qualified disabled employee shall be subject to the same terms and conditions of employment and the same compensation, privileges, benefits, fringe benefits, incentives or allowances as a qualified able bodied person.

¹³⁸ *Star Paper Corp. v. Simbol, et al., G.R. No. 164774, April 12, 2006.*

109. The judicial system (including both the Supreme Court and the Court of Appeals) and quasi-judicial agencies like the National Labor Relations Commission (NLRC) and voluntary arbitration have an important role to play in addressing the issue of discrimination. The specific cases above, as well as in many other cases involving similar or related issues, underscore the potential of existing equality of treatment and non-discrimination policies and laws in promoting decent work and social justice, as well as what policymakers should consider as areas for further legislative action. But as progressive as judicial and quasi-judicial agencies can be, they can only make decisions on issues and cases brought before them long after the act constituting discrimination had been committed. The inherently slow pace of judicial and quasi-judicial processes means the remedies they administer are not immediate. On the other hand, there is a gap in terms of how non-discrimination laws can be effectively administered and enforced during the pre-employment stage where the employee-employer relationship does not yet exist. Given all these, a key challenge for policymakers would be how to devise a speedy alternative mechanism that could efficiently and effectively implement and enforce non-discrimination laws not only during employment but also before and after employment.

D. Freedom of association and the right to self-organization and collective bargaining

D.1 Policy and legal framework

110. The national policy and legal framework on labour relations differentiates the application of the principles of freedom of association, self-organization and collective bargaining between public and private sector. In relation to the private sector, the country has a long policy and institutional experience on freedom of association and the rights to self-organization and collective bargaining. It ratified ILO Convention Nos. 87 and 98 in 1948. Book V of the Labor Code incorporate the principles under the two conventions. In relation to the public sector, the country has not ratified ILO Convention No. 151 (Labour Relations in the Public Service). Executive Order No. 180 issued in 1987,¹³⁹ its implementing rules and regulations, and civil service laws and rules regulate the right of public servants to form associations and to engage in collective negotiations.

D.1.1 Private sector labour relations

111. In the private sector, the policy preference is to emphasize and encourage free collective bargaining and negotiations as a democratic method of regulating the relations between employers and employees and generally limits the role of administrative agencies and courts in setting or fixing wages, rates of pay, hours of work or other terms and conditions of employment.¹⁴⁰ For this purpose, the Labor Code organizes the bargaining process by providing rules on classification of employees, union formation and registration, determination of the union which will be the sole and exclusive bargaining agent of the employees in a bargaining unit for purposes of collective bargaining, procedure for collective bargaining, the right to strike and lockout, definition of unfair labour practices, and an administrative machinery to settle disputes including conciliation, mediation and arbitration.
112. Unionism and collective bargaining are decentralized at the enterprise. Only employees of the enterprise can join the enterprise union. To bargain with the employer, the union must have majority support of the employees it seeks to represent.¹⁴¹ Federations, national unions and trade union centers provide assistance to enterprise unions during their formative and

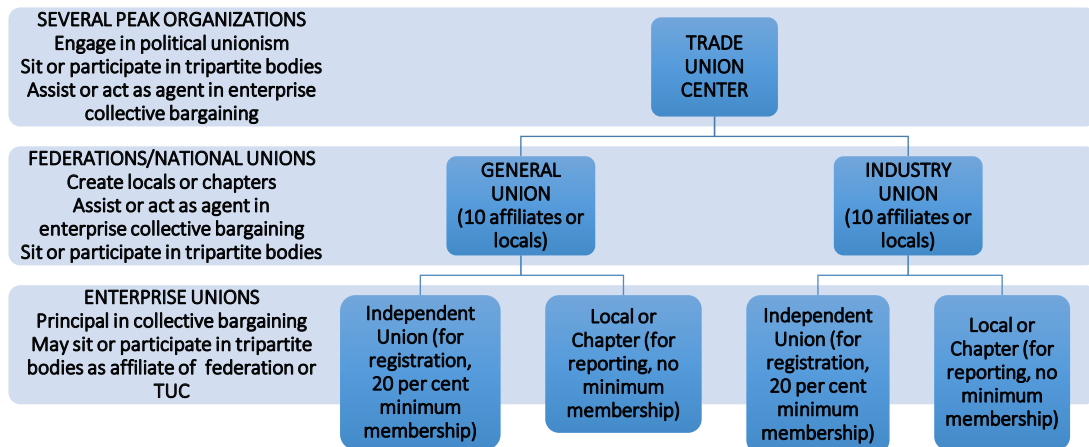
¹³⁹Executive Order No. 180 (1987) is entitled "Providing Guidelines for the Exercise of the Right to Organize of Government Employees, Creating a Public Sector Labor-Management Council, and for other Purposes."

¹⁴⁰See Labor Code, Art. 218, as renumbered.

¹⁴¹In cases where there are two or more unions in an enterprise within the same group of employees, the workers within the group must choose one union; the union which secures majority support becomes the sole and exclusive bargaining representative for all the workers in the group.

organizational stages and during pre-collective bargaining and collective bargaining stages, and seek to represent workers' interests in social dialogue and tripartite mechanisms outside the enterprise. Under the system, there are three levels of unions but only one level of collective bargaining (Figure 23): (a) the enterprise union whose focus is an appropriate bargaining unit within the enterprise; (b) the federation or national union which must have at least ten enterprise unions all of which must be a certified exclusive bargaining representative of their respective bargaining units;¹⁴² and (c) the trade union center which is a combination of two or more federations or national unions.¹⁴³

Figure 23. Trade union and collective bargaining structure in the private sector



D.1.2 Public sector labour relations

113. The specific body tasked to oversee public sector labour relations is the Public Sector Labor Management Council (PSLMC), as constituted through Executive Order No. 180.¹⁴⁴ The amended rules and regulations to implement Executive Order No. 180 was issued by the PSLMC in 2004.¹⁴⁵ Executive Order No. 180 applies to all government employees of all branches, subdivisions, instrumentalities, and agencies of the government, including government-owned or controlled corporations with original charters¹⁴⁶ except members of the Armed Forces of the Philippines, including police officers, policemen, firemen and jail guards.¹⁴⁷ It provides that all rank-and-file government employees can form, join or assist employees' organizations of their own choosing, except high-level employees whose functions are normally considered as policy-making or managerial or whose duties are of a highly confidential nature.¹⁴⁸ The scope of the right is clarified by the PSLMC Rules where rank-and-file employees¹⁴⁹ have the right to organize while high-level and confidential employees¹⁵⁰ are not eligible to exercise the

¹⁴²Labor Code, Article 234, as amended by R. A. No. 9481, in relation to D.O. No. 40-3, Rule III, Section 2.B.

¹⁴³Specific reference to trade union centers was included in the Labor Code, through R. A. No. 9481 (2007). Prior to this, trade union centers were already recognized as an inherent right of federations under general principles of freedom of association.

¹⁴⁴This inter-agency council was created by Executive Order No. 180 (1987). It is lodged with the Civil Service Commission (CSC), which chairs the Council, with the Department of Labor and Employment, Department of Budget Management, Department of Finance, and Department of Justice as members (see Executive Order No. 180, Section 15).

¹⁴⁵Amended Rules and Regulations Governing the Exercise of the Right of Government Employees to Organize, 28 September 2004. Some provisions of these rules and regulations were also subject to amendments.

¹⁴⁶Executive Order No. 180, Section 1.

¹⁴⁷*Idem*, Section 4.

¹⁴⁸*Idem*, Section 2 in relation to Section 3.

¹⁴⁹Under Section 1 (i) of the PSLMC Rules, "employee" refers to any person working for an agency. It includes one whose work has ceased in connection with any current employee-management dispute or unfair labour practice or whose dismissal from the service has not attained finality. Under Section 1 (k), "rank-and-file employee" refers to an employee in the public sector whose functions are neither high-level nor highly-confidential.

¹⁵⁰Under Section 1 (z) of the PSLMC Rules, a "High Level Employee" refers to one who performs managerial functions such as the exercise of powers to formulate management policies and decisions, or to hire, transfer, assign, lay-off, recall or discipline employees, while under Section 1 (aa), a "Highly Confidential Employee" refers to an employee who occupies a position which requires a high degree of trust and confidence and close intimacy with the appointing authority or immediate supervisor which ensures free and open communication without harassment or freedom from misgivings of betrayal of personal trust or confidential matters of state. The term is used interchangeably with primarily confidential employee is used interchangeably with primarily confidential employee.

right. The PSLMC Rules prescribe the requirements for union formation and organization including registration, accreditation and cancellation, and reporting; rights and conditions of membership and settlement of intra-union disputes; attainment of the sole and exclusive negotiating agent which is done through a two-step process of certification election and accreditation; procedure for collective negotiation; unfair labour practices; and modes of grievance and dispute settlement.

114. There are technical and substantive differences between private sector labour organizations or unions, as discussed above, and public sector labour organizations or government employees' organizations. Under Executive Order No. 180, the appropriate organizational unit shall be the employers units consisting of rank-and-file employees unless circumstances otherwise require.¹⁵¹ Thus, as implemented in the PSLMC Rules, only one bargaining unit, technically called a negotiating unit,¹⁵² can be formed in one employer or organizational unit.¹⁵³ The Rules do not recognize the right of employees' organizations to affiliate or to form federations and consequently does not include affiliations and federations in its reporting and registration system.
115. Under Executive Order No. 180, the main purpose of government employees' organizations is for the furtherance and protection of their interests, including through mechanisms like labour-management committees, work councils and other forms of workers' participation schemes to achieve the same objectives. In this regard, the law provides that terms and conditions of employment or improvements thereof, except those that are fixed by law, may be the subject of negotiations between duly recognized employees' organizations and appropriate government authorities.¹⁵⁴
116. Law and regulations do not recognize "collective bargaining." What is recognized is the right to "collective negotiation," used in a very specific sense to mean that the negotiable matters are limited to those prescribed in the PSLMC Rules¹⁵⁵ and exclude matters of compensation and other matters specifically provided by law.¹⁵⁶ Thus, the output of negotiation is technically referred to as a collective negotiation agreement (CNA), as distinguished from collective bargaining agreement (CBA) in the private sector.

¹⁵¹Executive Order No. 180, Section 9.

¹⁵²PSLMC Rules, Section 1 (gg): "Negotiating Unit" refers to the constitutional bodies and their regional offices; the executive department including services and staff bureaus and regional offices; line bureaus and their regional offices; attached agencies; the legislature; the judiciary; state universities and colleges; government-owned or controlled corporations with original charters; and, provinces, cities and municipalities.

¹⁵³*Idem*, Section 1 (hh): "Organizational Unit" refers to an identifiable government unit, such as the constitutional bodies and their regional offices; the executive department including services and staff bureaus; line bureaus; attached agencies; the legislature; the judiciary; state universities and colleges, government-owned or controlled corporations with original charters; provinces, cities and municipalities; regional offices (composed of provincial, district, local offices) of a department/agency, office, or government-owned or controlled corporations; and, such other identifiable government units as may be considered by the Public Sector Labor Management Council. Also under Section 1 (v), "Employer/Management" refers to agencies of the national government and their regional offices, attached agencies and their regional offices, state universities and colleges, government-owned or controlled corporations with original charters, and local government units. "Organizational Unit" refers to an identifiable government unit, such as the constitutional bodies and their regional offices; the executive department including services and staff bureaus; line bureaus; attached agencies; the legislature; the judiciary; state universities and colleges, government-owned or controlled corporations with original charters; provinces, cities and municipalities; regional offices (composed of provincial, district, local offices) of a department/agency, office, or government-owned or controlled corporations; and, such other identifiable government units as may be considered by the Public Sector Labor Management Council.

¹⁵⁴Executive Order No. 180, Rule V, Section 13.

¹⁵⁵*Idem*, Rule XII, Section 1 provides that the subject of negotiation are terms and conditions of employment or improvements thereof, except those that are fixed by law, may be the subject of negotiation. Section identifies the following as negotiable matters: (a) schedule of vacation and other leaves; (b) personnel growth and development; (c) communication system – internal (lateral and vertical), external; (d) work assignment/reassignment/detail/transfer; (e) distribution of work load; (f) provision for protection and safety; (g) provision for facilities for handicapped personnel; (h) provision for first aid medical services and supplies; (i) physical fitness programme; (j) provision for family planning services for married women; (k) annual medical/physical examination; (l) recreational, social, athletic and cultural activities and facilities; (m) CNA incentive pursuant to PSLMC Resolution No. 4, s. 2002 and Resolution No. 2, s. 2003; and, (n) such other concerns which are not prohibited by law and CSC rules and regulations.

¹⁵⁶*Idem*, Section 3. Compensation matters. – Increases in salary, allowances, travel expenses, and other benefits that are specifically provided by law are not negotiable.

117. Government employees' organizations have the right to peaceful and concerted activities subject to civil service rules and regulations¹⁵⁷ but do not have the right to strike. With respect to workers' participation in policy and decision-making processes, representatives from selected employees' organizations sit in the PSLMC but the choice of organizations is effectively facilitated by the CSC. The employees' representatives have little or no effective voice in the process as they are only observers who do not have voting rights like the other PSLMC members.

D.2 Policy performance and outcomes

118. In April 2016, there were 135 federations and 19,157 enterprise-based unions, of which 17,245 were in the private sector and 1,912 from the public sector. Total union membership was 4 million or about 17 per cent of private and public sector employees.¹⁵⁸ Data from 2014 show that men accounted for about 65 per cent of union membership.¹⁵⁹ In the public sector, membership in employees' organizations has increased to 518,000 members in 2014 from 343,000 in 2005. Membership density also increased to 17 per cent from 14 per cent.
119. In the private sector, trade union and collective bargaining outcomes have been poor. A survey of establishments employing 20 or more workers shows that union density rate (proportion of union membership to total employees) in the private sector dropped sharply from around one-fifth of total employees to less than one-tenth in 2014. Based on latest data, 43.8 per cent of union members were in the industry sector, 46.8 per cent in services and only 9.4 per cent in agriculture (Table 29). In July 2016, there were only 1,126 (6.5 per cent) registered unions with collective bargaining agreements (CBAs) covering 200,476 workers.¹⁶⁰ The collective bargaining coverage rates also fell in all sectors during the period in review and is now down to less than 1 per cent (Table 30).

Table 29. Union density rates
(in per cent)

Sector	2003	2004	2008	2010	2012	2014
Total	20.2	16.3	12.5	10.6	9.9	7.7
Agriculture	..	..	..	..	23.1	13.3
Non-agriculture	20.2	16.3	12.5	10.6	9.3	7.3
Industry	22.7	20.1	16.8	15.7	13.2	11.2
Services	18.1	13.3	9.9	7.9	7.2	5.5

Note: The surveys covered establishments employing 20 workers or more. Agriculture sector not covered in the survey prior to 2012.

Sources: Philippine Statistics Authority, BLES Integrated Survey/Integrated Survey on Labor and Employment.

Table 30. Collective bargaining coverage rates
(in per cent)

Sector	2003	2004	2008	2010	2012	2014
Total	19.7	17.3	13.1	10.9	10.3	8.1
Agriculture	..	..	..	..	23.1	14.4
Non-agriculture	19.7	17.3	13.1	10.9	9.6	7.8
Industry	23.2	21.1	17.4	15.9	13.5	12.1
Services	16.7	14.5	10.5	8.3	7.6	5.7

Note: The surveys covered establishments employing 20 workers or more. Agriculture sector not covered in the survey prior to 2012.

Sources: Philippine Statistics Authority, BLES Integrated Survey/Integrated Survey on Labor and Employment.

¹⁵⁷Idem, Section 14.

¹⁵⁸Based on administrative records, Bureau of Labor Relations, DOLE.

¹⁵⁹Philippine Statistics Authority, BLES Integrated Survey/Integrated Survey on Labor and Employment.

¹⁶⁰Based on administrative records, Bureau of Labor Relations, DOLE.

120. A revealing data is the wide gap between registered unions and their membership and the number of unions which eventually succeed in concluding CBAs and the number of workers covered by such CBAs. In July 2016, there were only 1,126 (6.5 per cent) out of the 17,245 registered unions that had CBAs.¹⁶¹ One explanation to this gap is simply that under the law, more than one union can exist in one bargaining unit; in such instances, under the doctrine of sole and exclusive bargaining representation, only one union in the bargaining unit can acquire a right to represent the employees in the entire bargaining unit. The other explanation is that as a condition for acquiring bargaining status, the contending registered or legitimate unions typically go through the process of certification election or other inter-union processes. While the Labor Code characterizes a certification election as a non-legalistic, non-adversarial, fact-finding process where the employer is a by-stander,¹⁶² it can become a very contentious and litigious matter subject of a specialized proceeding initiated with the DOLE Mediator-Arbitrator in the Regional Office whose order to hold an election can be appealed to the DOLE Secretary, the Court of Appeals and ultimately to the Supreme Court. After the order to hold an election is affirmed and an election is conducted, the law allows that the results can be contested through the same appellate process over again. Cases in which the process went through the two cycles of appeal are not uncommon, either prolonging the acquisition of bargaining status for years or worse, resulting in the collapse of the union seeking to acquire representation status.
121. Table 31 below shows the number of representation or med-arbitration cases filed and disposed in the last seven years. The table shows a generally satisfactory performance of the DOLE Regional Offices and the Bureau of Labor Relations (BLR) in terms of case disposition.¹⁶³ At the same time, it indicates that as a ratio to total CBAs, representation is contested in more than three out of ten instances. Further, as a ratio to total cases disposed, the order of the Med-Arbitrator is appealed in almost one out of two instances. No data is available on how many of the cases disposed on appeal are elevated to the Court of Appeals and eventually to the Supreme Court. In any case, the lengthy and legalistic procedure, institutionalized through the law itself, is a major obstacle that unions have to overcome before they can acquire collective bargaining representation.

Table 31. Disposition of med-arbitration cases

Indicator	2010	2011	2012	2013	2014	2015	2016
DOLE Regional Offices							
Cases handled	328	250	248	253	325	310	334
New cases filed	290	236	232	232	310	297	333
Cases disposed	314	234	228	238	312	309	311
Disposition rate (%)	95.7	93.6	91.9	94.1	96.0	99.7	93.1
Bureau of Labor Relations							
Cases handled	201	119	142	144	145	152	152
New cases filed	173	96	123	112	102	135	135
Cases disposed	178	100	110	101	128	145	145
Disposition rate (%)	88.6	84.0	77.5	70.1	88.3	95.4	95.4

Source: Department of Labor and Employment, Planning Service.

¹⁶¹Idem.

¹⁶²See Labor Code, Articles 267-272, as renumbered (formerly Articles 255-259).

¹⁶³The Bureau of Labor Relations processes appeals from orders of the Med-Arbitrator for the DOLE Secretary.



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122. In the public sector, employees organizations are classified into four groups – national government agencies (NGAs), State universities and colleges (SUCs), government-owned or controlled corporations with original charters (GOCCs) and local government units (LGUs). Organization and membership is most prevalent in NGAs and LGUs. With respect to CNAs, data as of January 2015 show a cumulative total of 982 accredited unions and 813 registered CNAs since 1987.¹⁶⁴ However, there is no available disaggregated data based on the four classifications and actual number of employees covered by CNAs.

D.3 Related issues: Security of tenure and dispute resolution

123. In the private sector, security of tenure and the labour dispute resolution system are often subsumed under the broad heading of labour relations. Security of tenure is the right of an employee not to be dismissed from employment without just or authorized cause.¹⁶⁵ Effective implementation and enforcement of this right directly impacts on freedom of association and the right to collective bargaining because the union and collective bargaining tradition in the Philippines is premised on regular employment. That is why the rise of non-regular or precarious forms of employment,¹⁶⁶ unfair labour practices¹⁶⁷ and termination of employment, on one hand, and the efficiency of the dispute resolution system to enforce the law against unjust or unauthorized termination, on the other, are among the most frequently-raised issues by unions and workers.

124. The main State agency with jurisdiction to decide cases involving termination of employment and unfair labour practices is the National Labor Relations Commission (NLRC),¹⁶⁸ the country's compulsory

¹⁶⁴Based on data from the Civil Service Commission.

¹⁶⁵See Arts. 294 to 298, Labor Code, as renumbered (formerly Arts. 279 to 284).

¹⁶⁶See discussion on precarious work under Section II. B.2.1.

¹⁶⁷Arts. 258 to 259, Labor Code, as renumbered (formerly Arts. 247 to 248).

¹⁶⁸Arts. 224 to 225, *idem*, as renumbered (formerly Arts. 217 to 218).

labour arbitration body. To a limited degree, the National Conciliation and Mediation Board (NCMB)¹⁶⁹ can conciliate and mediate issues on termination if these are raised on the occasion of a bargaining deadlock or unfair labour practice that is brought before it. The Secretary of Labor or the NLRC, in the exercise of its extraordinary power to assume jurisdiction over a dispute involving the national interest, may also pass upon termination issues if this is part of the dispute brought before it.¹⁷⁰

125. The NLRC has a three-layered dispute settlement and resolution structure. It starts with conciliation and mediation, a procedure which was made mandatory by a recent law.¹⁷¹ If the complaint is not settled, it will then be elevated to the second layer, which is the formal filing of the complaint with the Labour Arbiter for compulsory arbitration. The decision of the Labour Arbiter can be elevated through an appeal to the appropriate division of commissioners within the NLRC, whose decision completes the third layer. Thereafter, if any of the parties so desire, the case may still be brought to the courts, first to the Court of Appeals and thereafter to the Supreme Court.
126. Almost all cases brought to the NLRC are termination cases, many of which involve individual complainants. These cases are usually accompanied by claims for re-instatement, back wages and other money claims, and sometimes by claims for unfair labour practice and damages. The NLRC has two basic problems – the first is the sheer volume of cases entering the system, and the second is delay in the disposition of cases which is a necessary consequence of the first. Table 32 shows the volume of cases entering the NLRC every year at the Labour Arbiter level (Regional Arbitration Branches) and at the appellate level (Commission proper).

Table 32. Cases handled by the National Labor Relations Commission

Indicator	2010	2011	2012	2013	2014	2015	2016
Regional Arbitration Branches							
Cases handled	44 693	41 708	39 601	38 857	38 962	39 269	38 748
New cases filed	32 958	30 812	30 107	30 021	30 397	29 623	30 342
Cases settled	14 571	13 808	13 306	13 341	12 747	12 836	13 277
Cases disposed	33 416	32 045	30 888	30 245	29 432	30 863	30 544
Disposition rate (%)	74.8	76.8	78.0	77.8	75.5	78.6	78.8
Judgment award (Php billion)	4.455	4.573	3.872	6.787	5.162	6.956	7.176
Workers benefitted	36 975	34 455	33 347	37 972	36 769	36 685	36 353
Commission Proper							
Cases handled	15 443	14 260	13 512	13 199	11 725	11 864	11 815
New cases filed	11 543	11 372	11 085	11 409	10 435	10 705	10 970
Cases disposed	12 546	11 817	11 710	11 925	10 617	11 019	11 157
Disposition rate (%)	81.2	82.9	86.7	90.3	90.6	92.9	94.4
Amount of award (Php billion)	3.956	2.911	2.909	2.646	2.325	2.274	17.563
Workers benefitted	13 576	14 015	10 407	11 216	9 070	10 608	18 852

Source: Department of Labor and Employment, Planning Service.

¹⁶⁹Art. 278, *idem*, as renumbered (formerly Art. 263).

¹⁷⁰*Idem*.

¹⁷¹Republic Act No. 10396, “An Act Strengthening Conciliation-Mediation as a Voluntary Mode of Dispute Settlement for all Labor Cases, Amending for this Purpose Article 228 of Presidential Decree No. 442, as amended, otherwise known as the Labor Code of the Philippines,” enacted 13 March 2013.

127. On the surface, the inflow of cases appear to be declining in the last six years and the disposition rates at both Labour Arbiter and Commission levels appear to be generally satisfactory. The data, however, does not indicate the length of time it takes to resolve a case. A tracking survey of termination cases reaching the Supreme Court done by the NLRC in 2012 illustrates the length of time it takes if parties exhaust the adjudication cycle from the Labour Arbiter to the Supreme Court. For cases finally disposed by the Supreme Court in 2011, the average length of time for the resolution of a case from its filing with the Labour Arbiter to its final disposition by the Supreme Court was an astonishing 9.66 years (Table 33). By any measure, this is unacceptably long for a termination case and for one to enforce his or her right to security of tenure.¹⁷²

Table 33. Average time to dispose NLRC cases on termination of employment: 2010-2011

Year	From filing with Labour Arbiter to NLRC	From NLRC to Court of Appeals (CA)	From CA to Supreme Court (SC)	From filing to final SC disposition
2010	756.3 days (2 years)	876.5 days (2.4 years)	1,419 days (3.88 years)	3,051 days (8.36 years)
2011	784.1 days (2.15 years)	898.2 days (2.46 years)	1,560.4 days (4.27 years)	3,526 days (9.66 years)

Source: Research Division, National Labor Relations Commission.

128. With respect to the NCMB, the main disputes handled are collective disputes arising from notices of strikes, lockouts and preventive mediation that involve collective bargaining deadlocks, unfair labour practices and issues arising from the implementation or interpretation of collective bargaining agreements or company personnel policies. Where the dispute is not settled through conciliation, the NCMB may refer the case to voluntary arbitration. Table 34 shows the cases filed with the NCMB. Notably, the volume of cases is much less compared with NLRC, but each case, being collective dispute, necessarily involves more workers.
129. Cases filed with the NCMB arise from the direct exercise of collective bargaining rights. Thus, the data available does not disaggregate how many of the cases involve termination issues. The settlement and disposition rates at the NCMB appear to be generally satisfactory. One can also infer that the settled cases effectively bring closure to the dispute and preclude a prolonged appellate or judicial remedy. The continuing challenge for NCMB is how to promote voluntary arbitration as a preferred mode for arbitral intervention. Using procedures similar to NLRC procedures, it can be observed that while the period of resolution of voluntary arbitration cases is relatively quick, the disposition rates are much lower than compulsory arbitration.

¹⁷²For a more detailed discussion on the labour dispute resolution system, see B. E. R. Bitonio Jr., "Reforming the Philippine Labor Dispute Resolution System," in *Labor and Industrial Relations in the Philippines: A Reader*, University of the Philippines School of Labor and Industrial Relations (2016), Virgel Binghay, ed., pp. 152-190.

Table 34. Cases handled by the National Conciliation and Mediation Board

Indicator	2010	2011	2012	2013	2014	2015	2016
Notices of strikes/lockouts							
Cases handled	325	274	222	177	191	226	213
New cases filed	276	240	184	149	159	194	175
Workers involved	59 750	51 001	40 861	31 526	43 195	36 972	33 384
Cases settled	260	215	175	139	156	180	158
Settlement rate (%)	80	78	78	79	82	80	74
Duration to settle (days)	55	39	48	44	53	51	66
Disposition rate (%)	90	86	87	82	83	83	83
Monetary benefits (Php million)	2 140	4 164	622	863	2 350	436	677
Workers benefitted	15 275	11 148	7 054	8 704	13 600	4 976	7 440
Mandays saved (000)	2 109	1 648	1 114	568	392	408	626
Actual strikes/lockouts							
Cases handled	8	2	3	1	2	5	15
Cases declared	8	2	3	1	2	5	15
Workers involved	3 034	3 828	209	400	51	730	3 106
Mandays lost	34 171	3 828	797	1 200	1 260	4 882	116 637
Settlement rate (%)	88	-	100	100	100	100	53
Cases disposed	8	2	3	1	2	5	9
Disposition rate (%)	100	100	100	100	100	100	60
Duration to dispose (days)	11	1	6	3	57	9	27
Monetary benefits (Php 000)	29 140	-	41 290	-	-	1 500	26 945
Workers benefitted	2 041	-	209	-	-	92	211
Requests for assistance (Single Entry Approach)							
Cases handled	902	1 805	4 088	4 860	6 022	5 743	6 252
New cases filed	843	1 770	3 916	4 598	5 854	5 509	6 004
Cases settled	863	1 595	3 750	4 544	4 801	4 601	4 608
Settlement rate (%)	75	88	92	94	80	80	74
Duration to settle (days)	17	18	21	21	17	18	19
Disposition rate (%)	77	90	94	97	95	94	92
Monetary benefits (Php million)	15	72	201	331	130	188	196
Workers benefitted	777	2 340	3 746	5 155	4 677	4 538	5 235
Preventive mediation							
Cases handled	476	585	471	484	498	491	449
New cases filed	416	535	428	452	464	450	417
Workers involved	131 275	141 669	129 279	138 944	123 451	105 220	96 764
Disposition rate (%)	89	93	93	93	92	92	91
Monetary benefits (Php million)	1 523	270	1 288	435	276	87	152
Workers benefitted	7 113	4 588	6 512	10 333	3 993	1 712	3 824
Voluntary arbitration							
Cases handled	209	249	254	253	346	440	599
New cases filed	124	180	169	173	242	305	406
Settlement rate (%)	14	11	16	14	-	8	11
Disposition rate (%)	67	61	69	58	61	53	61
Duration to dispose (days)							
From acceptance by arbitrator	231	160	162	175		190	155
From submission to resolution	38	46	52	61	81	73	18
Monetary benefits (Php million)	126	171	262	251	414	423	1 063
Workers benefitted	904	740	1 686	672	1 231	6 016	361

Source: Department of Labor and Employment, Planning Service.

130. With respect to the DOLE Secretary who can assume jurisdiction over labour disputes involving national interest, the long-standing issue that has reached the CEACR is that the phrase “national interest” instead of “essential services” gives the DOLE Secretary an overly broad power to intervene in labour disputes, particularly in stopping a strike or lockout and forcing the workers to return to work and the employer to restore the status *quo* prior to the dispute. As the CEACR has long observed, an overly broad power is incompatible with ILO Convention Nos. 87 and 98 as it undermines the right of workers to collectively bargain armed with the coercive economic weapon of a strike.

D.4 Issues and challenges

131. Freedom of association and the rights to organize and collective bargaining can be powerful instruments to establish decent terms and conditions of work and achieve harmony between workers and employers in the workplace. More broadly, these instruments can also help enhance productivity, reduce inequality and equitably redistribute income and wealth, make growth more inclusive, and promote industrial peace, progress and social justice. Because of the low trade union density and collective bargaining coverage rate, trade unionism and collective bargaining do not have a sufficiently wide base to directly influence and create positive and significant distributional outcomes and impacts for both workers and employers at the enterprise level. With this limited base, the sphere of influence of federations and trade union centers at the policy and political level also becomes limited.
132. A government policy document¹⁷³ has acknowledged challenges, among others, in securing trade union and collective bargaining rights as well as human rights and civil rights, the limited enjoyment of these rights to specific groups of workers to the exclusion of those in the informal sector and those in the public sector; the declining trade union density and collective bargaining coverage; the absence or inadequacy of avenues and channels for workers representation; and inefficiency and questionable integrity of the labour dispute resolution system.
133. The CEACR also has several outstanding observations and recommendations arising from the country’s implementation of ILO Convention Nos. 87 and 98. In relation to freedom of association, the government has been requested, among others, to investigate alleged violations of trade union rights and civil liberties by persons in authority; to ensure that the implementation of the Human Security Act¹⁷⁴ shall not have the effect of suppressing legitimate trade union activities; and to continue observing the guideline that the armed forces and the police may not intervene in trade union activities unless criminal or violent acts arising out of a labour dispute are committed. The government has also been asked to consider amending certain provisions of the Labor Code to recognize the rights to organize of aliens and all workers (including those in managerial positions or with access to confidential information, firefighters, prison guards and other public sector workers, temporary and outsourced workers, as well as workers without employment contract); to lower the minimum membership requirement for the formation of a union; to ensure that workers’ organizations are able to organize their administration and activities and formulate their programmes without interference by the public authorities; to restrict governmental intervention leading to compulsory arbitration to essential services;¹⁷⁵ to remove the requirement that trade unions shall secure permission from DOLE prior to receiving foreign assistance; to lower

¹⁷³Philippine Labor and Employment Plan (PLEP): 2011-2016, DOLE, pp. 32-52.

¹⁷⁴Republic Act 9372 (2007), An Act to Secure the State and Protect Our People from Terrorism.

¹⁷⁵See Art. 278 (g), Labor Code.

the minimum number of unions required to establish federations and confederations.¹⁷⁶ The CEACR has also pointed out the need for necessary measures to expand the rights of public sector workers to organize and negotiate collectively terms and conditions of employment, including wages, benefits and allowances, and working time;¹⁷⁷ and to ensure that bargaining agreements shall not be required to be ratified by entities other than those provided for in the law.¹⁷⁸

134. As elsewhere, unions in the Philippines are fighting for survival and continuing relevance. Enforcement of existing laws in respect to the security, civil and human rights of trade unions need urgent attention. Of equal importance is a purposeful package of policy and law reforms that can make the fundamental principles of freedom of association and collective bargaining effective in a work landscape that has been drastically altered by globalization, market integration, freer trade, increased competition, technological advancements, structural changes and changes in workers' behaviors, values and preferences.
135. The obvious challenge is how to modernize the industrial relations system. A practical step would be to open up organizing options for workers and simplify the requirements for a union to acquire legitimate status. The prolonged and litigious process before unions can acquire sole and exclusive collective bargaining representation status must also be simplified. For this purpose, alternatives to certification election can be explored. With respect to dispute resolution and settlement, it will make sense to adopt more summary procedures especially for small and simple claims as well as to consider downsizing the layers of appeal and adjudication. In the public sector, on the other hand, a key area for policy examination is the extent of organizational and collective rights of government employees that is desirable in promoting larger social objectives, as well as the respective roles of government and employees' organizations in bringing these about. For both private and public sectors, fostering a healthy climate for continuing dialogue through effective representation of workers and employers can promote common understanding, joint problem solving and eventual consensus among the social partners and various stakeholders.

¹⁷⁶CEACR Observation, Freedom of Association and Protection of the Right to Organize Convention (No.87) – Philippines, adopted 2015 and published in the 105th ILC Session (2016).

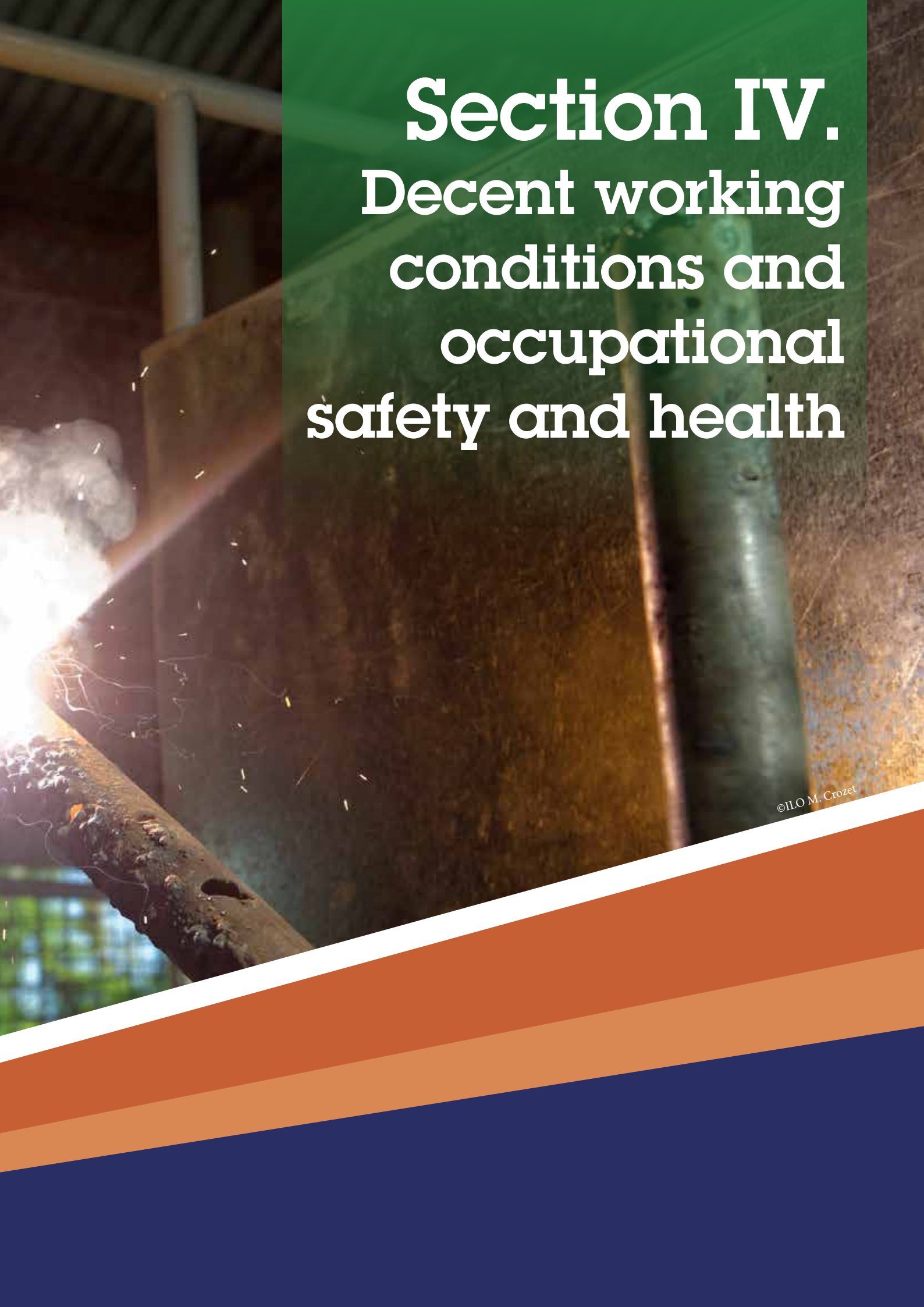
¹⁷⁷CEACR Observation, Right to Organise and Collective Bargaining Convention (No. 98) – Philippines, adopted 2015 and published in the 105th ILC Session (2016). Observation (CEACR) - adopted 2015, published 105th ILC session (2016).

¹⁷⁸CEACR Direct Request, Right to Organise and Collective Bargaining Convention (No. 98) – Philippines, adopted 2015 and published in the 105th ILC Session (2016).



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Section IV.

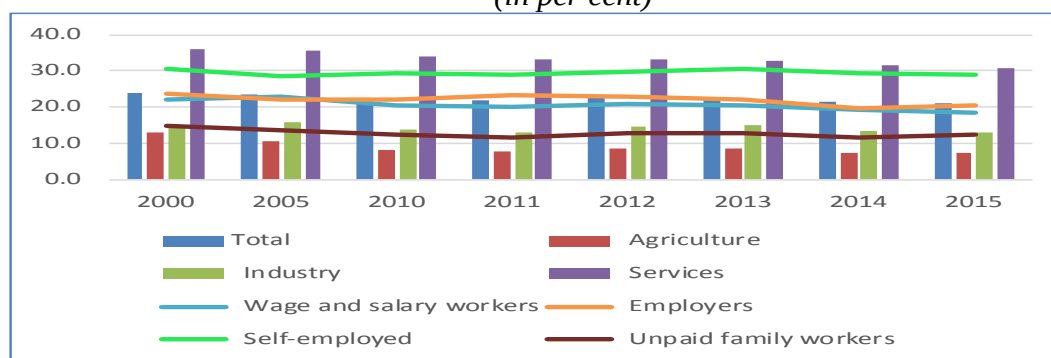
Decent working conditions and occupational safety and health

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A. Working hours

136. The standard hours of work in formal or wage employment is eight hours a day and 48 hours a week. Across all sectors, the incidence of work in excess of 48 hours has declined to about 21 per cent in 2015. By sector, it is highest in services where wages are relatively lower and therefore the cost impact on employers in terms of overtime pay is less. Conversely, the incidence is lower in industry where wages are relatively higher. Work in excess of 48 hours has the lowest incidence in the agriculture sector where work is inherently time-bound (usually done during day time). By category of workers, the incidence is highest among the self-employed who are beyond the protective coverage of legislation on working hours, a disproportionate number of whom are women and young workers (Figure 24). On the other hand, incidence of long working hours in wage and salary employment has decreased. Further study on this specific category is warranted to determine if the decrease can be attributed simply to less demand for overtime work, or to factors indicative of better quality of employment like more efficient work methods and processes, more productivity or higher compliance with overtime regulations.

Figure 24. Proportion of employed with excessive hours by sector and category of employee
(in per cent)



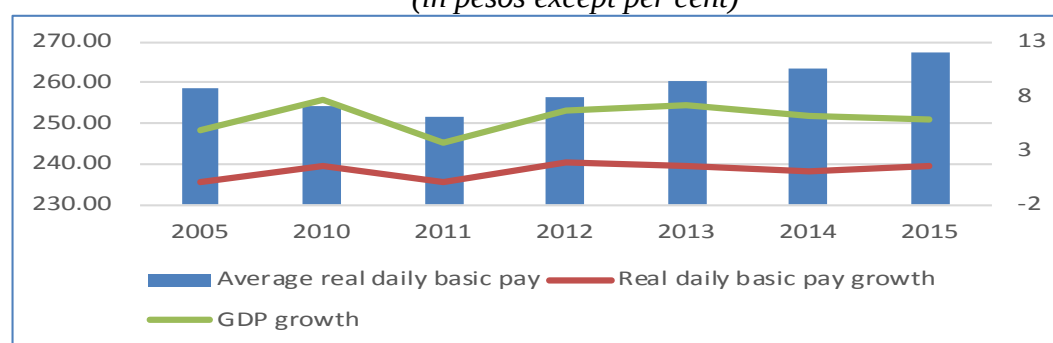
Source: Philippine Statistics Authority, Labor Force Survey.

B. Wages

B.1 Growth in real average wage is slow

137. Growth in real average wage is slow and lags behind GDP growth. The average real daily basic pay of wage and salary workers in 2005 was about Php259. In 2015, it was Php268 (Figure 25). Though inflation rate in 2014 (1.4 per cent) was lower than in 2005 (6.5 per cent), the minimal growth of real wage in spite of strong GDP growth means the well-being of wage earners improved little, underscoring non-inclusive growth especially for low-paid wage workers.

Figure 25. Average real daily basic pay and GDP growth
(in pesos except per cent)



Sources: Philippine Statistics Authority, Labor Force Survey and National Accounts of the Philippines.

138. Wage differences across occupations show disparities symptomatic of larger income inequalities. The average real daily basic pay of most occupation groups improved from 2011 to 2015. However, the average in 2015 is lower than in 2001 (Table 35). Those in occupations having the highest average wage earned more than twice the national average across all occupations, and almost four times the average of the lowest paid occupations. There are more occupations whose average wage is below the national average and differences between the higher-paid and lower-paid occupations show signs of widening.

Table 35. Average real daily basic pay by major occupation group
(in pesos)

Major occupation group	2001	2005	2010	2011	2012	2013	2014	2015
All occupations	275.11	258.84	254.38	251.74	256.59	260.57	263.33	267.60
Officials of government and special interest- organizations, corporate executives, managers, managing proprietors and supervisors	604.89	612.58	601.00	593.72	616.96	629.23	614.77	612.50
Professionals	593.02	532.06	524.77	538.31	554.24	569.37	567.56	571.29
Technicians and associate professionals	398.23	379.85	369.14	365.82	356.54	378.01	369.75	367.53
Clerks	318.71	310.50	327.77	326.30	327.09	332.65	327.55	335.01
Service workers and shop and market sales workers	240.72	223.92	217.01	212.06	208.75	211.78	212.66	214.80
Farmers, forestry workers and fishermen	141.25	143.11	152.84	155.28	251.80	218.51	207.61	216.53
Trades and related workers	245.77	241.43	233.59	231.17	234.14	232.92	233.17	238.73
Plant and machine operators and assembler	274.33	262.26	257.40	255.02	258.52	259.56	258.07	261.64
Labourers and unskilled workers	149.58	143.88	140.85	139.92	142.71	145.40	149.44	154.18
Special occupations	395.99	458.08	426.10	460.35	555.30	568.78	604.85	582.19

Source: Philippine Statistics Authority, Labor Force Survey.

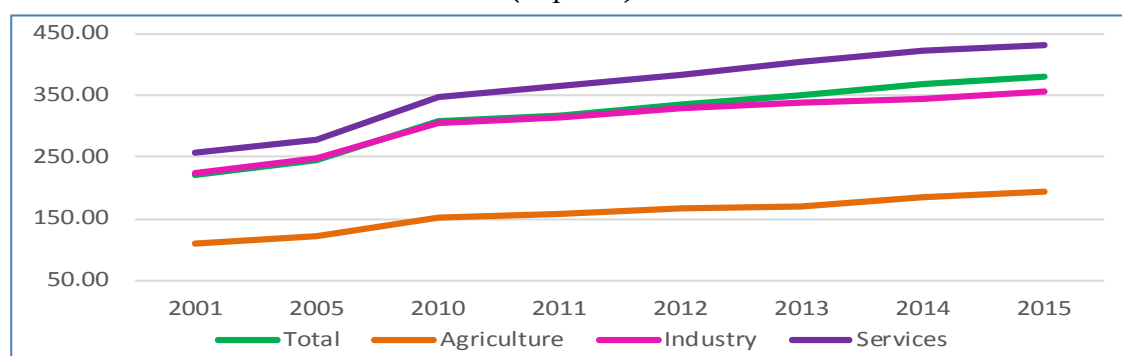
139. Similar differences exist by category of employees. Government workers had the highest average real daily basic pay, almost twice the national average in 2015. Government also had the lowest proportion of low-paid employees (Table 36). In contrast, 2/3 of workers in private households and almost 1/3 of workers in own family-operated farm or business are low-paid.

Table 36. Average real daily basic pay and proportion of low paid employees by category of employee

Category of employee	2001	2005	2010	2011	2012	2013	2014	2015
Average real daily basic pay (2006 pesos)	275.11	258.84	254.38	251.74	256.59	260.57	263.33	267.60
Private household	141.29	113.62	110.54	110.22	112.80	116.32	115.68	120.03
Private establishment	254.90	243.04	244.14	237.20	240.21	243.39	246.09	251.10
Government/government corporation	457.20	443.12	417.22	442.43	469.80	480.60	487.29	482.69
Own family-operated farm or business	259.33	203.83	185.13	194.51	190.94	166.91	189.24	197.20
Proportion of low-paid employees (%)	28.5	25.3	26.6	25.9	25.3	24.9	21.9	20.0
Private household	63.7	73.9	73.8	71.6	71.0	69.9	69.4	66.8
Private establishment	27.4	23.4	24.2	23.8	23.0	22.6	19.3	17.2
Government/government corporation	9.0	4.9	7.7	6.4	6.8	8.0	6.3	6.2
Own family-operated farm or business	33.3	28.9	37.8	37.5	33.1	41.7	36.7	30.4

Source: Philippine Statistics Authority, Labor Force Survey.

140. Average daily basic pay is highest in services (Figure 26). But employment in services is made up largely of workers in wholesale and retail trade with lower pay. Thus, the proportion of low-paid employees in services was high (20.6 per cent), even higher than those in industry (9.7 per cent).

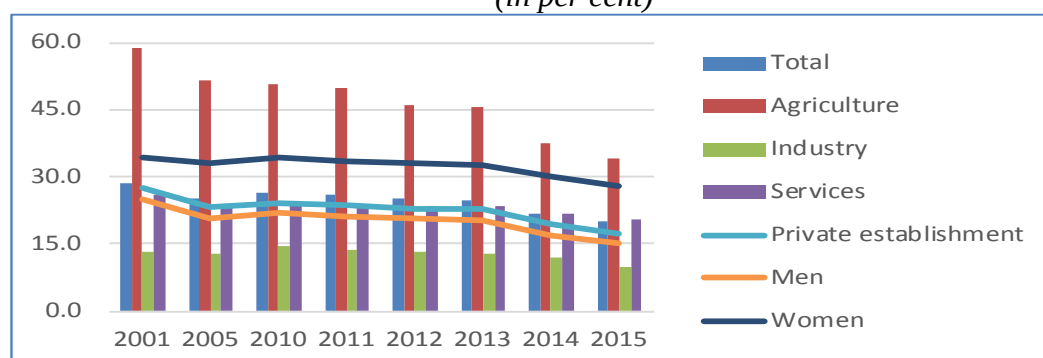
Figure 26. Average daily basic pay by sector (in pesos)

Source: Philippine Statistics Authority, Labor Force Survey.

B.2 Low- paid employment

141. Low-paid employees are wage and salary workers whose hourly basic pay in their primary job is below 2/3 of the median hourly basic pay of all wage and salary workers. Though the proportion of low-paid employees improved from 28.5 per cent in 2001 to 20 per cent in 2015, in terms of actual numbers it increased from about 4.1 million to about 4.6 over the same period. In private establishments, the proportion improved from 27.4 per cent to 17.2 per cent; still, 2/3 of all low-paid workers (3 million) were in private establishments. Further, more women than men were in low-paid work.
142. Agriculture, which had the highest proportion of precarious paid employment (57.7 per cent), also had the highest proportion of low-paid employees (33.9 per cent). Industry had a higher proportion of precarious paid employment than services, but the latter had a higher proportion of low-paid employees (Figure 27). More than 90 per cent of service establishments are micro (employing less than ten workers) which are presumably paid lower than bigger-sized establishments. Trade and hotels and restaurants comprise 70 per cent of service establishments.

Figure 27. Proportion of low-paid employees
(in per cent)



Source: Philippine Statistics Authority, Labor Force Survey.

B.3 Minimum wage and its effects

143. The Regional Tripartite Wage and Productivity Boards (RTWPBs) set regional minimum wages for employees in private establishments and domestic workers in private households through minimum wage orders. The criteria in adjusting minimum wages include the need to ensure a decent standard of living for workers and their families; the right of workers to their just share in the fruits of production; employment generation in the countryside through industry dispersal; and the right of business and industry to reasonable returns on investment, expansion and growth. RTWPBs act through wage orders specifying the amount of increase in the prevailing minimum wage or, alternatively, mandating a cost of living allowance.¹⁷⁹ RTWPBs distinguish between the agriculture and non-agriculture sectors and set different wage rates for each. Within this distinction, they may also set different rates based on geographical groupings and levels of development. RTWPBs may also exclude certain establishments from coverage, such as micro and small establishments, or exempt establishments which would otherwise be covered by the increase for reasons of financial distress.
144. The 2014 LFS show about 17.319 million wage and salary workers employed in private establishments and about 524 thousand live-in domestic workers in private households. An NWPC study in 2014 estimated that of these private sector employees, 4.537 million or 26.2 per cent were receiving above the minimum wage. This is higher than the two million or 13.8 per cent in 2010, indicating that the proportion of those earning the minimum wage and below has gone down since 2010. The NWPC finding is coherent with a PSA establishment based survey conducted over the years. While the number of wage earners has increased from 837,000 to 1.055 million, its proportion to total employees in establishments employing 20 or more workers has gone down, from 26.5 per cent in 2012 to 23.8 per cent in 2014. The survey also noted that more than half of minimum wage earners are in the services sector.

¹⁷⁹As an alternative to an increase in the minimum wage, RTWPBs may mandate a cost of living allowance not integrated into the basic wage, thereby lessening the incremental impact of the adjustment on wage-tied benefits such as overtime, night differential and holiday pay. A recent development is the introduction of a two-tiered wage system, under which RTWPBs prescribe a mandatory minimum increase (Tier 1) that is sensitive to the poverty threshold and at the same time provide guidelines for a productivity-based or performance-based increase (Tier 2) to be agreed upon by the employer and its employees. In any case, RTWPBs may make the increase applicable only to those receiving minimum wage at the time the wage order was issued, or expand the application to other workers up to a specified ceiling.

B.4 Issues and challenges

145. Minimum wage is seen as a measure to alleviate poverty and reduce wage inequality aimed at workers at the bottom of the wage scale. But from the PSA and NWPC findings in Table 37 and Figure 28, two points stand out. One, the fact that more than 70 per cent of private sector employees are receiving minimum wage or below underscores the dependency of both workers and employers on State intervention. On the other hand, there are wage earners receiving below minimum indicates ineffective enforcement or non-inclusive coverage, and consequently inadequacy of the mechanism to function as a measure to reduce inequality and poverty. Thus, until 2015, minimum wage rates were below the poverty threshold (Figure 29). One minimum wage earner would not be able to support a household of six members, much less lift it above the poverty threshold. In 2015, the minimum wage has caught up with the poverty threshold; nevertheless, one wage earner will still not be able to lift the household from poverty.

Table 37. Minimum wage earners

Indicator	2003	2004	2008	2012	2014
Minimum wage earners, % of employees	32.4	34.1	26.0	26.5	23.8
Agriculture	..	..	..	26.0	19.4
Non-agriculture	32.4	34.1	26.0	26.5	24.1
Industry	31.8	33.6	27.8	32.7	28.9
Services	33.0	34.6	24.9	23.3	21.8
Minimum wage earners, % distribution	100.0	100.0	100.0	100.0	100.0
Agriculture	..	..	..	4.4	4.4
Non-agriculture	100.0	100.0	100.0	95.6	95.7
Industry	44.2	43	40.2	40.8	36.3
Services	55.9	57.2	59.8	54.8	59.4
Minimum wage earners (000)	837	817	778	991	1 055
Agriculture	..	..	..	44	46
Non-agriculture	837	817	778	947	1 010
Industry	370	351	313	404	383
Services	468	467	465	543	627
Total employees (000)	2 582	2 393	2 991	3 739	4 437
Agriculture	..	..	..	169	237
Non-agriculture	2 582	2 393	2 991	3 570	4 199
Industry	1 165	1 044	1 126	1 235	1 327
Services	1 417	1 349	1 865	2 335	2 872

Note: The surveys covered establishments employing 20 workers or more. Agriculture sector not covered in the survey prior to 2012.

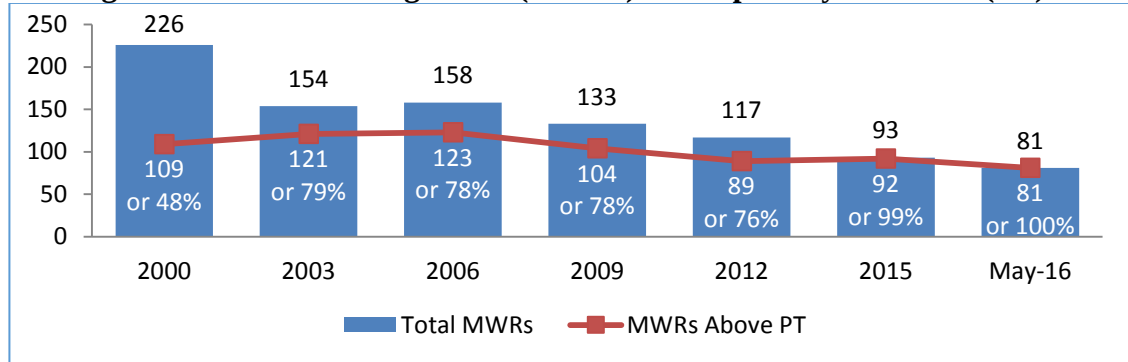
Sources: Philippine Statistics Authority, BLES Integrated Survey/Integrated Survey on Labor and Employment.

Figure 28. Wage and salary workers in private establishments receiving above minimum wage (in 000 except per cent)



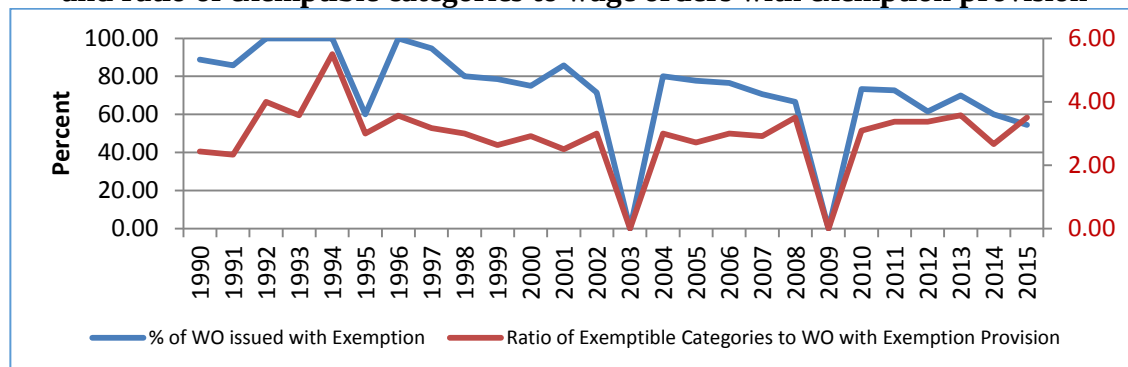
Note: Data on workers receiving above minimum wage derived by the National Wages and Productivity Commission from the LFS-Public Use Files.

Source: Philippine Statistics Authority, Labor Force Survey.

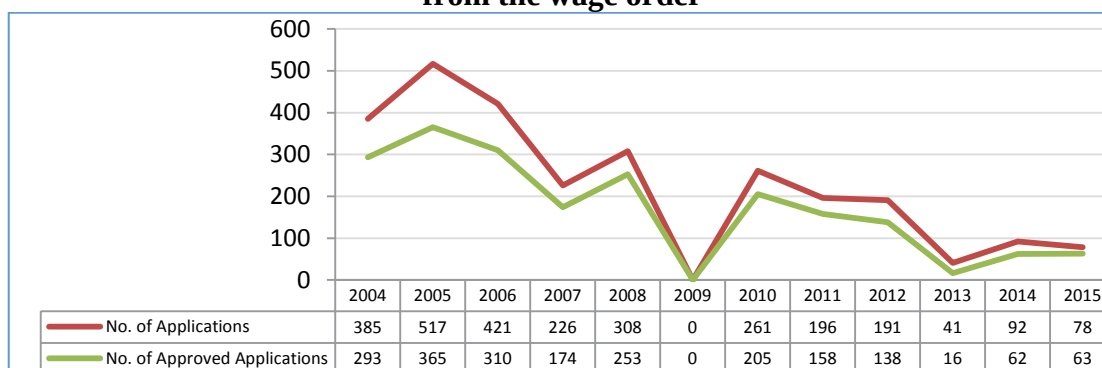
Figure 29. Minimum wage rates (MWRs) above poverty threshold (PT)

Sources: Philippine Statistics Authority, Official Poverty Statistics and NWPC/RTWPBs (Minimum Wages).

146. Government and employers have stood by the current minimum wage mechanism as the most readily available remedy for workers to improve their earnings. Workers' groups, on the other hand, continuously question both the efficacy of the mechanism and the low amounts of increases in wage orders. They point out that minimum wage outcomes fail to approximate the Constitutional mandate for the State to ensure a "living wage" to all workers. Minimum wage setting as practiced, with its multiple minimum wage rates, exclusions and exemptions from coverage, has made for a very complex system. This not only makes implementation and enforcement of wage orders difficult, but also makes the process itself susceptible to missing its primary target which is the low-paid workers (Figures 30 and 31). It aggravates the problem earlier pointed out, that is, the limited impact of minimum wage action on poverty alleviation and reduction of wage disparities and income inequality is diluted.

Figure 30. Percentage of wage orders issued with exemption provision and ratio of exemptible categories to wage orders with exemption provision

Source: National Wages and Productivity Commission.

Figure 31. Establishments that applied, and granted exemption from the wage order

Note: There was no Wage Order issuance in 2009.

Source: National Wages and Productivity Commission/Regional Tripartite Wage and Productivity Boards.

147. Eliminating the counter-inclusive characteristics embedded in the wage system can improve its efficacy. Toward this end, policy makers and the social partners may consider a host of options such as simplifying the process, reducing the number of minimum wage rates per region, putting greater emphasis on the poverty threshold as a factor in fixing the minimum rates, and limiting or eliminating exclusions and exemptions from coverage. Measures to continuously improve the technical capacity of tripartite representatives to the RTWPBs in relation to the economic, social and political implications of minimum wage fixing are also important. Outside the minimum wage fixing process, collective bargaining should expand. Finally, wage growth will always be constrained when jobs being generated by the economy are low-skilled and precarious and productivity levels are low; therefore, measures to improve job quality as well as capital and labour productivity must be vigorously pursued.

C. Occupational safety and health standards

C.1 Policy and legal framework

148. The Constitution mandates the State to ensure just and humane terms of employment for all workers. In relation to occupational safety and health (OSH),¹⁸⁰ the strategic policy framework includes a combination of preventive, protective, corrective, curative, ameliorative and rehabilitative measures to ensure the safety and health of workers and safe and healthful work environments. The main implementing law is Book IV of the Labor Code which prescribes minimum requirements to be observed by all establishments including first aid facilities and services, emergency medical and dental services, personal protective equipment, safeguards in relation to the work process, facilities and environment, and occupational safety and health programmes appropriate to the nature of the establishment implemented by a health and safety committee and by properly trained health and safety personnel.¹⁸¹ Pursuant to its power to set, enforce and update OSH standards and programmes,¹⁸² DOLE has a manual of OSH regulations, rules defining hazardous work and workplaces, and industry-specific regulations. For the curative and rehabilitative aspects, compensation for work-related injuries and diseases is provided through the Employees Compensation Commission (ECC). Health-related benefits are provided through PhilHealth.

¹⁸⁰Occupational diseases are disorders primarily due to work or working conditions. Occupational injuries are those resulting from accidents in the course of work.

¹⁸¹Arts. 156-197, Labor Code.

¹⁸²Art. 168, Labor Code.



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C.2 Policy performance

149. OSH encompasses work in both formal and informal settings. But in reality, application and enforcement of OSH standards is limited to the formal sector. As part of preventive measures, the OSH standards requires the organization of safety and health committees and designation of properly trained OSH personnel in all establishments regardless of employment size. Data from 2013 show a significant implementation gap as only about 60 per cent of establishments had safety and health committees while only 70 per cent had designated health and safety personnel (Table 38).

Table 38. Establishments with safety and health committee and health and safety personnel
(in per cent)

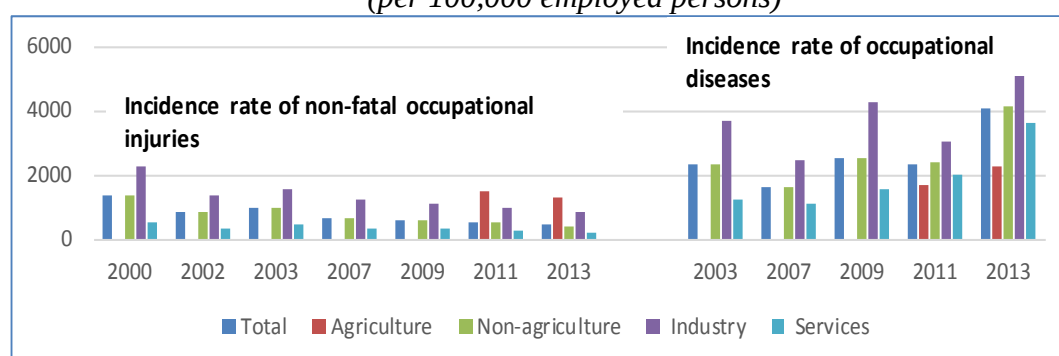
Sector	2008	2010-2011	2012-2013
Proportion of establishments with and health committees	45.1	60.9	59.3
Agriculture	..	60.6	40.9
Non-agriculture	45.1	60.9	60.0
Industry	52.9	67.9	67.9
Services	42.0	58.5	57.3
Proportion of establishments with designated health and safety personnel	52.4	68.3	69.5
Agriculture	..	56.5	56.2
Non-agriculture	52.4	68.7	70.0
Industry	56.5	77.1	74.4
Services	50.7	65.8	68.5

Note: The surveys covered establishments employing 20 workers or more. Agriculture sector not covered in the survey prior to 2011.

Sources: Philippine Statistics Authority, BLES Integrated Survey/Integrated Survey on Labor and Employment.

150. The total number cases of temporary disabling injury declined from about 26,000 in 2000 to 20,000 in 2013. Over the same period, the number of work days lost and average days lost for every injury also declined from about 200,000 to 110,000 work days and from 7.8 to 5.4 work days, respectively.¹⁸³ With respect to occurrence of injuries and diseases across sectors, the incidence of non-fatal occupational injuries is declining while that of occupational diseases is increasing (Figure 32). The incidence of non-fatal occupational injuries and occupational diseases were more pronounced in industry than in services, even as industry has a much lower employment share than services.

Figure 32. Incidence of non-fatal occupational injuries and occupational diseases
(per 100,000 employed persons)



Note: The surveys covered establishments employing 20 workers or more. Agriculture sector not covered in the survey prior to 2011. Inquiry on occupational diseases began in 2003 survey.

Sources: Philippine Statistics Authority, BLES Integrated Survey/Integrated Survey on Labor and Employment.

¹⁸³No statistical data is available on the level of compliance or non-compliance with regulations specifically relating to hazardous workplaces and work environment, as well as on technical safety regulations in particular workplaces such as those operating boilers and other power-actuated or mechanized equipment or tools.

151. The higher incidence of occupational diseases compared to occupational injuries should invite policy makers, employers and unions to pay more attention to the preventive aspects of OSH. While injuries are immediately visible, occupational or work-related diseases develop gradually, are initially latent and remain largely invisible. Many such diseases are detected only at a late stage, thereby decreasing the chances of cure and rehabilitation while increasing actual and opportunity costs to both workers and employers.

D. The inspectorate

D.1 Authority and administrative capacity

152. The basic labour rights and standards discussed above are enforced mainly through inspection. The law refers to inspection as the visitorial and enforcement power vested on the DOLE Secretary or the Regional Directors as authorized representatives.¹⁸⁴ DOLE's current rules on inspection is the Labour Laws Compliance System (LLCS)¹⁸⁵ which refers to the inspection process as "assessment" and to inspectors as "labour laws compliance officers" (LLCOs) with expanded functions.¹⁸⁶

D.2 Policy performance

153. The formal sector consists of about 947,000 private establishments across the country with over 17.3 million workers. However, only those establishments employing at least ten workers are effectively covered by or targeted for inspection. There were 95,000 such establishments in 2014 with total employment of 5.4 million workers. DOLE mainly sets its inspection targets on an inspector-to-establishment ratio of one LLCO per 120 establishments for a 10-month period. The number of LLCOs increased from 219 in 2010 to 536 in 2015 and can now cover about 64,000 establishments per year¹⁸⁷ (Figures 33 and 34). DOLE inspected or assessed 67,906 establishments (employing around 4 million) in 2014 and 44,524 in 2015.

Figure 33. Labour law compliance officers



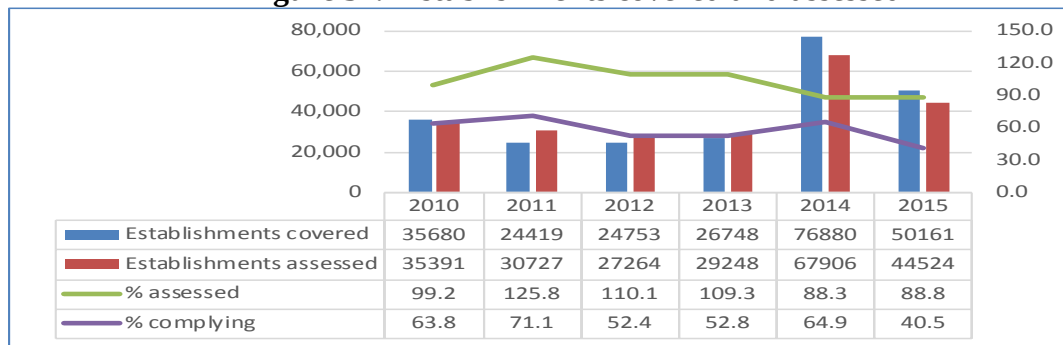
Sources: DOLE-Bureau of Working Conditions; and Philippine Statistics Authority, *List of Establishments*.

¹⁸⁴Art. 128(a), Labor Code. Under this article, the DOLE Secretary or his duly authorized representatives, including labour regulation officers, shall have access to employers records and premises at any time of the day or night whenever work is being undertaken therein, and the right to copy therefrom, to question any employee and investigate any fact, condition or matter which may be necessary to determine violations or which may aid in the enforcement of this Code and of any labour law, wage order or rules and regulations issued pursuant thereto.

¹⁸⁵DOLE Department Order No. 131-A (2013), as amended by DOLE Department Order No. 131-B (2016).

¹⁸⁶LLCO functions include enforcement, education of employers on their obligations, and offering technical assistance services to employers and workers that will increase their capacity to comply or monitor compliance with labour standards.

¹⁸⁷Number of workers based on PSA List of Establishments. Under ILO Convention No. 51 (Labour Inspection), which is not ratified by the Philippines, the ideal inspector-to-worker ratio is one inspector for every 20,000 workers. Given the current number of inspectors, the inspector-to-worker ratio has improved to 8.5 LLCOs per 100,000 workers.

Figure 34. Establishments covered and assessed

Source: DOLE-Bureau of Working Conditions.

154. DOLE administrative records show that about 35 per cent of establishments assessed in 2014 and about 60 per cent of those assessed in 2015 were found violating at least one general labour standard. Wage-related violations such as frequency of payment, underpayment of the minimum wage and non-remittance of Social Security System (SSS) premium were among the most common violations. On OSH standards, among the notable violations were on preventive measures such as non-registration of the plan and layout of premises (Rule 1020), absence of safety committees and inadequacy of first aiders (Table 39). Violations on monitoring and reporting measures that could help prevent safety and health issues were also common.

Table 39. Violation rates on selected standards

Labour standard	2014	2015
Establishments assessed	67,906	44,524
Violating General Labor Standards (%)	35.1	59.5
Frequency of payment	42.4	47.8
No record keeping	19.2	20.4
Underpayment of minimum wage	10.0	13.8
Non remittance of SSS premium	9.0	12.5
Non-payment/underpayment of regular holiday pay	7.6	8.6
Non-payment/underpayment of overtime pay	5.6	8.0
Non-payment/underpayment of special holiday pay	6.1	7.7
Non-payment/underpayment of 13th month pay	5.8	7.1
Non-payment/underpayment of service incentive leave	6.3	6.9
Non-payment/underpayment of cost of living allowance	5.8	6.1
Non-payment/underpayment of rest day pay	3.9	4.4
Non-payment/underpayment of night shift differential	2.6	3.3
Labour only contracting	1.8	1.4
No work permit of young/child workers	1.0	0.1
Violating OSH Standards (%)		
Non-registration of establishment (Rule 1020)	25.8	25.0
Non-keeping of medical records	19.1	22.2
Inadequacy of first aider	16.6	20.1
Non-submission of Accident Report	20.5	20.0
Non-submission of Annual Medical Report	19.3	18.9
No safety committee	17.4	16.7
No minutes of safety committee meetings	15.0	12.8
Non-provision of fire extinguisher	1.2	6.8
Inadequacy of emergency medicine	4.5	5.9
Poor housekeeping	1.7	3.6
No Personal Protective Equipment (PPE)	1.1	3.1
Inadequate aisles and passage ways	0.6	1.8
No machine guarding	0.4	1.0
Inadequacy of registered nurse	0.9	0.8

Source: DOLE-Bureau of Working Conditions.

155. The influx of original labour standards filed with DOLE and the number of cases disposed spiked in 2015, increasing by more than 45 per cent and 100 per cent respectively from the previous year while the average number of workers involved per case disposed went down to about three workers per case. The improvements in case disposition are significant and should be sustained (Table 40).

Table 40. Disposition of labour standards cases

Year	Original labour standard cases					Appealed labour standard cases				
	Cases handled	New cases filed	Cases disposed	Disposition rate (%)	Workers benefited	Cases handled	New cases filed	Cases disposed	Disposition rate (%)	Workers benefited
2010	8 216	6 252	6 172	75.1	58 436	..	..	..	..	..
2011	15 772	10 329	10 516	66.7	85 484	..	..	..	..	..
2012	12 033	8 128	8 301	69.0	54 309	..	..	..	..	..
2013	10 930	9 039	9 668	88.5	74 342	270	71	84	31.1	1 391
2014	12 245	9 551	7 942	64.9	94 738	252	73	55	21.8	846
2015	18 877	14 158	16 267	86.2	57 884	211	19	193	91.5	1 268

Source: DOLE-Bureau of Working Conditions.

156. DOLE's efforts to improve the reach and effectiveness of the inspectorate should likewise be sustained. The following are practical areas for possible action:
- Continuously enhance the general and technical knowledge, skills and competencies of LLCOs; resolve potential conflicts in their essential role as enforcer with their expanded role as counselor or adviser particularly to employers.
 - Review and validate the effectiveness of some technical and procedural aspects of the LLCS, such as the choice and effectiveness of workers' representation in the assessment process, the usefulness of giving prior notice to the employer which eliminates the element of surprise that should be inherent in inspection, and the value of issuing certificates of compliance.
 - Improve reporting instruments and gathering of policy-relevant data. For instance in OSH standard and technical safety inspections, the regulations classify workplaces into hazardous and non-hazardous but there is no data available on which workplace-specific OSH requirements particularly on technical safety are being violated.
 - Improve coordination with other concerned agencies vested with their own regulatory and enforcement powers such as the local government units and the economic zones. In this regard, policy makers should draw lessons from recent experiences, such as the Kentex and related incidents.
 - Emphasize the primacy and non-negotiable nature of minimum labour standards in enforcement and in compliance orders; clarify that the new law¹⁸⁸ mandating conciliation and mediation even in labour standards cases should not diminish labour standards entitlements of workers.
 - Undertake a comprehensive and independent evaluation of the entire inspectorate with a view toward further strengthening this critical function.

¹⁸⁸Republic Act No. 10396, See discussion under Section III, D.3.



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E. The future of work: New frontiers on rights at work

157. In the conventional industrial relations framework on which labour regulation and rights at work in the Philippines is based, the most essential elements of work are time, the security and regularity of the relationship between employer and the worker, and the organization and predictability of the work process. Thus, working hours is conceptualized and defined as all time that an employee is required to work or be at a particular workplace, or all time that an employee is permitted or suffered to work.¹⁸⁹ Consequently, wage or pay is predominantly time-rated, with the amount of compensation based on units of time. Regular employment and job or tenurial security are protected rights. The design of OSH standards assumes the existence of a definite and controlled physical work space in which people work at specified times. The right to self-organization and collective bargaining, as well as the right to social insurance, are premised on the regularity and stability of the employment relationship.
158. Under the conventional framework, pre-emptory standards as the main approach to labour regulation, consisting of regulation of work hours following the eight-hour normal workday and a six-day normal workweek, wage standards premised on payment for units of time during which the worker is subjected to the control of the employer, occupational safety and health standards premised on the existence of a physical work space controlled or supervised by the employer, protection against discrimination and of the rights to self-organization, collective bargaining and security of tenure, and provision of a State-administered contributory social insurance mechanism remain to be the most widely-used and proven combination of regulatory instruments.

¹⁸⁹Art. 84, Labor Code, as amended.

159. There is, however, an unexplored space for potential policy action with respect to non-conventional work arrangements that de-emphasizes time, physical work space and direct employer control and supervision while emphasizing output, use of information technology, worker responsibility and autonomy, and self-managed work processes. While no specific typologies of such non-conventional work arrangements have been evolved and consequently no statistical data have been developed in the Philippines, anecdotal evidence strongly suggests that such kinds of arrangements are increasing. This is particularly true in the BPO-ITM industry, as well as to such arrangements as telecommuting and short and oftentimes multiple employment contracts for specific job orders, with the added complication that the relationship between the employer and the worker may transcend national borders. Deep understanding of these arrangements and their connections with the economy as a whole among all stakeholders is needed before any policy action can be taken. For this purpose, the country needs to open a venue for constructive dialogue that will help all stakeholders navigate the complexities of the present and future of work.



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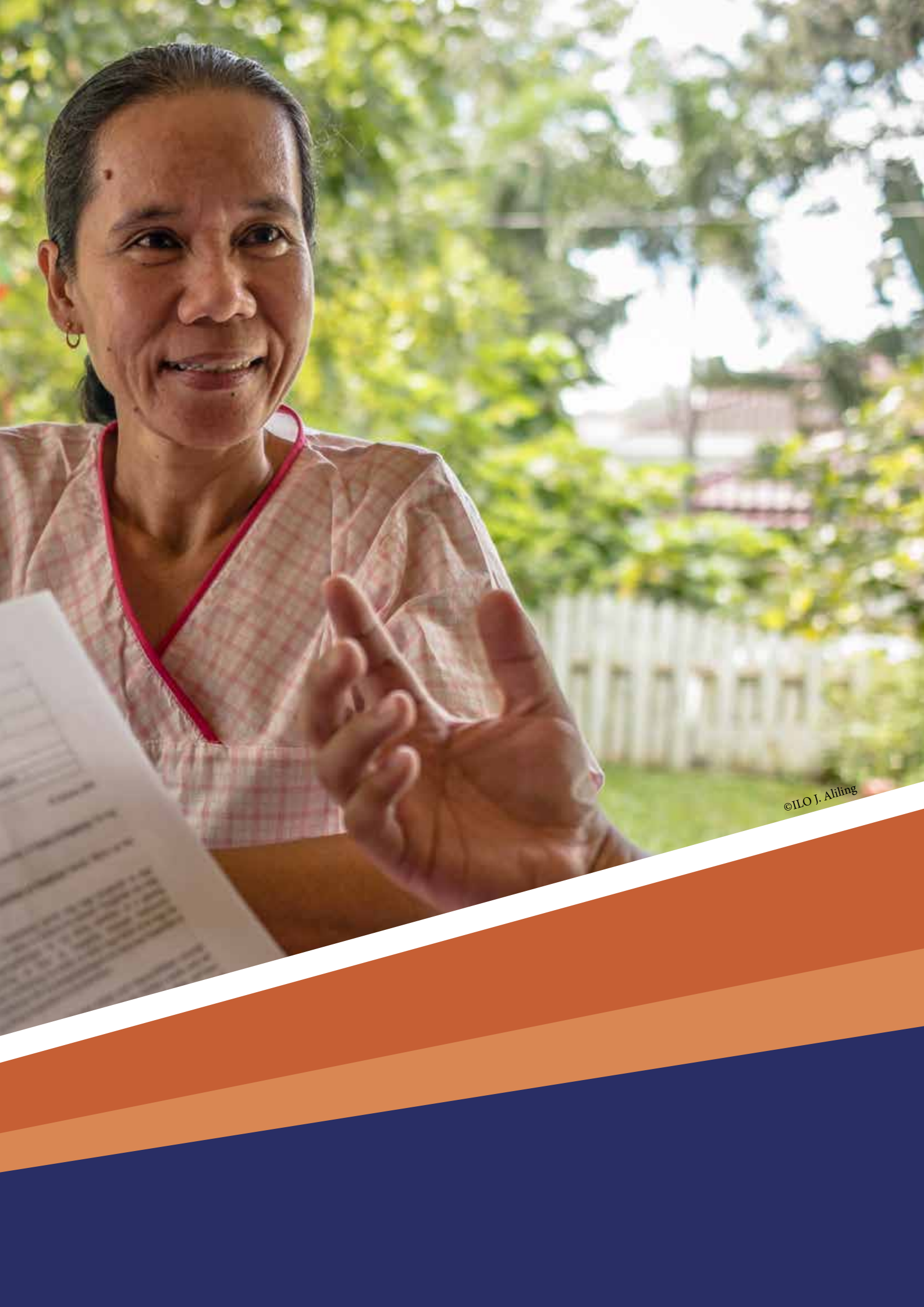


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Section V.

Social protection





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A. Policy and legal framework; expenditure programme

160. Social protection is part of the national development framework.¹⁹⁰ A pillar of inclusive growth, its objective is “to empower and protect the poor, vulnerable and disadvantaged individuals, families and communities from individual life cycle, economic, environmental and social risks.”¹⁹¹ Its importance underscored by the high incidence of poverty and vulnerability to fortuitous events and natural disasters which affect millions of Filipinos every year, social protection has four components: social insurance or social security, labour market interventions, social welfare and social safety nets.¹⁹² The first is funded by contributions from members, sometimes with government subsidy. The other three are State-funded and access is usually subject to needs or means testing.

161. Together with health insurance,¹⁹³ the social protection budget was around 14 per cent of national budget in 2016 and 2017 and was less than 3 per cent of GDP in 2016 (Table 41). Excluding health insurance, it doubled in 2016 and further increased by more than 12 per cent in 2017. Until 2015, the biggest slice of the social protection budget went to the Conditional Cash Transfer (CCT) programme. In 2016, unclassified allocations (not elsewhere classified or n.e.c.) had the biggest slice,¹⁹⁴ while allocation for old age (senior citizens) increasing more than six times. In 2017, the biggest shares are for old age and unclassified allocations. CCT allocation also increased by 25 per cent. The allocation items and direction of increases suggest a dominantly social welfare and social safety net orientation. There are no specific items for active labour market and climate change-adaptive measures, although these may be subsumed under the unclassified allocation.

¹⁹⁰See Resolution No. 1 s. 2007, the National Economic Development Authority –Social Development Committee. NEDA defines social protection as referring to policies and programmes that seek to reduce poverty and vulnerability to risks and enhance the social status and rights of the marginalized by promoting and protecting livelihood and employment, protecting against hazards and sudden loss of income, and improving people’s capacity to manage risks.

¹⁹¹Philippine Development Plan 2011-2016, Chap. 8.

¹⁹²Labour market interventions are aimed to keep workers in employment or improve their access to employment opportunities of their choice. These may come in the form of active labour market programmes (ALMPs) such as employment facilitation and skills or competency training, retraining and upgrading, and government-generated employment. Social welfare programmes are public provide the poor with means for their basic needs, and are usually targeted at the poorest of the poor. Social safety nets are temporary interventions such as cash transfers, food for work and emergency employment programmes aimed at preventing individuals and households from falling into poverty and at bridging their transition to productive employment.

¹⁹³Based on classification of expenditure programme by sector (classification of the functions of government), 2014-2016 and 2015-2017. In this classification, health insurance is categorized separately.

¹⁹⁴Funds various programmes/projects, among others: DOLE’s emergency repatriation programme, DND’s disaster response operations, DPWH’s construction and rehabilitation of various structures and DSWD’s various assistance programmes/projects.

Table 41. Expenditure programme on social protection

Expenditure item	Expenditure program (Php million)				Percent of national budget				Percent of GDP		
	2014	2015	2016	2017	2014	2015	2016	2017	2014	2015	2016
Total	161,792	219,928	414,236	468,867	8.013	9.108	13.800	13.996	1.279	1.653	2.867
Health insurance	35,332	36,315	43,836	50,221	1.750	1.504	1.460	1.499	0.279	0.273	0.303
Social protection	126,460	183,613	370,400	418,646	6.263	7.604	12.339	12.497	1.000	1.380	2.563
Sickness and disability (persons with disabilities)	20	21	30	32	0.001	0.001	0.001	0.001	a	a	a
Old age (Senior citizens)	6,216	17,625	117,167	158,693	0.308	0.730	3.903	4.737	0.049	0.132	0.811
Survivors (Gender and Development; internally displaced persons and disaster relief assistance)	316	242	250	50	0.016	0.010	0.008	0.001	0.002	0.002	0.002
Family and children (Street families)	8,178	8,251	11,240	7,376	0.405	0.342	0.374	0.220	0.065	0.062	0.078
Unemployment (labor standards, minimum wages, emergency employment)	3,515	2,930	6,841	6,422	0.174	0.121	0.228	0.192	0.028	0.022	0.047
Housing	25,549	28,576	32,518	14,409	1.265	1.183	1.083	0.430	0.202	0.215	0.225
Pantawid Pamilya Program (CCT)	54,120	61,477	62,666	78,687	2.680	2.546	2.088	2.349	0.428	0.462	0.434
Social exclusion n.e.c	1,116	535	178	444	0.055	0.022	0.006	0.013	0.009	0.004	0.001
Conflict-affected areas	7,209	7,827	7,939	12,307	0.357	0.324	0.264	0.367	0.057	0.059	0.055
Social protection n.e.c.	20,221	56,129	131,572	140,226	1.002	2.325	4.383	4.186	0.160	0.422	0.911
Gross Domestic Product, at current prices	12,645,052	13,307,357	14,449,925	..	..	..	..	..	..	..	..
National budget	2,019,062	2,414,641	3,001,800	3,350,000	..	..	..	..	..	..	..

^aLess than half the unit used.

Sources: Department of Budget and Management; and Philippine Statistics Authority, *National Accounts Philippines*.

B. Social insurance

B.1 Coverage and membership

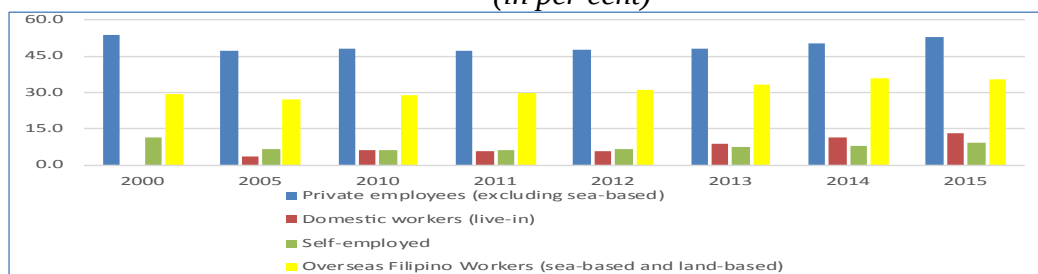
162. The country's major social insurance systems are the GSIS for the public sector, the SSS for the private sector, and the Employees' Compensation Programme (ECP) and National Health Insurance Corporation (PhilHealth) for both public and private sectors. GSIS and SSS are funded by contributions from employees and employers. PhilHealth is similarly funded except for government subsidies for the poor. ECP is funded solely through employers' contributions. Covered under these systems are seven of the nine basic branches of social security¹⁹⁵ - medical care, sickness, old age, employment injury, maternity, invalidity benefit and survivor's benefits. SSS does not provide for unemployment benefits while both SSS and GSIS do not provide for family benefits.
163. In the public sector, GSIS coverage is mandatory for all government workers except those who have separate retirement schemes.¹⁹⁶ SSS membership is compulsory for all private sector employees, domestic workers, seafarers (sea-based OFWs), and self-employed workers with a net monthly income of at least Php1,000. It is voluntary for land-based OFWs, former SSS members separated from employment who continue paying contributions, and the non-working spouse of an SSS member. All members who are currently employed and paying contributions to SSS and GSIS, including those in government with separate retirement schemes, are covered by the ECP. The self-employed members of SSS, numbering more than 900,000 are not covered by the ECP. In 2014, there were 1.482 million GSIS members that translated to 48.7 per cent of the 3.043 employed in government and government corporations, down from the 65.8 per cent (1.492 million out of 2.268 million) recorded in 2000. In 2015,

¹⁹⁵ILO Convention No.102, Social Security Convention (Minimum Standards). The Philippines did not ratify the Convention but it is being here as a point of reference.

¹⁹⁶Public sector employees with separate retirement schemes are uniformed personnel of the Armed Forces of the Philippines, Philippine National Police, Bureaus of Jail Management and Penology and of Fire Protection and Philippine Coast Guard; the judiciary and constitutional commissions; and barangay officials and workers in government agencies classified as service providers or independent contractors.

there were 13.134 million¹⁹⁷ contributing SSS members, of whom 1.877 million were voluntary members and 463,000 land-based OFWs (Figure 35). Relating the number of contributing members to total employed outside of public sector employment, there remains a wide gap between actual membership and potential membership notwithstanding the policy goal of universal coverage.

Figure 35. Proportion of SSS contributing members
(in per cent)



Note: SSS statistics on private employees and OFW contributing members have been adjusted for purposes of deriving their membership proportions.

Sources: Social Security System; Commission on Filipinos Overseas; and Philippine Statistics Authority, Labor Force Survey and Survey on Overseas Filipinos.

164. PhilHealth coverage is mandatory for all public and private sector employees, OFWs, retirees and pensioners of SSS and GSIS prior to Republic Act No. 7875, and members more than 60 years of age who have paid more than 120 monthly contributions. There is also subsidized mandatory membership for individuals from poor households.¹⁹⁸ Coverage of the informal sector is voluntary. In 2015, PhilHealth had 40.5 million members and 93.445 million beneficiaries (members and dependents) or 92 per cent of the total population. Of this number, about 47.815 million (50 per cent) were indigents/sponsored; 28.319 million (30 per cent) were from the formal economy; 8.853 million (9.5 per cent) were lifetime members/senior citizens. The rest were migrant workers, the informal sector, and self-employed individuals.

B.2 Contributions, benefits and claims

165. Social security is the biggest component of social insurance, accounting for 70 per cent of social insurance contributions in 2014. Social security benefits accounted for the highest pay-out although it was only less than 2 per cent of GDP. On the other hand, health care expenditures not out of pocket of private households have been declining since 2000 (59.5 per cent) to 43.7 per cent in 2013. Total number of claims for health insurance was the highest in recent years but the average benefits remained as the lowest because of the low applicable amounts set for such claims (Table 42). This means that an increasing proportion of total health care expenditures is being borne by households.

¹⁹⁷Of 13.134 million, 9.749 million were private employees that include seafarers, 66,000 domestic workers, and 979,000 self-employed.

¹⁹⁸Under the indigent programme targeting poor households identified by the National Household Targeting System for Poverty Reduction (NHTSR-PR) and the sponsored programme targeted at poor individuals not covered by NHTS.

Table 42. Contributions, benefits and claims under social insurance

Indicator	2000	2005	2010	2011	2012	2013	2014
Total contributions (Php million)							
Social security	64,449	..	134,170	147,878	..	177,240	196,087
Employees' compensation	1,006	..	3,284	3,339	..	3,849	3,772
Health insurance	8,557	18,736	33,950	36,770	47,338	55,435	81,447
Total benefits (Php million)							
Social security	49,637	75,091	116,745	133,353	146,114	170,465	183,030
Employees' compensation	1,883	1,649	1,117	1,145	1,064	1,041	1,257
Health insurance	6,764	17,511	30,014	34,972	47,211	55,559	78,175
Total claims (000)							
Social security	1,983	2,177	..	2,716	3,018	3,071	3,187
Employees' compensation	169	80	..	63	58	55	57
Health insurance	1,310	2,646	3,479	3,941	4,864	5,787	6,625
Average benefits per claim (Php)							
Social security	25,031	34,493	..	49,099	48,414	55,508	57,430
Employees' compensation	11,142	20,613	..	18,175	18,345	18,927	22,053
Health insurance (PhilHealth)	5,244	5,949	7,930	8,197	9,089	9,116	11,800

Sources: Social Security System; and Government Service Insurance System.

166. SSS employee members are entitled to retirement, maternity, sickness, disability, funeral, survivorship, salary and housing loans, and provident fund (voluntary contributions of members). GSIS members are entitled to life insurance; retirement, separation and unemployment (up to six months depending on number of monthly contributions), disability, funeral, survivorship, and salary, policy, emergency, real estate and housing among other loans. On top of SSS and GSIS disability benefits, employee-members are also entitled to cash benefit, medical care and rehabilitation for permanent disability, in case of work-related injury, sickness, disability or death under the ECP. PhilHealth benefits cover in-patient care¹⁹⁹ and out-patient care.
167. In 2014, there were 1.284 million retirement pensioners, more than three-fourths of whom were under the SSS. Pensioners accounted for 25 per cent of the working age population, up from 8.3 per cent recorded in 2000. GSIS pensioners receive higher monthly retirement pensions than SSS pensioners due to different schedules of premiums or contributions (Table 43).

**Table 43. Average monthly pension
(in pesos)**

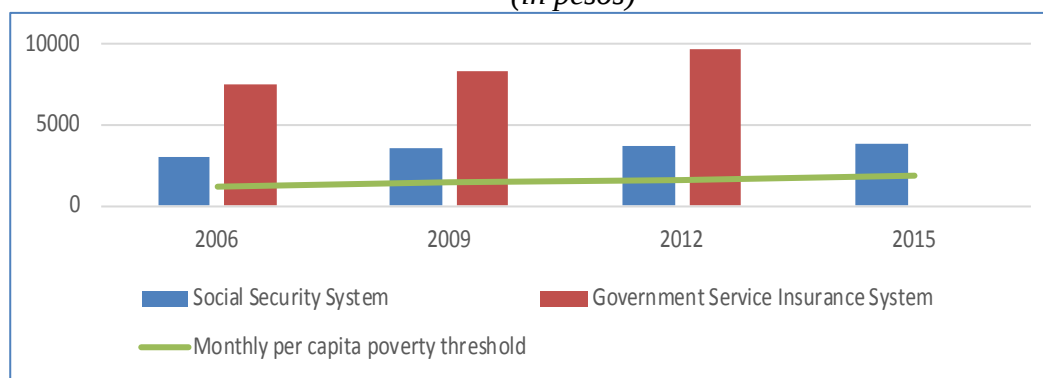
Type of pension	2000	2005	2010	2011	2012	2013	2014	2015
Social Security System								
Social security								
Retirement	2 843	2 967	3 524	3 520	3,707	3 577	3 792	3 780
Disability	2 642	2 982	3 261	3 304	3 536	3 467	3 633	3 713
Death (Survivorship)	2 171	2 395	2 839	2 852	3 144	2 920	3 021	3 689
Employees compensation								
Disability	3 762	4 073	4 082	4 189	4 329	4 153	4 517	4 624
Death (Survivorship)	3 328	3 658	3 589	3 602	4 017	3 684	4 151	4 820
Government Service Insurance System								
Social security								
Retirement	5 177	7 582	8 965	..	9 634	10 394	8 398	..
Disability	8 994	1 580	3 730	..	..	..	3 934	..
Death (Survivorship)	2 211	2 753	3 508	..	3 061	3 664	3 765	..
Employees compensation	..	..	..	..	1 023	685	..	..

Sources: Social Security System and Government Service Insurance System.

¹⁹⁹This includes day surgeries, dialysis, cancer treatment; maternity care package; fixed coverage for treatment of tuberculosis; primary care benefit package for indigent and sponsored members and their families, including examination at least once a year, preventive care and diagnosis; enhanced outpatient benefit package for OFWs, including preventive care, diagnostic services, psychological and external examination, treatment of simple illnesses; Outpatient HIV/AIDS Treatment (OHAT) package; and health care for orphans, abandoned and abused minors, out-of-school youths and street children.

168. The average monthly retirement pension of SSS pensioners was double the monthly per capita poverty threshold in 2015, while that of GSIS was six times more than the threshold in 2014. These ratios were relatively steady since 2006 (Figure 36).

Figure 36. Average monthly retirement pension and per capita poverty threshold
(in pesos)



Sources: Social Security System; and Government Service Insurance System.

C. Active labour market interventions

C.1 Programmes, resource allocation and performance

169. Active labour market interventions are measures aimed at enhancing employability, facilitating access to employment opportunities, and providing access to livelihood and entrepreneurial activities. These are specially targeted at poor, vulnerable and marginalized workers, the youth and the unemployed, and the unskilled. From 2005-2015, an annual average of 3.654 million workers or about 6 per cent of the working age population were assisted through various active labour market programmes such as the DOLE Integrated Livelihood Programme (DILP),²⁰⁰ the DSWD Sustainable Livelihood Programme (SLP),²⁰¹ Special Programme for the Employment of Students (SPES),²⁰² Government Internship Programme (GIP),²⁰³ TESDA Training Programmes, Public Employment Service Offices (PESOs)²⁰⁴ and Philippine Job Exchange Network (Phil Job-Net).²⁰⁵ More than half of these workers were provided training (SPES, GIP, TESDA), one-third, wage employment assistance (PESOs and Phil Job-Net) and the rest livelihood support through DILP and SLP. The TESDA trainees were assisted through its Training for Work Scholarship Programme, and Technical Vocational Education and Training Programme (Figure 37).

²⁰⁰The DILP is a grant assistance for capacity building on livelihood responding to the income augmentation needs of the poor, vulnerable, and marginalized workers and had an average budget expenditure of Php352.547 million for the past five years.

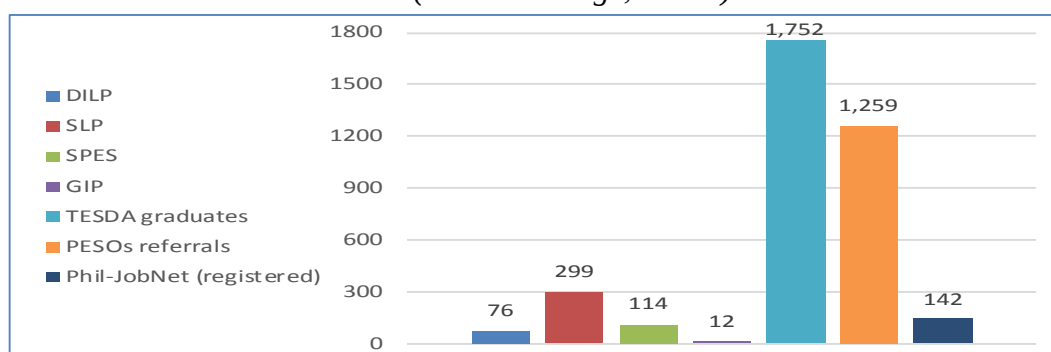
²⁰¹The SLP is administered by DSWD. It has two tracks: Entrepreneurial Skills Training Programme of the Self - Employment Assistance - Kaunlaran (SEA-K) and Employment Facilitation such as Trabahong Lansangan ng Programang Pantawid Pamilya in partnership with the Department of Public Works and Highways.

²⁰²SPES is intended for poor deserving high school, college and technical-vocational students and drop-outs who want to pursue their education by working during summer or Christmas vacations.

²⁰³GIP is a programme for fresh graduates to work as interns in government agencies with wage equivalent to 75 per cent of the minimum wage.

²⁰⁴PESOs are non-fee charging, multi-employment service facilities that provide job referrals and information on the various programmes and services of the DOLE as well as other government agencies.

²⁰⁵The Phil-JobNet is an automated job and applicant matching system. The Philippine Job Exchange Network is a computerized national manpower registry of skills, employment and business opportunities to facilitate the provision and packaging of employment assistance to PESO clients, and to set up intra- and interregional job clearance systems.

Figure 37. Workers assisted through labour market interventions, 2005-2015
(annual average, in 000)

Sources: Department of Labor and Employment; Technical Education and Skills Development Authority and Department of Social Welfare and Development.

170. The big-ticket interventions for livelihood and entrepreneurship are DOLE's DILP and DSWD's SLP. The DILP, a grant assistance for capacity building on livelihood responding to the income augmentation needs of the poor, vulnerable and marginalized workers, had a budget of over Php1.7 billion in the last five years. Of a similar purpose is the SLP, which targets beneficiaries of the larger Pantawid Pamilya Programme (PPP) by providing them access to non-collateralized and interest-free small business loan as well as to emergency employment opportunities in public works. So far, the SLP has provided 273,495 beneficiaries access to seed capital amounting to over two billion pesos and has facilitated the employment of some 25,633 in public works projects.
171. Directly or in partnership with training institutions and local government units, TESDA is mandated to support industry needs by providing technical and vocational training and setting certification standards for skilled, middle level human resources (Table 44). In 2015, TESDA had a budget of Php5.3 billion, a substantial increase from its Php3 billion budget in 2013. From 2005 to 2014, TESDA recorded an annual average of 1,752 million graduates from its various training programmes. However, the ten most availed courses are mostly for service occupations and not for industry jobs. Further, the results of four Impact Evaluation Studies of TESDA's TVET programmes noted that only 61-65 per cent of graduates in 2009-2012 found employment.

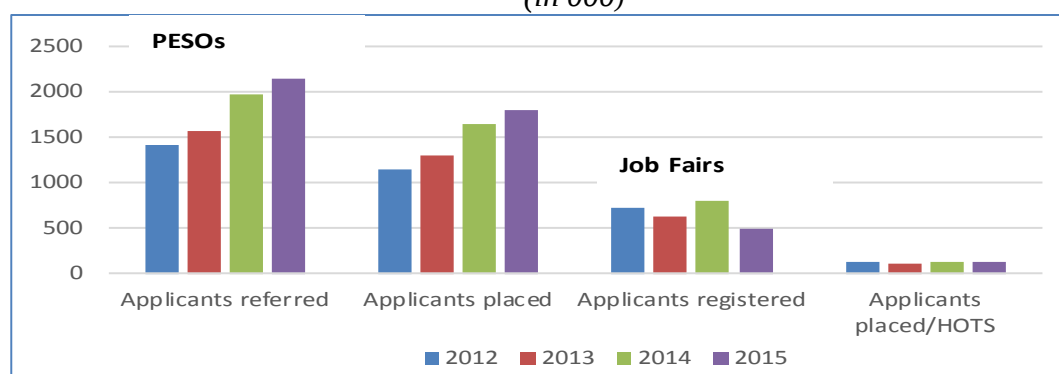
Table 44. Top 10 most availed TVET courses, 2013

Qualification/Course title	Enrolled	Graduates
Food and beverage services NC II	96 804	84 333
Computer hardware servicing NC II	78 849	66 577
Housekeeping NC II	71 059	65 429
Commercial cooking NC II	61 005	53 787
Shielded metal arc welding NC II	44 083	35 272
Consumer electronics services NC II	37 605	32 788
Bartending NC II	36 528	31 148
Programming NC IV	34 393	28 078
Finishing course for call center agents	26 032	25 418
Automotive servicing NC II	25 188	22 891

Source: Technical Education and Skills Development Authority,

172. The PESOs, Phil Job-Net and Job Exchange Network seek to bring down the costs of job search, facilitate job matching and reduce job mismatches, and encourage more efficient utilization and mobility of human resources. As of 2015, 1,925 PESOs had been set up but only 413 have been institutionalized. DOLE administrative data from 2012-2015 reported that on average, PESOs referred 1.778 million applicants for employment, with placement rate at 83 per cent. On the other hand, applicants registered during job fairs averaged at 663,000 but only 19.3 per cent were placed/hired on the spot (Figure 38).

Figure 38. PESOs and jobs fairs performance
(in 000)



Source: DOLE-Bureau of Local /Employment.

D. Social welfare

D.1 Programmes, resource allocation and performance

173. Social welfare programmes focus on providing benefits to poor households and families, particularly children. Assistance comes in the form of cash and in-kind transfers to support their basic needs and mitigate their exposure to risks. The main welfare programme is DSWD's *Pantawid Pamilyang Pilipino Program* (4Ps) aimed at improving the health and nutrition of children and keeping them in school.²⁰⁶ In 2013, beneficiary households received an average of Php9,409 which constituted 7 per cent of total household spending.²⁰⁷
174. The programme has expanded significantly since it started in 2008. By end of 2015, it was being implemented in 144 cities and 1,483 municipalities in 80 provinces with a total of 4.378 million active households or 98.7 per cent of the 2015 target of 4.437 million households (Table 45). Of the total number of households, 4.140 million or 94.6 per cent are covered by the regular CCT programme while 238,000 or 5.4 per cent are covered by the Modified Conditional Cash Transfer (MCCT).²⁰⁸

²⁰⁶The 4Ps provides cash incentives to households' beneficiaries with cash grants of up to Php15,000 per year upon compliance with health and education conditionalities, as well as avail of maternal health services. Each household receives a health grant of Php500 per month and an education grant of Php300 per child, up to three children. Other programmes include DSWD's cash grants to some 475,000 indigent senior citizens in 2014, and the partnership among the Commission on Higher Education, DOLE, and the Philippine Association of State Universities on the Student Grants in-Aid Programme for Poverty Alleviation (SGP-PA) and the Expanded SGP-PA, as of December 2015, under which 37,280 student-grantees were enrolled in State universities and colleges.

²⁰⁷Based on the Pantawid Pamilya Impact Evaluation 2014 Final Report, prior to the year of the survey,

²⁰⁸2015 4Ps Program Implementation Status Report.

Table 45. CCT target, 2008-2015

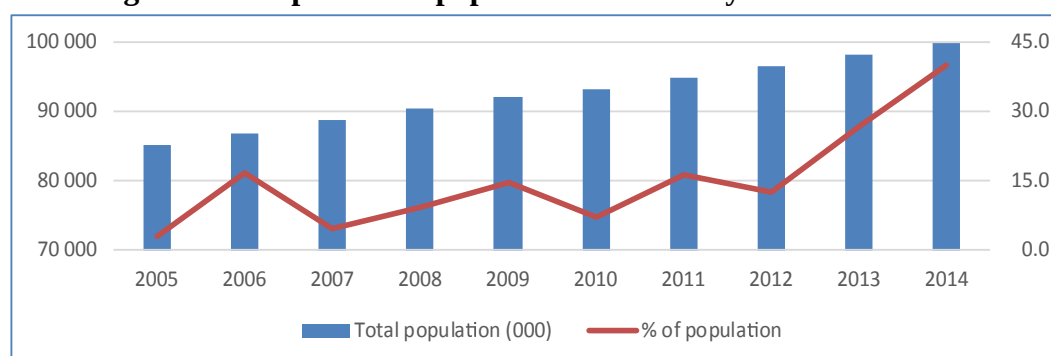
Set/Year Started	Target Households	Number of Active Households	Active as % of target
TOTAL	4 436 732	4 377 762	98.67
1 (Started in 2008)	286 688	284 192	99.13
2 (Started in 2009)	244 484	243 140	99.45
3 (Started in 2010)	377 006	373 923	99.18
4 (Started in 2011)	1 192 069	1 176 030	98.65
5 (Started in 2012)	826 843	816 350	98.73
6 (Started in 2013)	862 679	850 341	98.57
7 (Started in 2014)	500 000	374 372	79.15
8 (Started in 2015)		21 380	
MCCT (no set)	146 963	238 034	161.97

Source: Department of Social Welfare and Development, 2015 4Ps Program Implementation Status Report.

175. From January to November 2015, total cash grants released amounted Php45.326 billion paid to eligible and compliant household beneficiaries. This covers the first to fifth compliance periods of 2015. Of this amount, Php21.685 billion (47.8 per cent) was for health grants and Php23.641 billion for education grants. In 2014, there were 11.116 million children beneficiaries.

E. Social safety nets: Disaster preparedness and mitigation

176. Social safety nets are designed to provide readily-accessible but temporary support to the poor and vulnerable, particularly displaced workers, survivors of calamities, and those vulnerable to economic shocks. The importance of social safety nets has been highlighted in recent years in relation to several devastating natural calamities that hit various parts of the country as well as market-induced shocks in the global financial system.
177. Because of its geographical location and physical characteristics, the Philippines is prone to natural disasters. For the past ten years (2005-2014), the country experienced an annual average of 330 disasters adversely affecting 14.386 million or 15 per cent of the population (Figure 39).

Figure 39. Proportion of population affected by natural disasters

Source: 2013 Philippine Disaster Report, Citizens Disaster Response Center.

178. Emergency employment is government's staple response to the loss of employment and livelihood due to natural calamities and economic shocks. Immediate responses are also carried out to prevent further deterioration of life, property, and remove affected families from life threatening situation, such as emergency relief assistance for food, clothing, medicines and temporary shelter to affected families. While emergency employment programmes serve



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useful purposes, such programmes are often fragmented and mired in bureaucratic processes. Compounding the situation is the absence of standard identification system and a common database of beneficiaries for these programmes, which lead to duplication of services and higher administrative costs.

F. Issues and challenges

179. The country's overall social protection framework, including the range of needs and contingencies covered by various programmes, is broad and comprehensive. Institutionalized structures are in place to implement and administer these programmes, including mandatory representation of workers and employers at the policy-making level in some agencies such as GSIS, SSS, ECC, Pag-IBIG and PhilHealth. Apart from the inherent limitations of low quality of employment overall, key issues persist.²⁰⁹

- First is that the various programmes are disparate and fragmented. There is a tendency for various agencies to duplicate each other, either by targeting the same groups or offering the same kind of interventions or both. There is also evidence of over-budgeting which may be due to unclear parameters in the identification or lack of absorptive capacity of targeted beneficiaries. For welfare programmes, there is a long-standing observation that many of such programmes are dole-outs and can actually destroy the incentive to work.
- Second is administrative efficiency. In social insurance, for example, data of members need to be

²⁰⁹See B. E. R. Bitonio Jr., Labour market governance: Institutions and issues, Working Paper No. 16, ILO Subregional Office for South-East Asia and the Pacific. – Manila (2008), pp. 50-52.

regularly updated and secured to ensure immediate payment and prevent undue restriction of access to certain benefits or to safeguard against fraudulent claims. Effective portability from one system to the other, as well as continuity of membership for those with frequent interruptions of employment and income (e.g. employees on short-term contracts), are also recurring issues. On labour market and welfare programmes, accessing to the programmes may be difficult to some due to factors as lack of awareness and information, geographical inaccessibility, overly stringent or voluminous documentary requirements, red tape, among others. There are also the perennial problems of leakages and meddling of politicians in the allocation and disbursements of funds.

- Third is adequacy of benefits. Social insurance schemes may cover a wide range of contingencies, but the amount of actual benefit is usually inadequate to cover the costs. Entitlement is principally a function of the number of paying and non-paying members in relation to such factors as structure of the mechanism, expansiveness of membership, amount of contributions, inflation rate, and life expectancy. While membership is increasing and collection efficiency is claimed to be improving, the reality is that increasing social insurance benefits will not be possible unless there is a corresponding increase in membership and increase in contributions from current members, or limitations in the amount of entitlement to current beneficiaries.



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- Fourth is inclusiveness and selection of beneficiaries. With respect to social insurance, the policy objective is universal coverage. The formal and informal sector duality, however, is a major obstacle to this objective. About half of labour force participants are not members of any system and most of them cannot pay their way to becoming voluntary members. On the other hand, with respect to labour market and welfare programmes, government has a tendency to measure the performance of these programmes mainly on the basis of amount of disbursements and number of workers benefitted. But welfare programmes are aimed at reducing poverty and exclusion from the labour market; a more effective way of evaluating these programmes should include, among others, measures on how many workers have been capacitated, or how they have transitioned from welfare assistance to productive employment.
- Fifth is sustainability, particularly of welfare and safety net programmes. Although government-led efforts to subsidize the enrolment of informal sector workers are laudable, the long-term sustainability of such subsidies cannot be assured. Particularly worrisome is the combination of high youth unemployment and the unpaid or the low-paid. If the skills levels of these groups are not upgraded, they will remain unemployed or in low-skill, low-paid jobs, without any margin for saving on contingencies.
- Finally, there must be effective enforcement of social security laws. This is especially true in the private sector where many employers do not register as members of the system or do not remit contributions. Such failure can deny the worker of his basic social security rights. Subject to administrative and criminal sanctions, these requirements need to be enforced more strictly and speedily to deter non-compliance.

Section VI.

International labour migration



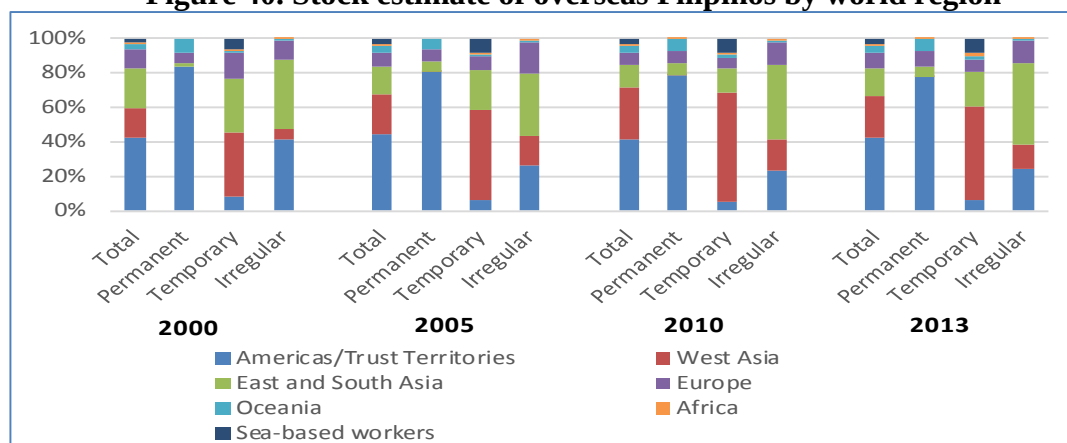


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A. International migration

180. The Philippines has a long and continuing history of international migration, particularly outward migration. The Commission on Filipinos Overseas (CFO) estimated 10.239 million overseas Filipinos in 2013, up by 40 per cent from 7.383 million in 2000 (Figure 40). About 4.87 million were permanent migrants who have made their destination countries as their residence²¹⁰ mostly in the Americas and Trust territories (78 per cent). About 4.21 million were temporary migrants whose primary motivation is to work overseas while maintaining their residency in the Philippines, specifically referred to as overseas Filipino workers (OFWs). In addition, there were also 1.16 million irregular or undocumented migrants.

Figure 40. Stock estimate of overseas Filipinos by world region



Source: Commission on Filipinos Overseas.

181. The OFW phenomenon started in 1974 when the country officially adopted an overseas employment programme by deploying Filipinos to work in other countries on temporary, fixed term contracts of employment. The push factor was the lack of adequate job opportunities and high unemployment in the country, aggravated at that time by the global oil crisis. The pull factor was supply scarcity and the promise of better remuneration particularly in Asia and the Middle East and Europe and in the seafaring industry. Originally intended as a temporary measure, the programme has instead expanded and transformed into a diaspora over the last four decades. It is now an integral aspect of the Philippine economy and society.
182. Of the 4.21 million OFWs, 55 per cent were in West Asia while 9 per cent were seafarers. Remittances from OFWs grew from \$6.050 billion in 2000 to \$25.767 billion in 2015 and have helped fuel a consumption-led GDP growth (Table 46). The total accounts for around 9 per cent of GDP, higher than the share of manufacturing exports. Per capita remittance of land-based OFWs was recorded at \$1,800 in 2013, up from about \$700 in 2000. Remittances from sea-based workers increased by six times from its 2000 level, accounting for some 15 per cent of total to around 23 per cent in 2015, with per capita remittance tripling from less than \$5000 to \$14,000.

²¹⁰Permanent migrants refer to immigrants, dual citizens or legal permanent residents abroad whose stay do not depend on work contracts. Temporary migrants are those whose stay overseas, while regular and properly documented, is temporary, owing to the employment-related nature of their status in their host country. These include land-based and sea-based Filipino workers, intra-company transferees, students, trainees, entrepreneurs, businessmen, traders and others whose stay abroad is six months or more, and their accompanying dependents. Irregular migrants refer to those who are not properly documented or without valid residence or work permits, or who are overstaying in a foreign country.

Table 46. Overseas Filipinos cash remittances by type of worker

Indicator	2000	2005	2010	2011	2012	2013	2014	2015
Total cash remittances (\$M)	6 050	10 689	18 763	20 117	21 391	22 984	24 628	25 767
Land-based	5 124	9 020	14 957	15 777	16 556	17 769	19 125	19 975
Sea-based	927	1 669	3 806	4 340	4 835	5 215	5 503	5 792
% share of total	15.3	15.6	20.3	21.6	22.6	22.7	22.3	22.5
Per capita remittance (\$)	819	1 532	1 985	1 924	2 045	2 245	...	...
Land-based	713	1 340	1 643	1 564	1 640	1 800	...	...
Sea-based	4 674	6 730	10 964	11 758	13 179	14 203	13 695	14 247

Sources: *Bangko Sentral ng Pilipinas; Commission on Overseas Filipinos; and Philippine Overseas Employment Administration.*

B. OFWs: Policy and legal framework

183. With the continuing problem of limited work opportunities in the domestic economy, temporary migration for employment involving OFWs is the most critical aspect of international migration for the country. The main law governing overseas employment is the Migrant Workers and Overseas Filipinos Act.²¹¹ As a matter of policy, the State recognizes the significant contributions of Filipino migrant workers to the national economy but does not promote overseas employment as a means to sustain economic growth and achieve national development. The existence of the overseas employment programme rests solely on the assurance that the dignity and fundamental human rights and freedoms of the Filipino citizens shall not, at any time, be compromised or violated. The State, therefore, shall continuously create local employment opportunities and promote the equitable distribution of wealth and the benefits of development.²¹² Thus, the State allows overseas deployment of workers only to receiving countries where the rights of Filipino migrant workers are protected and guaranteed, either through existing labour and social laws protecting the rights of migrant workers, multilateral conventions, declarations or resolutions relating to the protection of workers, or a bilateral agreement or arrangement with the government on the protection of the rights of OFWs.²¹³ Further, the State recognizes that the ultimate protection to all migrant workers is the possession of skills. Pursuant to this and as soon as practicable, the government shall deploy and/or allow the deployment only to skilled Filipino workers.²¹⁴

184. As its overseas employment policy and programme evolved, the country also ratified several international instruments that deal with migration for employment. Among these are the UN Convention on the Protection of the Rights of All Migrant Workers and Members of their Families and several ILO Conventions including the Migration for Employment Convention (Convention No. 97, 1949); the Migrant Workers Convention concerning migration in abusive conditions and the promotion of equality of opportunity and treatment of migrant workers (Convention No. 143, 1975); the Equality of Treatment of Nationals and Non-Nationals in Social Security (Convention No. 118, 1962); the Maintenance of Social Security Rights Convention concerning the establishment of an international system for the maintenance of rights in social security (Convention No. 157, 1982); the Maritime Labour Convention (MLC, 2006); and the Seafarers' Identity Documents Convention (Convention No. 185, 2003). The Philippines is also a party to the International Convention on Standards of Training, Certification and Watchkeeping for Seafarers (STCW, 1978). As an ASEAN Member

²¹¹Republic Act No. 8042 (1995), as amended by Republic Act No. 10042 (2010).

²¹²*Idem*, Sec. 3.

²¹³*Idem*, Sec. 4.

²¹⁴*Idem*, Sec. 3 (g).

working with other members toward a one ASEAN Community, the Philippines supports the free flow of professionals within the region as well as initiatives to protect labour migrants through the ASEAN Declaration on the Protection and Promotion of the Rights of Migrant Workers.²¹⁵

185. In accordance with the Migrant Workers Act and the international instruments it ratified, the country has institutionalized mechanisms covering the full cycle of migration for employment - from regulation of recruitment and placement activities, deployment, pre-deployment orientation, on-site assistance including legal counselling and welfare services, repatriation and reintegration. Two agencies attached to DOLE are specifically mandated to regulate and manage overseas employment – the Philippine Overseas Employment Administration (POEA) is in charge of regulating recruitment and placement activities, deployment and marketing, while the Overseas Workers Welfare Administration (OWWA) is in charge of welfare concerns including re-integration. In addition, Philippine Overseas Labor Offices (POLOs) and migrant workers resource centers under the consular offices are set up in countries with large concentrations of OFWs to attend to workers' concerns on-site and undertake marketing and job sourcing activities.

C. Deployment of OFWs²¹⁶

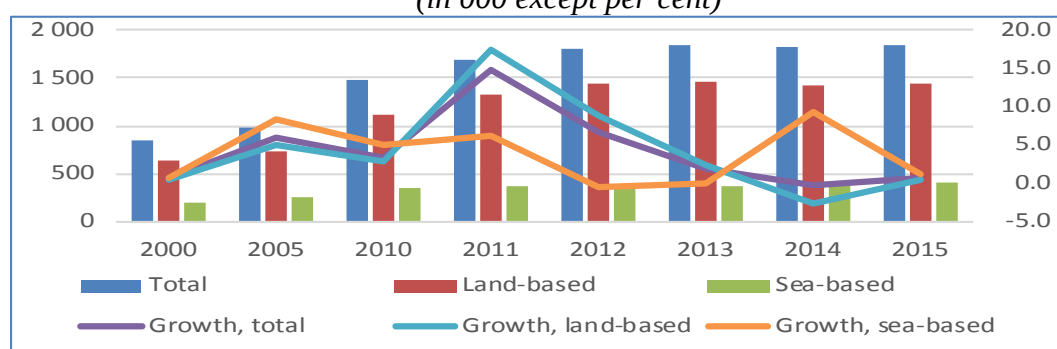
186. The strongest push factor driving overseas employment is, in essence, absence of decent work opportunities – i.e., inadequate employment opportunities, low pay, lack of benefits and incentives, and financial needs. OFWs reached 2.447 million in 2015 from 978,000 in 2000. On the other hand, POEA statistics show that since 2000, average annual deployment was 1.292 million, of whom 998,000 (77 per cent) were land-based and 294,000 were sea-based (Figure 41). Notably, while growth in land-based deployment increased marginally in 2015 that of sea-based fell substantially. Average daily deployment more than doubled from 2,300 in 2000 to 5,000 in 2015. The data suggest increased deployment during periods of economic and financial crisis, i.e., in 1997-1998, 2008-2009 and 2011. Starting 2014, there were more women than men, reversing the pattern of previous decades (Figure 42).

²¹⁵Also known as the Cebu Declaration (January 2007). Under the Declaration, ASEAN member States, in accordance with their national laws, regulations and policies, have the following commitments:

- Promote decent, humane, productive, dignified and remunerative employment for migrant workers;
- Establish and implement human resource development programmes and reintegration programmes for migrant workers in their countries of origin;
- Take concrete measures to prevent or curb the smuggling and trafficking in persons by, among others, introducing stiffer penalties for those who are involved in these activities;
- Facilitate data-sharing on matters related to migrant workers, for the purpose of enhancing policies and programmes concerning migrant workers in both sending and receiving states;
- Promote capacity building by sharing of information, best practices as well as opportunities and challenges encountered by ASEAN member countries in relation to protection and promotion of migrant workers' rights and welfare;
- Extend assistance to migrant workers of ASEAN member countries who are caught in conflict or crisis situations outside ASEAN in the event of need and based on the capacities and resources of the Embassies and Consular Offices of the relevant ASEAN member countries, based on bilateral consultations and arrangements;
- Encourage international organisations, ASEAN dialogue partners and other countries to respect the principles and extend support and assistance to the implementation of the measures contained in this Declaration; and
- Task the relevant ASEAN bodies to follow up on the Declaration and to develop an ASEAN instrument on the protection and promotion of the rights of migrant workers, consistent with ASEAN's vision of a caring and sharing Community, and direct the Secretary-General of ASEAN to submit annually a report on the progress of the implementation of the Declaration to the Summit through the ASEAN Ministerial Meeting.

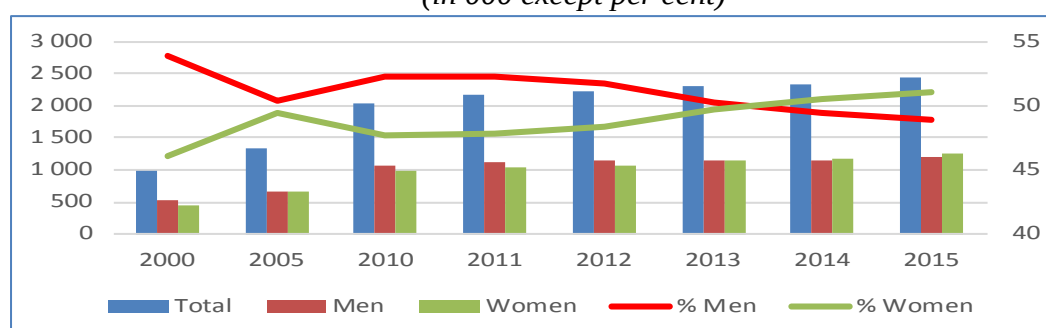
²¹⁶In the absence of administrative data compilation on the sex, age and occupation groups of OFWs, the Survey on Overseas Filipinos, a rider to the October round of the LFS, will be the source of statistics on these characteristics. Occupational data of OFWs from POEA are available only for new hires. The data on OFWs from SOF are not comparable with those on temporary migrants from CFO (see definition in previous footnote). OFWs in the SOF are those who still have households in the Philippines while those in the CFO estimates include those who have left together with their families/dependents and thus no longer have households in the country. The SOF estimates cover overseas Filipinos whose departure occurred within the last five years and who are working or had worked abroad during the past six months (April to September) of the survey period.

Figure 41. Deployed overseas Filipino workers
(in 000 except per cent)



Source: Philippine Overseas Employment Administration.

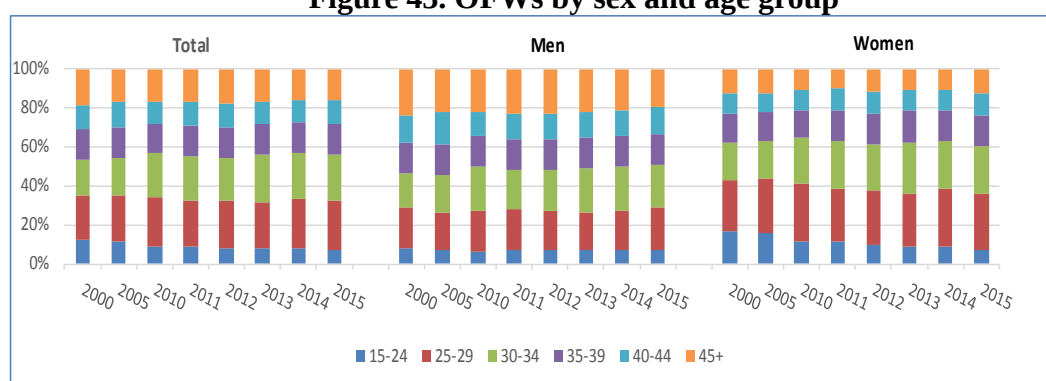
Figure 42. OFWs by sex
(in 000 except per cent)



Source: Philippine Statistics Authority, Survey on Overseas Filipinos.

187. By age and sex, the proportion of OFWs between 15 to 24 years old has been declining, particularly for women. About half of OFWs are in the prime age groups from 25 to 29 and 30 to 34, with women comprising 56 per cent (Figure 43).

Figure 43. OFWs by sex and age group



Source: Philippine Statistics Authority, Survey on Overseas Filipinos.

188. Land-based workers are classified as rehires or new hires.²¹⁷ Consistently, rehires made up the bulk of land-based workers, accounting for about two-thirds of the total. However, the spike in OFW deployment in 2011 was largely attributed to new hires while the slowdown in land-based deployment in 2012-2014 was due to less rehires. In 2015 though, their growth rates picked up (Figure 44).

²¹⁷ A rehire land-based worker is one who resumes employment with the same foreign employer under the same, if not better, terms of contract through the original licensed agency representative or service contractor within the prescribed period. A new hire land-based worker is one being contracted for overseas employment for the first time by a foreign employer through a duly licensed placement agency.

Figure 44. Deployed land-based workers, rehires and new hires
(in 000 except per cent)



Source: Philippine Overseas Employment Administration.

189. The share of the top ten OFW destination countries has increased to about 85 per cent in 2015 from about 70 per cent in 2000. More than one-fourth of the OFWs were in the Kingdom of Saudi Arabia (KSA), which has always been the primary destination since the inception of the overseas employment programme. KSA, the United Arab Emirates and Singapore made up half of the total. There have been shifts in other destination countries. In 2000, KSA, Hong Kong and Taiwan had half of the total. Prior to 2010, four other countries were in the top ten, i.e., Brunei, Japan, Italy and United Kingdom. Canada was the only non-Asian country among the top ten in 2014 (Table 47). The country still has niche markets, but the figures indicate a degree of uncertainty associated with changing economic, social and political conditions and immigration policies in destination countries (Figure 45).

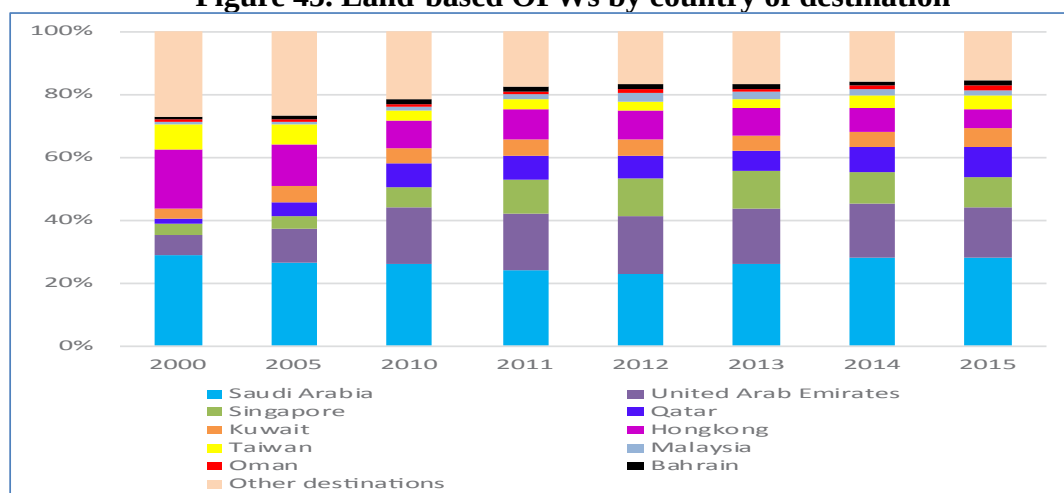
Table 47. Outflow of nationals for employment

Country	2007	2008	2009	2010	2011	2012	2013	2014	2015
Total (000)	2 040	2 153	2 301	2 331	2 589	2 621	2 680	2 588	2 525
% of total	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Philippines	52.8	57.4	61.8	63.1	65.2	68.8	68.5	70.8	73.0
Cambodia	0.4	0.4	0.7	1.3	1.0	1.3	0.9	1.0	1.0
Indonesia	34.2	30.0	27.5	24.7	22.7	18.9	19.1	16.6	10.9
Lao PDR	0.1	0.1	0.2	0.8	1.3	0.3	0.9	0.3	2.0
Myanmar	0.4	0.6	0.3	0.2	0.7	2.6	2.5	2.5	3.8
Thailand	7.9	7.5	6.4	6.2	5.7	5.1	4.9	4.6	4.6
Vietnam	4.1	4.0	3.2	3.7	3.4	3.1	3.3	4.1	4.6

Note: The statistics are sourced from administrative records of the different countries and cover registered nationals for overseas employment. No data are available for Brunei Darussalam, Malaysia and Singapore.

Source: Asia Pacific Migration Network (<http://apmigration.ilo.org/asean-labour-migration-statistics>).

Figure 45. Land-based OFWs by country of destination



Source: Philippine Overseas Employment Administration.



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190. Intra-ASEAN labour migration accounted for only one-fifth of the total outflow of the nationals for employment in 2014. Most of them found work in Malaysia and Singapore. Among the labour sending countries, the Philippines accounted for the largest share of labour migrants, increasing from 53 per cent in 2007 to over 70 per cent in 2015. As percentage to total deployment, deployment to an ASEAN destination increased from 9.2 per cent in 2010 to 14.1 per cent in 2014 due primarily to the doubling of deployment to Singapore (Table 48). Policy makers should study closely what these increases indicate.

C.1 Skills profile of OFWs

C.1.1 Sea-based OFWs

191. The country is successful in implementing the State policy to allow the deployment of skilled workers with respect to sea-based OFWs, who are required to possess specific skills and professional competency certificates before they can be deployed. Among the major factors contributing to this success are the high quality of maritime training institutions benchmarked to international standards, the well-earned reputation of Filipino seafarers in terms of skills, discipline and positive work values, and the demonstrated commitment of the State to further improve its laws and support institutions along the standards and principles of the ILO's Maritime Labour Convention (2006) and the STCW Convention.

Table 48. Intra-ASEAN labour migration
(in 000 except per cent)

Originating country	Total	ASEAN countries		Country of destination										
		No.	% of total	Philippines	Brunei	Cambodia	Indonesia	Lao PDR	Malaysia	Myanmar	Singapore	Thailand	Vietnam	Others
Total														
2010	1 984	344	17.3	-	19	5	5	9	161	-	124	17	4	1 621
2014	2 186	475	21.7	-	25	3	8	2	193	1	181	57	5	1 703
Philippines														
2010	1 124	103	9.2	..	8	1	4	1	10	-	70	5	4	1 021
2014	1 431	202	14.1	..	11	2	5	1	31	1	140	7	4	1 229
Cambodia														
2010	30	27	90.0	-	-	..	-	-	16	-	-	11	-	3
2014	25	16	64.0	-	-	..	-	-	-	-	-	16	-	9
Indonesia														
2010	576	163	28.3	-	7	-	..	-	116	-	40	-	-	413
2014	430	173	40.2	-	12	-	..	-	128	-	32	1	-	257
Lao PDR														
2010	19													
2014	8													
Breakdown by country of destination not available.														
Myanmar														
2010	5	5	100.0	-	-	-	-	-	3	..	1	1	-	-
2014	65	60	92.3	-	-	-	-	-	26	..	1	33	-	5
Thailand														
2010	144	24	16.7	-	4	-	1	2	4	-	13	..	-	120
2014	120	19	15.8	-	2	1	3	1	3	-	8	..	1	101
Vietnam														
2010	86	22	25.6	-	-	4	-	6	12	-	-	-	..	64
2014	107	5	4.7	-	-	-	-	-	5	-	-	-	..	102

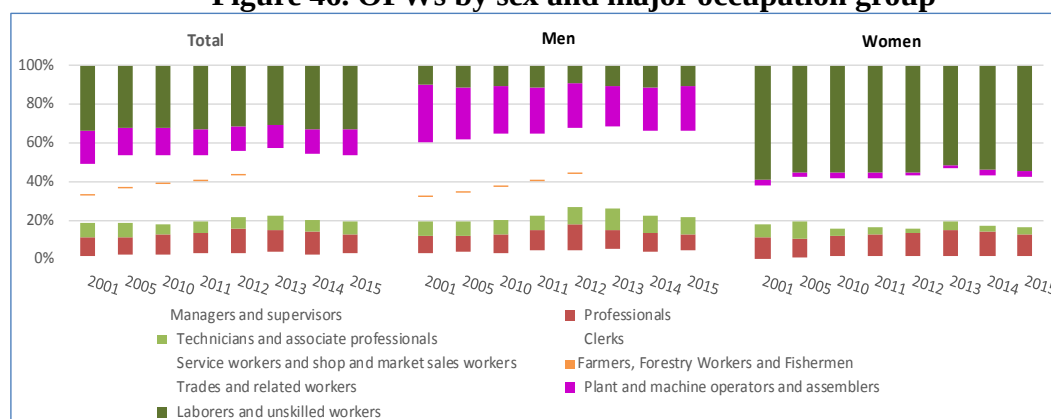
Note: The statistics are sourced from administrative records of the different countries and cover registered nationals for overseas employment. No data are available for Brunei Darussalam, Malaysia and Singapore. Data for the Philippines refer to land-based workers only.

Source: Asia Pacific Migration Network (<http://apmigration.ilo.org/asean-labour-migration-statistics>).

C.1.2 Land-based OFWs

192. For land-based OFWs, however, skills and qualifications are not primary considerations for deployment. Data show that land-based deployment is dominantly on the low and medium-skilled categories particularly in four occupational groups – medium-skilled workers in services; trade; and plant or machine operations and assembly; and labourers and unskilled workers including household service workers (HSWs), with the latter making up one-third of total OFWs (Figure 46). Men mostly worked in trade occupations and as plant or machine operators and assemblers while more than half of women worked as labourers and unskilled workers. On average, managers and supervisors consisted less than 5 per cent of total and professionals consisted of about 10 per cent. More men worked as managers and supervisors while more women worked as professionals.

Figure 46. OFWs by sex and major occupation group



Source: Philippine Statistics Authority, Survey on Overseas Filipinos.

193. Majority of new hire land-based workers are in vulnerable occupations, specifically in the so-called 3-D jobs (dirty, dangerous and demanding). HSWs comprised the largest number, with deployment doubling in a span of just five years. A substantial number of them are college graduates or college-educated, including those trained as teachers (Table 49). In most countries, HSWs are not considered as workers and therefore their rights and welfare are not protected under the receiving countries' labour laws.

Table 49. Deployed land-based OFWs by top ten occupational categories, new hires

OCCUPATIONAL CATEGORY	2010	2011	2012	2013	2014
Total	341 966	437 720	458 575	464 888	487 176
Household service workers	96 583	142 689	155 831	164 396	183 101
% of total	28.2	32.6	34.0	35.4	37.6
Nurses, professional	12 082	17 236	15 655	16 404	19 815
Waiters, bartenders and related workers	8 789	12 238	14 892	14 823	13 843
Caregivers and caretakers	9 293	10 101	9 128	6 466	12 075
Charworkers, cleaners and related workers	12 133	6 847	10 493	12 082	11 894
Laborers/helpers	7 833	7 010	9 987	11 892	11 515
General wiremen and electrical workers	8 606	9 826	10 575	9 539	8 226
Plumbers and pipe fitters	8 407	9 177	9 657	8 594	7 657
Welders and flame-cutters	5 059	8 026	8 213	7 767	7 282
Cook and related workers	4 399	5 287	6 344	7 090	5 707
Others	168 782	209 283	207 800	205 835	206 061

Source: Philippine Overseas Employment Administration.

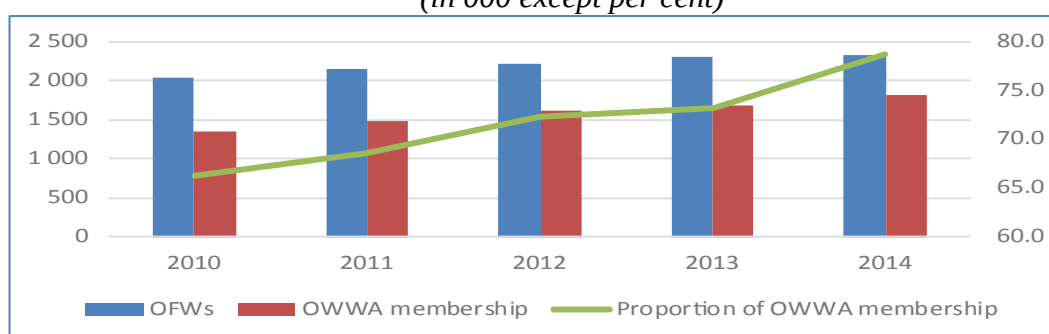


194. Another concern is that deployment in other low-skilled occupations and equally vulnerable occupations like caregivers and caretakers, charworkers, cleaners and related workers, and labourers/helpers, is generally increasing. Many of these OFWs are actually college graduates, and some of them are nurses and other health workers with professional licenses. On the other hand, deployment of skilled workers with specific skills certifications, such as wiremen and electricians, plumbers and pipe fitters, and welders and flame cutters is generally decreasing.

C. 2 Services and assistance to OFWs; continuing and new concerns

195. Services and assistance programmes to OFWs are expected to be enhanced given that overseas employment and protection of workers' rights and welfare have been identified as top priorities in DOLE's eight-point labour agenda. Among the focal areas are the provision of faster services for OFWs such setting up one-stop shops, strengthening of the anti-illegal recruitment campaign combined with a more selective deployment policy, strengthening of capacity to provide on-site counselling, welfare, re-training and legal assistance through the POLOs and migrant workers resource centers. Expected to continue are the regular programmes on pre-departure education customized to destination countries and documentation and processing of workers.
196. A main indicator of an OFW's social protection coverage is OWWA membership, through which he or she enrolls as a member of OWWA by paying a US \$25 membership contribution (Figure 47). This then entitles the OFW and his or her dependents to avail of the different programmes and services such as social benefits (disability, dismemberment and death of OFW); education and training assistance/programmes for OFWs and their dependents; on-site and in country assistance; repatriation assistance; and reintegration. OWWA membership has grown from 1.355 million in 2000 to 1.825 million in 2014. Nevertheless, about 20 per cent OFWs are still not members of OWWA. This leaves not only a significant social protection gap but also tends to increase the burden of government in securing the welfare of OFWs who are not OWWA members.

Figure 47. OWWA membership
(in 000 except per cent)



Sources: Philippine Statistics Authority, Survey on Overseas Filipinos; and Overseas Workers Welfare Administration.

197. Other continuing concerns are on-site issues such as cases of contract violations, runaways, crimes committed against or by OFWs, OFWs in detention and repatriation (Table 50). On repatriation, majority of repatriated OFWs came from the Middle East countries. Political conditions in the host country can abruptly increase the need for repatriation services and make these difficult, as for example in 2011 when the number of repatriated individuals spiked sharply because of the political crisis in Libya.

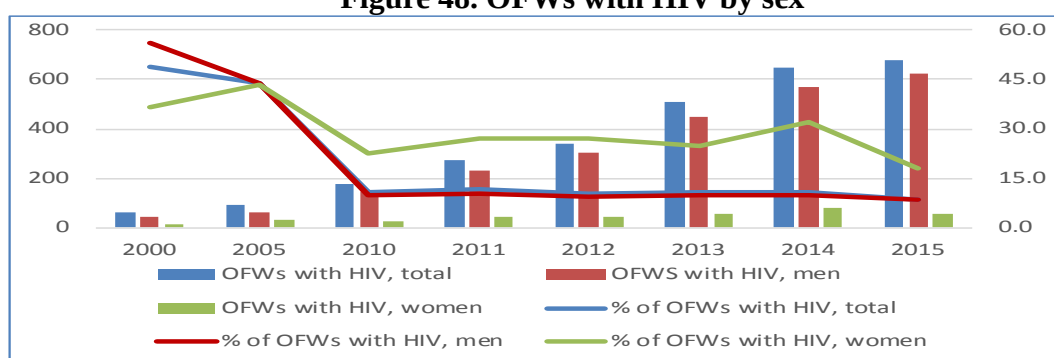
Table 50. Repatriated OFWs

Year	Total repatriated	Live individuals		Human remains
		Total	Women	
2009	6 510	6 148	4 779	362
2010	6 395	6 039	4 636	356
2011	16 480	16 135	5 302	345
2012	7 913	7 553	6 719	360
2013	7 928	7 770	6 290	158
2014	7 350	7 194	3 648	156
2015	5 816	5 633	3 789	183

Source: Overseas Workers Welfare Administration.

198. A special concern is the increasing risk of potential pandemics. The growing number of HIV cases among OFWs in recent years, which has increasingly affected women (Figure 48), as well as diseases like SARS, MERS-CoV, bird flu and zika infection, underscore this risk.

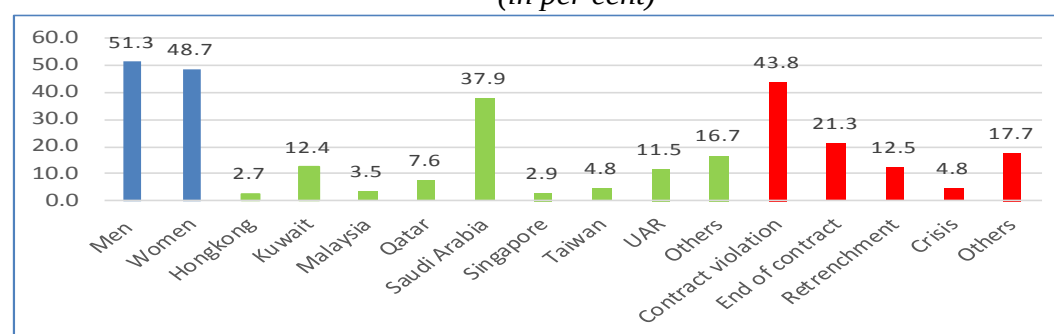
Figure 48. OFWs with HIV by sex



Note: The HIV/AIDS and Art Registry of the Philippines is the official record of the total number of laboratory-confirmed HIV positive individuals, AID cases and deaths, and HIV positive blood units in the Philippines. The Registry is a passive surveillance system. Except for HIV confirmation by the National Reference Laboratories all other data submitted to the Registry (example, place of residence) are secondary and cannot be verified.

Source: Department of Health, National Epidemiology Center (Philippine HIV and AIDS Registry).

199. On return and re-integration, there are no available statistics on the labour force status of OFWs who have decided to permanently stop working abroad (Figure 49). DOLE, mainly through the National Reintegration Center for Overseas Filipino Workers (NRCO), offers various assistance such as employment referrals for local and overseas employment, livelihood start-up kits, entrepreneurial development training, and legal assistance. Initial administrative data from NRCO show that 4,873 returning OFWs, mostly those who worked as HSWs and undocumented workers were provided various forms of assistance.

Figure 49. Returning OFWs by sex, country and reason
(in per cent)

Note: Covers the period from January 2016.

Source: National Reintegration Center for OFWs.

D. Inward migration

200. With respect to inward migration, the State policy is to promote the preferential use of Filipino labour and to adopt measures that will help make them competitive.²¹⁸ Any alien seeking admission to the Philippines for employment purposes and any domestic or foreign employer who desires to engage a non-resident alien for employment in the Philippines shall obtain an alien employment permit (AEP) from DOLE (Table 51). The issuance of the AEP is subject to a “labour market test,” that is, an AEP may be issued to a non-resident alien or to the applicant employer only after a determination of the non-availability of a person in the Philippines who is competent, able and willing at the time of application to perform the services for which the alien is desired.²¹⁹
201. In 2015, more than 28,000 AEPs were issued. Data from 2000 to 2015 show that the number of AEPs issued has increased five-fold. Managers still account for the most number of permits issued (over 43 per cent), but the share of professionals and technicians and associate professionals increased sharply and accounted for over 20 per cent of permits issued in 2015.

Table 51. Alien employment permits by major occupation group

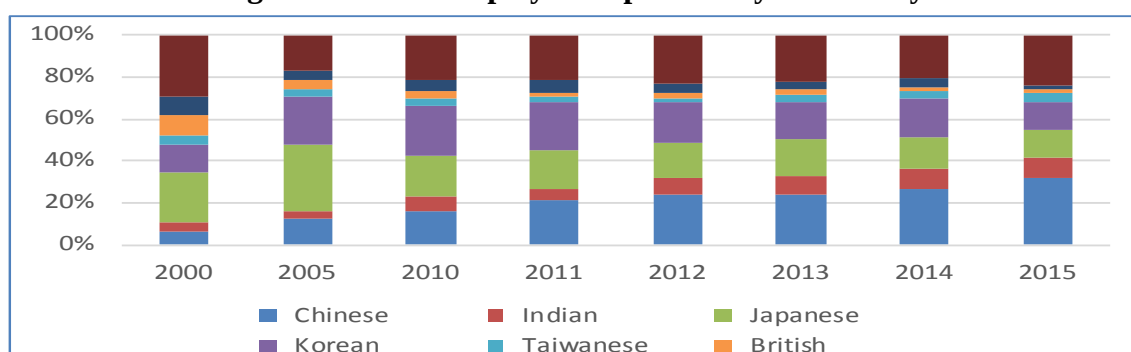
Major occupation group	2000	2005	2010	2011	2012	2013	2014	2015
All occupations	5 576	10 823	14 325	17 142	20 966	22 740	24 338	28 371
Percent	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Managers	82.4	76.0	55.7	59.5	55.0	56.5	54.6	43.5
Professionals	6.8	7.5	4.4	8.3	3.7	2.9	2.0	23.7
Technicians and associate professionals	10.0	14.4	38.3	27.4	23.9	30.2	29.5	31.1
Service workers and shop and market sales workers	0.8	1.8	1.6	2.5	9.2	4.7	4.7	1.4
Farmers, forestry workers and fishermen		0.1	-	0.8	0.1	-	-	-
Trades and related workers		0.2	-	0.8	1.7	0.9	3.8	0.1
Plant and machine operators and assemblers	0.1	*	-	0.8	6.5	4.8	5.5	0.2

*Less than half the unit used.

Source: DOLE-Bureau of Local Employment.

202. By nationality, the inflow of Chinese nationals has been increasing and they accounted for around one-third of all AEPs issued in 2015 (Figure 50). Indian nationals continue to have a sizeable share, while the proportion of permits issued to the Japanese, Korean, British and Americans were on the downtrend. No remarkable change was observed for the share of the Taiwanese. These seven nationalities, on average, comprised close to 80 per cent of total permits issued since 2000. According to records of the Bureau of Immigration, these same nationals likewise made up the same proportion of the total registered aliens in the country.

Figure 50. Alien employment permits by nationality



Source: DOLE-Bureau of Local Employment.

²¹⁸1987 Constitution, ART. XII, Section 12.

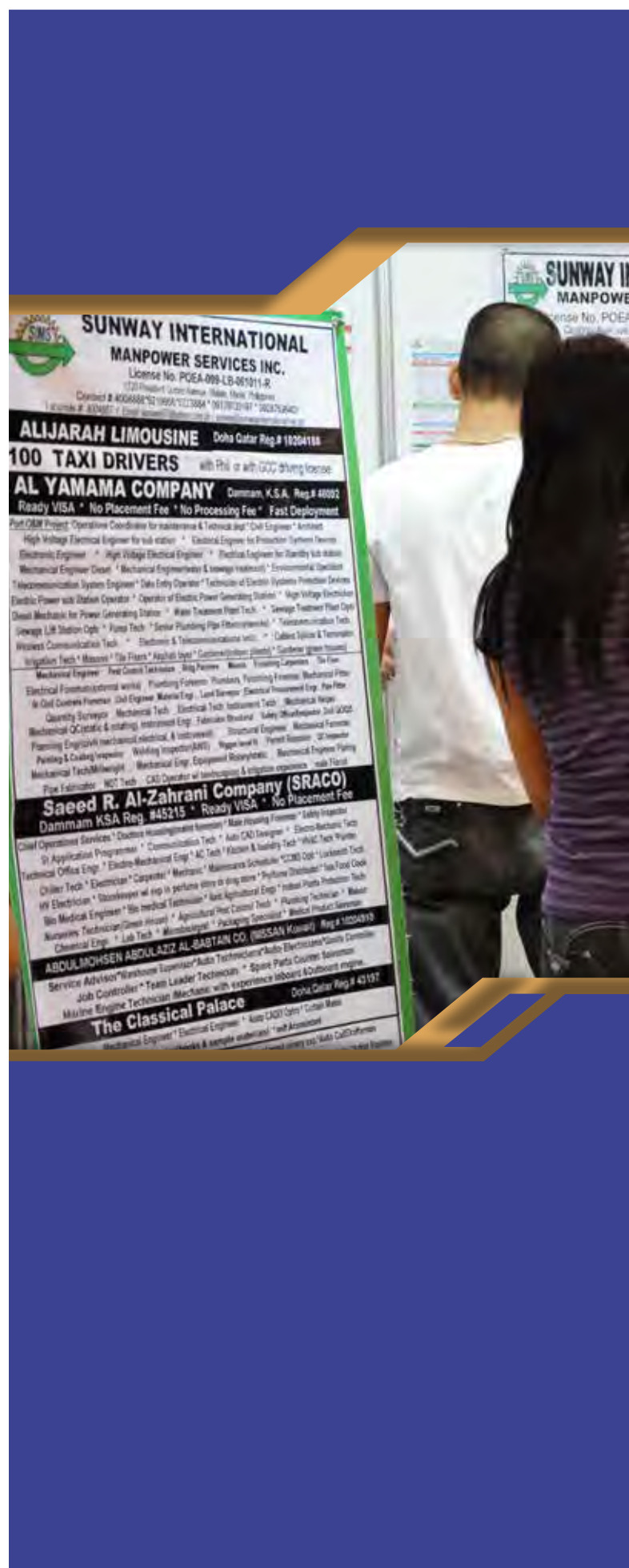
²¹⁹Art. 40, Labor Code.

E. From overseas employment to migration and development

203. As complete as the policy and regulatory framework on overseas migration may be, there remains much room for improvement particularly in terms of implementation and enforcement, as well as in the design of support programmes for OFWs. Some emerging patterns, in this regard, are the situations of persons who migrate for work but at the start must first undergo education, training and certification in the receiving country, or of professionals (such as teachers, nurses and other college graduates) who initially find work in low-skilled occupations such as household services, caregiving and retailing, with a view of gaining experience as a platform for upward mobility to higher skill jobs.

204. In terms of policy action, there is also a need to shift the policy and regulatory framework from a dominantly overseas employment perspective to a migration, diplomacy and development perspective. Several interconnected realities necessitate this shift, such as the need to adapt to globalization and regional integration trends and commitments; to decisively wean the overseas employment programme from its dominantly low-skilled deployment patterns; and to maximize opportunities arising from free cross-border movement of natural persons as envisioned under the ASEAN Community and the GATT-WTO. Some points that may be considered are:

- **Accelerating the development of a national framework of qualifications for professionals** aligned with the framework of the ASEAN Community. This will necessarily include upgrading of education and professional licensing standards with the regional framework.
- **Accelerating the development of a policy environment supportive of movement of natural persons**, particularly of professionals and the highly-skilled





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who can immediately plug knowledge, competencies, skills and technology gaps and eventually transfer these to Filipinos. On this, the country can build on recent and on-going initiatives such as the continuing pursuit of mutual recognition agreements with other countries in the ASEAN and even beyond, as well as the amendment and rationalization of regulations on the issuance of AEPs by excluding members of governing boards with voting rights who are not involved in management functions, corporate under the Corporation Code, those who provide consultancy services, and intra-corporate transfers involving managers, executives and specialists from the requirement.²²⁰

- ***Optimizing the benefits of international instruments on migrant workers through advocacy and policy action for reciprocity and national treatment guarantees.*** Some of the ILO conventions on migrant workers that the Philippines ratified, such as Convention Nos. 97, 118, 143 and 157 on social security rights of migrant workers²²¹ do not mean that these rights can be automatically invoked by Filipino migrant workers in the countries where they are deployed. The rights become enforceable only when the country itself makes its own reciprocity and national treatment guarantees to foreign workers who enter the Philippines. The Philippines' legal and diplomacy position will be strengthened if these guarantees are institutionalized in the country's own laws.

²²⁰DOLE Department Order No. 146, series of 2015, issued on 20 August 2015. See Sec. 3 of the Order.

²²¹Migration for Employment Convention (Convention No. 97, 1949); Migrant Workers Convention Concerning Migration in Abusive Conditions and the Promotion of Equality of Opportunity and Treatment of Migrant Workers (Convention No. 143, 1975); Equality of Treatment of Nationals and Non-Nationals in Social Security (Convention No. 118, 1962); Maintenance of Social Security Rights Convention Concerning the Establishment of an International System for the Maintenance of Rights in Social Security (Convention No. 157, 1982).



Section VII.

Social dialogue



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A. Policy and institutional framework

A.1 Mechanisms outside the enterprise

205. The Constitution guarantees the right of all workers to participate in policy and decision-making processes affecting their rights and benefits as may be provided by law. It mentions this right in the same breath as the other basic rights to self-organization, collective bargaining and negotiations, and peaceful concerted activities including the right to strike, security of tenure, humane conditions of work, and a living wage.²²² Tripartism in labour relations is declared a State policy. Towards this end, workers and employers shall, as far as practicable, be represented in decision and policy-making bodies of the government.²²³
206. Although the Constitution and the statutes do not specifically use the phrase “social dialogue,” all tripartite bodies are meant to function as mechanisms for the social partners to participate and engage in dialogue on matters affecting them. The scope of tripartite institutions now existing is actually broader than “tripartism in labour relations” as the declared policy of the Labor Code suggests. It encompasses a wide range of areas affecting labour, including human resource development, employment including overseas employment, wages and other working conditions, dispute settlement, and social protection.
207. Functionally, existing mechanisms may be classified into three types: policy-making, regulatory or decision-making, and advisory. The processes of exchange of information, consultation and negotiation in varying degrees are inherent in all functions. The representatives of the social partners to these bodies must be nominated by the sector they represent. As a rule, they should come from the most representative workers and employers organizations in the country. Notably, the nomination and representation process in some tripartite bodies are sensitive to gender, as for instance TESDA and SSS where the law requires that the at least a specified number of women must be included among the sectoral representatives.

²²²ART. XIII, Section 3, par. 2.

²²³Art. 290 (formerly Art. 275), Labor Code, as amended and renumbered, which provides:

Tripartism, Tripartite Conferences, and Tripartite Industrial Peace Councils. – (a) Tripartism in labour relations is hereby declared a State policy. Towards this end, workers and employers shall, as far as practicable, be represented in decision and policy-making bodies of the government.

“(b) The Secretary of Labor and Employment or his duly authorized representatives may from time to time call a national, regional, or industrial tripartite conference of representatives of government, workers and employers, and other interest groups as the case may be, for the consideration and adoption of voluntary codes of principles designed to promote industrial peace based on social justice or to align labour movement relations with established priorities in economic and social development. In calling such conference, the Secretary of Labor and Employment may consult with accredited representatives of workers and employers.

“(c) A National Tripartite Industrial Peace Council (NTIPC) shall be established, headed by the Secretary of Labor and Employment, with 20 representatives each from the labour and employers’ sectors to be designated by the President at regular intervals. For this purpose, a sectoral nomination, selection, and recall process shall be established by the DOLE in consultation with the sectors observing the ‘most representative’ organization criteria of ILO Convention No. 144.

“Tripartite Industrial Peace Councils (TIPCs) at the regional or industry level shall also be established with representatives from government, workers and employers to serve as a continuing forum for tripartite advisement and consultation in aid of streamlining the role of government, empowering workers’ and employers’ organizations, enhancing their respective rights, attaining industrial peace, and improving productivity.

“The TIPCs shall have the following functions:

“(i) Monitor the full implementation and compliance of concerned sectors with the provisions of all tripartite instruments, including international conventions and declarations, codes of conduct, and social accords;

“(ii) Participate in national, regional or industry-specific tripartite conferences which the President or the Secretary of Labor and Employment may call from time to time;

“(iii) Review existing labour, economic and social policies and evaluate local and international developments affecting them;

“(iv) Formulate, for submission to the President or to Congress, tripartite views, recommendations and proposals on labour, economic, and social concerns, including the presentation of tripartite positions on relevant bills pending in Congress;

“(v) Advise the Secretary of Labor and Employment in the formulation or implementation of policies and legislation affecting labour and employment;

“(vi) Serve as a communication channel and a mechanism for undertaking joint programmes among government, workers, employers and their organizations toward enhancing labour-management relations; and

“(vii) Adopt its own programme of activities and rules, consistent with development objectives.

“All TIPCs shall be an integral part of the organizational structure of the NTIPC.

“The operations of all TIPCs shall be funded from the regular budget of the DOLE.”

208. The policy-making bodies are OWWA; TESDA; Occupational Safety and Health Center (OSHC); Philippine Overseas Employment Administration (POEA); Employees Compensation Commission (ECC); and Tripartite Voluntary Arbitration Advisory Council (TVAAC). Included in this category are the Social Security Commission (SSC); Home Development Mutual Fund (HDMF), Philippine Economic Zone Authority (PEZA); Philippine Health Insurance Commission (PHIC); and National Anti-Poverty Commission (NAPC). The National Labor Relations Commission (NLRC) and the National Wages and Productivity Commission (NWPC) perform policy-making functions in their respective areas of competence, such as setting guidelines on dispute resolution and settlement or on the criteria for minimum wage determination to be observed by the Regional Tripartite Wage and Productivity Boards (RTWPBs).
209. The NLRC, as the compulsory arbitration machinery of the State, performs regulatory or what is often referred to as quasi-judicial functions when it enforces the laws to resolve disputes arising from employee-employer relations. The same authority, albeit in a limited extent, is given to the NWPC and its RTWPBs when they decide on petitions for exemption from minimum wage orders. On the other hand, RTWPBs regulate and perform a delegated legislative function when they issue wage orders that have the force of law and are enforceable in their respective regions. The POEA also regulates through the Standard Employment Contract (SEC) for overseas workers approved by its tripartite governing board.



210. Tripartite bodies performing advisory functions mainly provide inputs and recommendations to DOLE in aid of the exercise of its policy and regulatory authority on labour and employment. The national Tripartite Industrial Peace Council (TIPC) is the main advisory mechanism. It has counterparts at the regional and industry levels as well as local government levels.²²⁴ Originally institutionalized through an executive order, the structure function and role of the TIPC was further institutionalized and is now included in the Labor Code.²²⁵ The national TIPC has the most impact in its active participation in the review, formulation and issuance on rules and regulations implementing the Labor Code. On the other hand, some industry tripartite councils have been set up with their own Voluntary Codes of Good Practices (VCGPs) to promote harmonious labour-management relations and improve productivity.

A.2 Enterprise-level mechanisms

211. The highest form of social dialogue at the enterprise level is of course collective bargaining, sometimes supplemented by other forms of labour-management interaction. In enterprises without unions, the most common form of social dialogue is through labour-management councils (LMCs) which are purely voluntary in nature. Exceptionally, an LMC is required to be established in a non-unionized enterprise for the purpose of formulating a productivity gain-sharing scheme under the productivity incentives law and implementing the second tier of wage increases which are productivity-based under wage orders issued by the RTWPBs. Given the policy of the State to promote shared responsibility of the parties in resolving differences and disputes, grievance mechanisms are likewise promoted in all workplaces.



²²⁴These are called Regional Tripartite Industrial Peace Councils (RTIPCs), provincial, city/municipal TIPCs and Industry Tripartite Councils (ITCs). As of 2015, there are nine National Industry Tripartite Councils and 288 Industry Tripartite Councils (ITCs) with a total of 178 Voluntary Codes of Good Practices (VCGPs) adopted in various industries such as education; hospital; transport; broadcast; hotel and restaurants; tourism; security and janitorial services; business process outsourcing; banking; mining; construction; power; manufacturing; maritime; agribusiness; and wood.

²²⁵Republic Act No. 10395 (2013), An Act Strengthening Tripartism, Amending for the Purpose Article 275 (now Art. 290, as renumbered) of the Labor Code of the Philippines.



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212. Two fairly recent developments are the adoption of the Labour Laws Compliance System (LLCS), discussed in Section IV.D, and the institutionalization of conciliation and mediation as the first entry point in almost all labour disputes.²²⁶ The assessment procedure under the LLCS requires the representatives of the employer and its employees, along with the LLCO, to assess compliance by the employer with labour laws. These developments open an avenue of workers' participation in the implementation and enforcement of labour laws. Being relatively new, an objective and independent evaluation of their effectiveness will be useful.

B. Policy performance, outcomes and issues

B.1 Tripartism and social dialogue outside the enterprise

213. Tripartite and social dialogue mechanisms have become institutionalized in the Philippines. Procedurally, the structure and process of these mechanisms appear to conform with the principles of representativity and, where required, gender equality. The more problematic issues concerning representativity have to do with the limited membership base of nominating organizations. On the side of workers, this is an inevitable consequence of low trade union density and low collective bargaining coverage. On the side of employers, MSMEs are under-represented in established employer organizations and chambers of commerce. The narrow base leads to issues on authority and legitimacy of representation, that is, whether the representatives stand only for their members or can also represent the interests of workers and employers in general. Another issue is quality of representation, particularly the technical capacity of representatives to engage in meaningful discussions on highly specialized areas.

²²⁶Republic Act No. 10396 and DOLE Department Order No. 151, series of 2016 (Rules and Regulations implementing Republic Act No. 10396). See related discussion under Section III.D.

214. Substantively, policy-making and regulatory social dialogue mechanisms have the widest potential and actual impact for the social partners and society as a whole. Some mechanisms produce outputs that are direct and immediately felt by the public or by the social partners, such as when RTWPBs decide to increase minimum wages or when the NLRC adjudicates an appeal on an individual or collective labour dispute. On the other hand, some mechanisms have outputs that are not readily apparent or visible to the public, but no less important. For instance, policy decisions taken by the SSS, ECC or TESDA can open up more access for workers to the services of these institutions or expand the coverage of workers' benefits that they administer. With respect to advisory bodies, their effectiveness and impact are more tricky to measure as the recommendations they make may or may not be adopted by the decision-maker, or the voluntary codes of conduct they adopt may or may not actually be observed or implemented by their own constituents.

B.2 Social dialogue within the enterprise

215. Collective bargaining is the preferred mechanism, but the low number of enterprises with collective bargaining agreements and equally low number of workers covered by these agreements restrict its effectiveness and impact. Other avenues of social dialogue, such as labour-management councils and grievance mechanisms, are not widely used. As of May 2016, there were 47,701 establishments nationwide reported to have LMCs. However, only 2,855 (6 per cent of these were actually operational, with 1,430 LMCs in organized establishments and 1,425 LMCs in unorganized establishments. On the other hand, there were only 3,263 companies that have established grievance mechanisms, 1,370 in unorganized establishments and 1,893 in organized establishments.²²⁷ Lack of interest, costs, adverse effect on productivity, and the fear that the mechanism may be used either as a tool to de-unionize or a springboard for



²²⁷Data from the National Conciliation and Mediation Board, 2016.





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union formation, among others, are some of the factors inhibiting the use of labour-management mechanisms. In non-unionized establishments where mechanisms exist, their formation is essentially management-driven with specific purposes that are founded on promoting the common interests of the employer and the employees.²²⁸

C. Tripartism, social dialogue and inclusive growth

216. Where collective bargaining is present at the enterprise level, it is generally effective in promoting better terms and conditions of employment. Many CBAs contain terms and conditions of employment and mechanisms of meaningful workers' participation that are beyond those fixed by law, and thereby promote equity and fairness between the employer and its employees at the enterprise level. Even then, given the low collective bargaining coverage and the equally limited number and scope of voluntary enterprise level mechanisms for labour-management participation, these mechanisms cannot influence larger social outcomes as reducing inequality or making growth inclusive.
217. Outside the enterprise, the potential of tripartite and social dialogue bodies in contributing to the larger objectives of promoting equality and inclusive growth is much wider. Many actions and decisions of tripartite and social dialogue bodies, such as for instance a wage order, affect not only the members of workers' and employers' organizations represented in these bodies. Some of these actions and decisions affect non-members as well and, in some instances, even those outside formal employment. These mechanisms should therefore continue to be used and enhanced in deliberating on a wide range of issues and problems including, particularly, the issues of labour force participation and utilization, human resource development, employment, unemployment and underemployment, rights at work, and social protection.

²²⁸Based on findings from a survey on social dialogue conducted by the Employers Confederation of the Philippines, 2013.



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Concluding note





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218. There is no debate that massive creation of decent work is the path toward equality, prosperity and inclusive growth. But as the experience in the past decades has shown, clearing this path has never been easy given the country's magnitude of challenges and prevailing economic and social conditions. It will not get easier moving forward as the national and global policy environment gets even more volatile, unpredictable, complex and ambiguous. A factual acknowledgement not only of the country's weaknesses and deficits but also of its inherent strengths and advantages, combined with relevant, coordinated, and action-oriented responses in strategic policy areas, are indispensable in building a path to the future that the country and its people want.

219. In the area of labour and employment, empowering human resources and creating opportunities for them to engage in freely-chosen, productive and remunerative work are central goals. Toward these, a new, comprehensive yet practical national decent work agenda is needed that will help focus development efforts on achieving *growth with employment, employment with rights, and social protection for all*. Drawing from the experience of previous national decent work agendas, the new agenda should be specific, action-driven and results-oriented. It should be appropriately aligned with the larger agendas of *PDP 2017-2022* and *AmBisyon Natin 2040* especially in the areas of inequality-reducing transformation, increasing growth potential and laying the foundations for sustainable development.²²⁹

²²⁹Specifically Parts III, IV and VI of PDP 2017-2022.

220. Guided by the issues and problems discussed in this Report, several practical initial steps, with illustrative examples, can be helpful in formulating a new decent work agenda.
- ***Identify and act on implementation and enforcement gaps.*** As the data shows, many of the country's labour and employment problems are not due to the absence of policies, laws and programmes, but whether adequate resources are being mobilized or coordinated to ensure that these policies, laws and programmes are being implemented or enforced effectively in accordance with policy objectives. With respect to rights at work, for instance, most international standards are already incorporated in national legislation. However, their realization is constrained by weak administrative capacity to implement or enforce, fragmentation of programmes and overlapping jurisdictions, and inadequate coordination between implementing authorities.
 - ***Identify and act on policy gaps.*** Policy gaps pertain to those areas already covered by existing policies, laws and programmes that are not compliant with international labour standards or have become outdated, unresponsive or irrelevant, or to those areas not yet covered by any policy, law or programmes. An example of the first is the current restriction of the period of apprenticeship to six months. This has impeded the development of highly-skilled human resources necessary to support industrialization. An example of the second is the absence of a visible and efficient mechanism to address pre-employment discrimination, which obstructs equal opportunity and access; another example is the absence of targeted programmes pertaining to increasing labour force participation particularly for women, the needs of the long-term unemployed and the existence of hard-to-fill occupations, which tend to aggravate human resource underutilization.
 - ***Give focused attention to the informal sector and special groups of workers.*** Policy and programme design and implementation should take into account the unique characteristics of the informal sector and other vulnerable groups, such as persons in domestic work, children at work, persons with disabilities, indigenous peoples and other ethnic groups, and workers exposed to the risks of disasters, conflicts and distressed conditions.
 - ***Continuously balance regulatory and facilitative or allocative interventions.*** Given the magnitude of the country's problems, it is often the case that public expectations gravitate toward regulatory solutions. An example of a regulatory dilemma is the extent to which the State may regulate non-regular or non-standard forms of employment, where the clamor of unions for total prohibition of non-regular forms of employment must be reconciled with the reality that in any modern economy, there will always be jobs of a temporary or short-term nature. In this case and similar cases, a more active labour market approach will necessarily have to be a part of the solution. Facilitating work-to-work transitions and ensuring decent work, respect for basic rights and continued social protection rather than prohibiting temporary or short-term employment altogether will be a more proper intervention. On the other hand, care must be taken that any subsidies for work-to-work transitions or similar subsidies should not destroy incentives to search for work.
 - ***Aim for reforms that are productivity-enhancing, adaptive and transformative.*** Where reforms are introduced, these should aim for positive outcomes such as improving labour and capital productivity, promoting constructive collaboration between workers and employers, and continuously developing the capacity of social partners and other stakeholders to adapt, transition and transform to present and future challenges. An area that needs to be further promoted is performance-based compensation, which will require exchange of information and common understanding of performance targets between workers and





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management. On new employment arrangements and working hours, a mechanism by which workers and employers can engage in industry regulation and governance, considering their unique circumstances, ought to be considered. On industrial relations, the procedural and substantive pre-conditions the law imposes to form unions and to bargain – such as State-imposed pre-emptory requirements for joining or forming a union and for acquiring exclusive bargaining representation – have effectively become obstacles to collective bargaining. If unions and collective bargaining are to function as instruments of change and transformation, these obstacles must be removed. In the process of introducing reforms, the State also needs to transform its perspective of industrial relations from one that is centered and guided by the State to one that truly encourages creative interaction between workers and employers.

- ***Correct institutional weaknesses and failures.*** The actors and institutions of industrial relations are the State, workers and their organizations, and employers and their organizations. One of the more visible weaknesses of these three institutions is in implementing the preference for shared responsibility and consensualism in settling labour disputes. Thus, instead of disputes being resolved at the enterprise level through voluntary compliance, dialogue, bargaining or the grievance process, these are often submitted to the various dispute settlement and resolution agencies of the State which follow quasi-judicial procedures. The result is a clogging of dockets resulting in delays in case disposition and very often in the enjoyment by the workers of their basic rights.
- ***Set up an integrated decent work information management system.*** The existing decent work statistics should be enhanced, being indispensable as basis for evidence-based quantitative and qualitative analysis of decent work outcomes. In addition, DOLE and the PSA need to develop labour and employment statistics that include performance data of and other policy-relevant information from concerned agencies on implementation and enforcement of policies, laws and programmes specifically related to labour and employment. Of special interest will be the development of indicators pertaining to



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informal employment, child labour, persons with disabilities, indigenous peoples, and green jobs with regional and spatial dimensions. These statistics can be part of an integrated information management system that links quantitative and qualitative data on outputs, outcomes and impacts, and enable more effective monitoring, evaluation and analysis of policies, laws and programmes.

221. Given the wide-ranging development issues affecting labour and employment, the new decent work agenda can be organized with the following as central points of action:

- ***Supply side measures*** to improve the economy's capacity to produce, particularly in continuously developing and optimizing the utilization of human resources for productive and remunerative work;
- ***Demand side measures*** to create adequate opportunities for and equal access to productive, remunerative and decent work within the domestic economy;
- ***Social protection measures*** to provide a balanced, accessible and effective mix of active and passive labour market measures and social programmes that ensure uplifting everyone's welfare and leaving no one behind; and
- ***Institutional measures*** consisting of appropriate policies, laws and governance mechanisms to ensure that the rights of workers, employers and all stakeholders are not only recognized but effectively realized.

222. Forging the agenda will require stakeholder participation through meaningful social dialogue. The country has functioning social dialogue mechanisms which, given the narrow representation base of unions and employers organizations, can be further expanded and made more inclusive to ensure participation of non-traditional stakeholders and sectors. The space for social dialogue should likewise expand to broader social and economic policy areas that affect labour and employment, and to produce substantive recommendations based on consensus in the form of concrete policies, laws, rules and programmes. Most importantly, all stakeholders should take responsibility for shared outcomes.



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Summary table. Selected statistics on decent work, Philippines

Indicator	2005	2010	2015
Population, GDP and Poverty			
Total population (000)	76 507 (2000 Census)	92 338	100 981
Average annual growth (%)	1.90 (1990-2000)	1.72 (2000-2010)	1.84 (2010-2015)
Gross Domestic Product at constant 2000 prices (%)	100.0	100.0	100.0
Agriculture	13.3	11.6	9.5
Industry	32.7	32.6	33.4
Services	54.0	55.8	57.1
GDP at constant 2000 prices, annual growth (%)	4.8	7.6	5.9
Agriculture	2.2	-0.2	0.1
Industry	4.2	11.6	6.0
Services	5.8	7.2	6.8
Labour productivity at constant 2000 prices ('000 Php)	139	158	196
Agriculture	51	55	64
Industry	292	344	404
Services	154	170	205
Labour productivity, annual growth (%)	2.5	4.7	5.4
Agriculture	0.1	0.6	5.2
Industry	3.7	5.2	3.1
Services	2.9	2.8	3.9
Magnitude of the poor (000)			
Families	4 037 (2009)	4 215 (2012)	3 747
Population	23 300 (2009)	23 746 (2012)	21 927
Poverty incidence (%)			
Families	20.5 (2009)	19.7 (2012)	16.5
Population	26.3 (2009)	25.2 (2012)	21.6
Real annual average family income ('000 Php)	180	181	189
Labour Force, Employment, Underemployment and Unemployment			
Working age population (000)	54 388	60 717	64 936
Labour force (000)	35 286	38 893	41 342
Men	21 646	23 729	25 062
Women	13 641	15 164	16 280
15-24 years old	7 851	8 276	8 531
25-54 years old	22 886	25 526	27 415
55+ years old	4 547	5 091	5 397
Labour force participation rate (%)	64.7	64.1	63.7
Men	79.6	78.5	77.3
Women	49.9	49.7	50.1
15-24 years old	48.0	45.4	43.7
25-54 years old	76.6	76.9	77.3
55+ years old	55.0	54.8	54.2
Employed by sector (000)	32 313	36 035	38 741
Agriculture	11 628	11 956	11 294
Industry	5 025	5 399	6 275
Services	15 661	18 682	21 172
Employed by sector (%)	100.0	100.0	100.0
Agriculture	36.0	33.2	29.2
Industry	15.6	15.0	16.2
Services	48.5	51.8	54.7
Employment, annual growth (%)	2.2	2.8	0.5
Agriculture	2.2	-0.7	-4.9
Industry	0.5	6.0	2.9
Services	2.8	4.2	2.8

Indicator	2005	2010	2015
Employed women, % of total	38.4	39.2	39.6
Employed by class of worker (000)			
Wage and salary workers (employees)	16 316	19 626	22 960
Private household	1 474	1 926	1 981
Private establishment	12 261	14 565	17 669
Worked for government/government corporation	2 454	3 025	3 197
With pay in own family-operated farm or business	128	111	112
Employers	1 520	1 394	1 212
Self-employed	10 584	10 858	10 705
Unpaid family workers	3 893	4 157	3 863
Self-employed and unpaid family workers, % of employed	44.8	41.7	37.6
Underemployed (000)	6 785	6 762	7 180
Underemployment rate (%)	21.0	18.8	18.5
Unemployed (000)	2 748	2 859	2 602
Unemployment rate, total (%)	7.8	7.4	6.3
Youth unemployment rate (%)	17.2	17.6	15.0
Unemployment rate by educational attainment (%)			
No schooling	2.7	2.2	1.5
Primary	3.6	3.3	2.9
Secondary	9.2	8.4	6.8
Post secondary	..	..	10.3
Tertiary	11.2	10.3	8.5
Youth not in employment, education or training (NEET), % of youth population	24.5 (2006)	25.2	22.7
Employees in precarious work (000)	4,267	5 276	7 040
% of total employees	26.2	26.9	30.7
Informal employment (000)	18 744	20 291	21 609
% of total employment	58.0	56.3	55.8
Working children (000)	2 290	2 095	1 839
% of children population	9.0	7.2	6.0
Children not in school (000)	4 913 (2006)	4 153	2 707
% of children population	17.9 (2006)	14.4	8.8
Real average daily basic pay (Php)	258.84	254.38	267.60
Annual growth (%)	-1.6	1.5	1.6
Low-paid employees, % of total employees	25.3	26.6	20.0
% of employed with excess hours (more than 48 a week)	23.6	22.3	20.9
Social Insurance			
Social security, % of contributing members			
Public sector	53.4	45.3	48.7 (2014)
Private sector			
Private employees (excluding sea-based)	47.2	48.0	52.9
Domestic workers (live-in)	3.4	6.0	13.0
Self-employed	6.5	6.4	9.1
Overseas Filipino Workers (sea-based and land-based)	27.1	29.1	35.6
% of population covered by National Health Insurance Program	64.0	74.0	92.0
International Labor Migration			
Overseas Filipino Workers (000, survey data)	1 326	2 043	2 447
Deployed workers (000, administrative data)	989	1 471	1 844
Land-based	741	1 124	1 438
Sea-based	248	347	407
Alien employment permits issued	10 823	14 325	28 371

Notes: (a) Figure in parenthesis refers to reference year of the data; (b) Employees in precarious work are defined as wage and salary workers whose nature of employment is short-term, casual or worked for different employers on day-to-day or week-to-week basis; (c) Informal employment refers to employees in precarious work, self-employed and unpaid family workers. There is no institutionalized survey on informal employment; and (d) Low-paid employees are wage and salary workers whose hourly basic pay in their primary job is below 2/3 of the median hourly basic pay of all wage and salary workers.

Sources: Philippine Statistics Authority; Government Service Insurance System; Social Security System; Philippine Health Insurance Corporation; Philippine Overseas Employment Administration; and Department of Labor and Employment.

Glossary of terms





Adult functional literacy rate	–	Total adults who possess a higher level of literacy which includes not only reading and writing skills but also numeracy skills, as a percentage share of total adult population 25-64 years old (<i>PSA, DeWS-Phil</i>).
Adult secondary school graduate rate	–	Total adults who have completed high school education as a percentage share of total adult household population 25 years old and over (<i>PSA, DeWS-Phil</i>).
Age dependency ratio	–	Ratio, expressed in per cent, between children (less than 15 years old) and the elderly (65 years old and over) to the economically productive population (15-64 years old).
Capital formation	–	Aggregate of fixed capital, changes in inventories and intellectual property products (<i>PSA, DeWS-Phil</i>).
Certification rate	–	Total workers certified as job-ready as a proportion of total workers assessed under the Philippine Technical and Vocational Education and Training Qualification and Certification System (<i>PSA, DeWS-Phil</i>).
Child labour	–	Consist of working children under the age of 15 years; children aged 5-14 years old working more than 20 hours per week, or working during the evening or at night or any types of employment that are hazardous irrespective of working hours; children 15-17 years old working more than 40 hours a week or working during the night or are exposed to hazardous forms of work irrespective of working hours (<i>Republic Act No. 9231</i>). Consists of children aged 5 to 11 years engaged in any economic activity; children aged 12-14 years engaged in an economic activity that could not be considered as permissible light work, where permissible light work is defined as any non-hazardous work of less than 14 hours during the reference week; and children aged 15-17 years engaged in hazardous work, where hazardous work consists of work in designated hazardous industries and occupations, work of more than 43 hours per week, and work involving exposure to other hazardous conditions (<i>ILO</i>).
Collective bargaining	–	Total employees covered by CBAs as a percentage share of total employees (<i>PSA, DeWS-Phil</i>).
Discouraged workers	–	Unemployed persons who did not look for work in the belief that no work is available (<i>PSA, LFS</i>).

Duncan index of dissimilarity –	Summary indicator of occupational segregation. It ranges From zero to one, with zero meaning no occupational segregation and one being complete segregation between the two sexes. An increase in the index will mean a greater tendency of men or women to do different jobs (<i>PSA, DeWS-Phil</i>).
Economic activity rate of children –	Total working children as a percentage share of total household population of children 5-17 years old (<i>PSA, DeWS-Phil</i>).
Employed –	Persons 15 years old and over who during the reference period were reported at work even for an hour. Also included are persons with a job/business even though not at work because of temporary illness/injury, vacation or other leave absence, bad weather or strike/labour dispute or other reasons. Likewise, persons who are expected to report for work or to start operation of a farm or business enterprise within two weeks from the date of the enumerator's visit are considered employed (future starts) (<i>PSA, DeWS-Phil</i>).
Employed with excessive hours –	Total employed who worked more than 48 hours per week in primary job (<i>PSA, DeWS-Phil</i>).
Employment elasticity –	Percentage change in employment associated with a percentage change in GDP.
Gender wage gap –	Difference between the average daily basic pay of men and women, expressed as a percentage of the average daily basic pay of men (<i>PSA, DeWS-Phil</i>).
Gini coefficient –	Measure of the extent to which the distribution of income or expenditure among families/individuals deviates from a perfectly equal distribution, with limits zero for perfect equality and one for perfect inequality (<i>PSA, DeWS-Phil</i>).
Green jobs –	Employment that contributes to preserving or restoring the quality of the environment, be it in the agriculture, industry or services sector. Specifically, but not exclusively, this include jobs that help to protect ecosystems and biodiversity, reduce energy, materials and water consumption through high efficiency strategies, decarbonize the economy, and minimize or altogether avoid generation of all forms of waste and pollution. Green jobs are decent jobs that are productive, respect the rights of workers, deliver a fair income, provide security in the workplace and social protection for families, and promote social dialogue (<i>ILO</i>).

Gross domestic product	–	Value of all goods and services produced domestically (PSA, <i>DeWS-Phil</i>).
Human development index	–	Summary measure for assessing long-term progress in three basic dimensions of human development: a long and healthy life, access to knowledge and a decent standard of living, measured by life expectancy, mean years of education among the adult population, and access to learning and knowledge by expected years of schooling for children of school-entry age (UN).
Indigenous peoples	–	A group of people or homogenous societies identified by self-ascription and ascription by others, who have continuously lived as organized community on communally bounded and defined territory, and who have, under claims of ownership since time immemorial, occupied, possessed customs, tradition and other distinctive cultural traits, or who have, through resistance to political, social and cultural inroads of colonization, non-indigenous religions and culture, become historically differentiated from the majority of Filipinos (PSA, <i>Official Concepts and Definitions for Statistical Purposes</i>).
Informal employment	–	Proportion of vulnerable employment and employees in precarious work, to total employed. This is a crude measure in the absence of a regular survey on informal employment (<i>DWCD report</i>).
Labour force	–	Sum of the employed and unemployed (PSA, <i>DeWS-Phil</i>).
Labour force participation rate	–	Total labour force as a percentage share of total working-age rate population. For purposes of determining the labour force, OFWs are excluded (PSA, <i>DeWS-Phil</i>).
Labour productivity	–	Gross Domestic Product divided by total employed (PSA, <i>DeWS-Phil</i>).
Low paid employees	–	Wage and salary workers whose hourly basic pay in their primary job is below 2/3 of the median hourly basic pay of all wage and salary workers (PSA, <i>DeWS-Phil</i>).
Maternal mortality ratio	–	Ratio between the number of women who died (for reasons of pregnancy, childbirth and puerperium) to the number of reported livebirths in a given year, expressed as the number of maternal deaths per 100,000 live births (PSA, <i>Official Concepts and Definitions</i>).

Micro, small and medium enterprises	–	Relative to employment: micro enterprises - nine or less; small enterprises - ten to 99; medium enterprises - 100 to 199 (<i>Medium Enterprise Development Council Resolution No. 1, s. 2003</i>).
Net enrolment ratio	–	Ratio of the enrolment for the age group corresponding to the official school age in the elementary/secondary level to the population of the same age group in a given year. Also known as participation rate (<i>PSA, Official Concepts and Definitions</i>).
Net foreign direct investments	–	Refer to non-resident placements less non-resident withdrawals of equity, reinvestment of earnings and other capital (<i>BSP</i>).
Non-fatal occupational injuries	–	Work-related injuries resulting to permanent or temporary incapacity for work (<i>PSA, DeWS-Phil</i>).
Occupational diseases	–	Abnormal conditions or disorders other than those resulting from occupational injuries caused by exposure over a period of time to risk factors associated with work activity such as contact with certain chemicals, inhaling coal dust, carrying out repetitive movements (<i>PSA, DeWS-Phil</i>).
Overseas Filipinos	–	Refer to: a) Permanent migrants – immigrants, dual citizens; b) Legal permanent residents abroad whose stay do not depend on work contracts; c) Temporary migrants – those whose stay overseas, while regular and properly documented, is temporary, owing to the employment-related nature of their status in their host country; these include land-based and sea-based Filipino workers, intra-company transferees, students, trainees, entrepreneurs, businessmen, traders and others whose stay abroad is six months or more, and their accompanying dependents; and d) Irregular migrants – those who are not properly documented or without valid residence or work permits, or who are overstaying in a foreign country (<i>CFO</i>).
Poverty incidence	–	Proportion of families (or individuals) with per capita income/expenditure less than the per capita poverty threshold to the number of families (or individuals) (<i>PSA, DeWS-Phil</i>).
Poverty threshold	–	Minimum income/expenditure required for a family/individual to meet the basic food and non-food requirements (<i>PSA, DeWS-Phil</i>).

Precarious employment	–	Workers with short-term or seasonal or casual jobs including some forms of fixed term or project employment contracts, seasonal employment and contracting or subcontracting (<i>DWCD report</i>).
Prevalence of underweight children below five	–	Number of children aged 0-59 months whose weights for age are less than two standard deviations below the median weight for age of the World Health Organization-Child Growth Standards (WHO-CGS) in a given time period expressed as a percentage of all children aged 0-59 months who were weighed in the same time period (<i>PSA, Official Concepts and Definitions</i>).
Proportion of births attended by skilled health personnel	–	Number of deliveries attended by skilled health personnel as a percentage of all livebirths (<i>PSA, Official Concepts and Definitions</i>).
Real daily basic pay	–	Daily basic pay of wage and salary workers in nominal terms deflated by the Consumer Price Index (<i>PSA, DeWS-Phil</i>).
Remittances	–	Current transfers in cash or in kind by overseas Filipino workers with work and other household-to-household transfers between Filipinos who have migrated abroad and their families in the Philippines (<i>BSP</i>).
Subsistence incidence	–	Proportion of families (or individuals) with per capita income/expenditure less than the per capita food threshold to the number of families (or individuals) (<i>PSA, DeWS-Phil</i>).
Under five mortality rate	–	Probability of dying between exact age one and age five, expressed as the number of deaths of children from exact age one to less than age five during a given period per 1,000 children surviving to age 12 months at the beginning of the period (<i>PSA, Official Concepts and Definitions</i>).
Underemployed	–	Employed persons who wanted additional hours of work in their present job, or to have additional job, or a new job with longer working hours (<i>PSA, DeWS-Phil</i>).
Underemployment rate	–	Total underemployed as a percentage share of total employed (<i>PSA, DeWS-Phil</i>).
Unemployed	–	Persons who are 15 years and over, who during the reference period are reported without work and currently available for work and seeking work. Also considered as unemployed are those without work and available for work but not seeking work due to valid

reasons (relaxation of the seeking work criterion). These valid reasons are: (a) tired/believed no work available, i.e., the discouraged workers; (b) awaiting results of previous job application; (c) temporary illness/disability; (d) bad weather; and (e) waiting for rehire/job recall (*PSA, DeWS-Phil*).

Unemployment rate	–	Total unemployed as a percentage share of total labour force (<i>PSA, DeWS-Phil</i>).
Union density rate	–	Total employees who are union members as a percentage share of total employees (<i>PSA, DeWS-Phil</i>).
Vulnerable employment	–	Proportion of self-employed and unpaid family workers to total employed (<i>DWCD report</i>).
Wage share in GDP	–	Total compensation of employees as a percentage share of GDP (<i>PSA, DeWS-Phil</i>).
Working age population	–	Household population 15 years old and over. The LFS excludes OFWs in the determination of the working age population to measure Philippine labour force (<i>PSA, DeWS-Phil</i>).
Working poverty	–	Total employed living in a household whose members are estimated to be below the poverty threshold, as a percentage share of total employed. It is assumed that a household cannot have poor and non-poor members; either all members are poor or all members are non-poor since poverty is a characteristic of the household (<i>PSA, DeWS-Phil</i>).
Youth not in employment, education or training	–	Total unemployed youth who are not currently attending school plus total youth not in the labour force who are not currently attending school, as a percentage share of total youth household population 15-24 years old (<i>PSA, DeWS-Phil</i>).
Youth unemployment rate	–	Unemployed youth as a proportion of total youth labour force 15-24 years old (<i>PSA, DeWS-Phil</i>).

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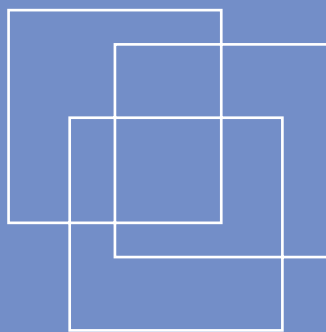
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Decent work country diagnostics: Philippines 2017



The Philippines experienced relatively strong economic growth over the last decade. However, this was not inclusive as it did not translate to massive creation of decent work and had limited effect on reduction of poverty, inequality and vulnerability. A new national decent work agenda aligned with the development framework of the Constitution and the administration's "0 + 10" socio-economic agenda, the medium-term Philippine Development Plan (PDP 2017-2022) and the long-term AmBisyon Natin 2040 as well as with the UN's Sustainable Development Goals (SDGs), is important to help achieve the goal of inclusive growth. Developing and pursuing this agenda represents a huge challenge, as it must consider multiple and complex factors such as inadequate infrastructure, support facilities and high costs of doing

business; a pattern of "job-slow" growth and the structural disconnect between GDP growth and employment growth; a large though decreasing informal sector; low quality of employment and high incidence of precarious work, underemployment, unemployment and labour underutilization especially among women and the youth; skills and job mismatches; and low productivity especially in agriculture and in MSMEs. Further, a working age population with relatively low labour force participation rate persistently skewed against women, a high dependency ratio, and shifting demographics, underscore the urgency for human capital development interventions with the core components of education, training and health. On labour and employment, the Philippines has incorporated in its national laws the fundamental principles and rights at work, as well as a wide range of general labour standards, OSH standards, social security and protection, including a well-developed regulatory system for overseas migrant workers. Be that as it may, significant policy, implementation and enforcement gaps in specific areas remain. Strategic widening, deepening and modernization of labour institutions should be continuously pursued, especially with a view of covering the informal sector and new and future work arrangements. The new agenda, to be evolved through social dialogue, tripartism and multi-stakeholder consensus, should help focus development efforts on achieving growth with employment, employment with rights, and social protection for all. Practical initial steps can be taken by the social partners and other stakeholders, such as identifying and acting on policy as well implementation, enforcement and coordination gaps; giving more attention to the informal sector and highly vulnerable groups of workers; continuously balancing regulatory and facilitative or allocative interventions in the labour market to make it more competitive; aiming for reforms that are productivity-enhancing, adaptive and transformative; correcting institutional weaknesses and failures; and setting up an integrated decent work information management and monitoring system. The agenda may be organized around four central points of action, namely supply side measures to improve the economy's capacity to produce, particularly in continuously developing and optimizing the utilization of human resources for productive and remunerative work; demand side measures to create adequate opportunities for and equal access to productive, remunerative and decent work within the domestic economy; social protection measures to provide a balanced, accessible and effective mix of active and passive labour market measures and social programmes; and institutional and governance measures consisting of updated and appropriate policies, laws and governance mechanisms to ensure that the rights and opportunities of workers, employers and all stakeholders are not only recognized but effectively realized.

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