



Philippine Institute for Development Studies
Surian sa mga Pag-aaral Pangkaunlaran ng Pilipinas

The Impact of the Global Financial Crisis on the Labor Market: The Case of the Philippines

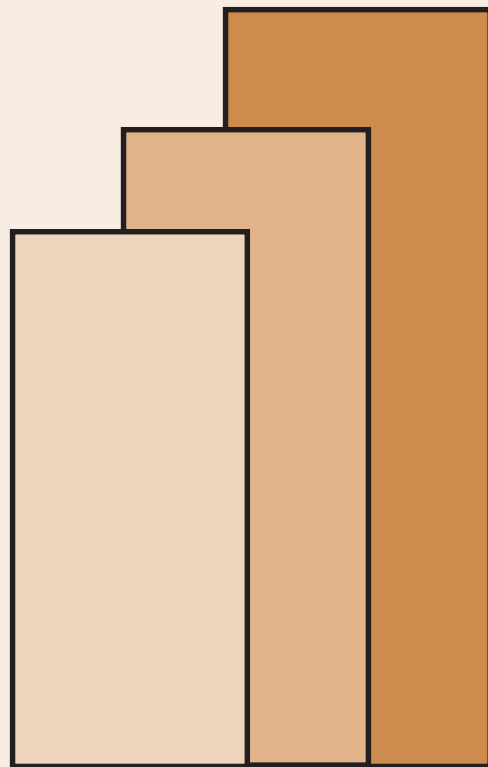
Jenny D. Balboa and Melalyn C. Mantaring

DISCUSSION PAPER SERIES NO. 2011-22

The *PIDS Discussion Paper Series* constitutes studies that are preliminary and subject to further revisions. They are being circulated in a limited number of copies only for purposes of soliciting comments and suggestions for further refinements. The studies under the *Series* are unedited and unreviewed.

The views and opinions expressed are those of the author(s) and do not necessarily reflect those of the Institute.

Not for quotation without permission from the author(s) and the Institute.



December 2011

For comments, suggestions or further inquiries please contact:

The Research Information Staff, Philippine Institute for Development Studies

5th Floor, NEDA sa Makati Building, 106 Amorsolo Street, Legaspi Village, Makati City, Philippines

Tel Nos: (63-2) 8942584 and 8935705; Fax No: (63-2) 8939589; E-mail: publications@pids.gov.ph

Or visit our website at <http://www.pids.gov.ph>

The Impact of the Global Financial Crisis on the Labour Market: The Case of the Philippines*

Jenny D. Balboa and Melalyn Mantaring

August 13, 2010

* This paper is part of the Human Resource Impacts of the Global Economic Crisis Project , an APEC funded project under the APEC Human Resource Development Working Group (HRDWG)

Executive Summary

Despite the limited direct channel of transmission of the global financial crisis in the Philippines, the crisis took a toll in employment, wages and take-home pay, particularly in the manufacturing sector. There was also a reported higher poverty incidence and hunger in the country at the peak of the impact of the crisis in 2008, and there are projections of higher poverty incidence in 2010.

Displaced workers mostly came from the Manufacturing Sector. Among its subsectors, electronics suffered hardest with close to 9,000 displaced workers in 55 establishments. This figure comprises 2.1 percent of total employment in the Electronics industry. The second largest number of retrenchment was found in the Mining industry with 5,359 workers affected, followed by Garments with 4,117 displaced workers.

A reported 5,332 Overseas Filipino Workers (OFWs) were reported to be affected and displaced by the crisis. More than 4000 workers, or close to 80 percent of this figure, were OFWs in Taiwan working in the electronics, metal works and semi-conductor industry. Displaced workers in Korea mostly come from the electronics sector. Fifteen seafarers were displaced in US as a result of bankruptcy in companies. A number of construction workers were also retrenched due to suspension of construction projects in countries like the Kingdom of Saudi Arabia, Macau and Russia.

The Philippine government responded to the crisis with a detailed Economic Resiliency Plan (ERP). The ERP is a comprehensive plan that seeks to ensure stable growth, save and create jobs, provide assistance to the most vulnerable sectors (i.e. the poorest of the poor, returning overseas Filipino workers, and workers in export industries), ensure low and stable prices, and improve competitiveness in preparation for the global economic rebound.

With regard to job preservation and expansion of social protection programs, various projects and programs had been implemented. To save and create jobs, the ERP's response is a comprehensive livelihood and emergency employment program (CLEEP). CLEEP is a government nationwide effort to protect the most vulnerable sectors from the effects of reduced or lost income resulting from global economic crisis by providing emergency employment and funding and supervising livelihood projects. Beneficiaries include, but are not limited to the poor, returning expatriates, workers in the export industry, and out-of-school youths.

The impact to export firms and their workers, as well as the OFWs, had been anticipated and prompted the government to take the necessary actions. However, while the government was keen to respond and develop the appropriate strategy, the fragile fiscal situation posed as a binding constraint in creating a strong and sustainable fiscal stimulus package. The government committed to a P330 billion package (\$6.3 billion). However, critics of the plan said that the government does not really have sufficient funds to commit to a package this large, given the large deficit and weak fiscal position.

On the bright side, programs aimed at job creation and social protection yielded modest results. CLEEP and similar programs were able to create 375,000 new jobs by the last quarter of 2009. While these are mostly short term, low income jobs, this is compensated by increase in percentage wage of workers from 51 percent to 55 percent. Moreover, the government continuously provided assistance to displaced workers through legal assistance, emergency employment, livelihood, skills training, job referral and job placement.

The crisis highlighted the structural constraints in the Philippine economy. It also showed the weakness in the manufacturing sector, which was in the eye of the storm during the crisis and pushed the most number of people to unemployment. Hence, the government should come up with policies that will help this sector and formulate policies that will improve employment generation without compromising the sector's efficiency and productivity. Moreover, the government should continue to carry out policies that will address other pressing issues such as the mismatch between education and employment opportunities, making the workforce more responsive to the labor market, high supply of labor and insufficiency of jobs, and protection of Overseas Filipino Workers. The government should also continue to pursue policies that will promote growth that create employment and reduce poverty, and continue to address other important issues that affect the country's economic performance, particularly high population growth, corruption and support to small and medium enterprises.

1. The Philippines	1
Recent Performance of the Economy and Labor Market	1
Introduction	1
Structure of Employment	5
General Impact of the Global Recession	11
General Policy Response to the Impacts of the Recession	15
Impacts on the Labor Market and Interventions in Response to the Crisis	17
Impacts of the Recession on the Labor Market	17
Labor Market Interventions	25
Key Assessments	29
Brief Assessment of the Programs and Lessons Learned for the Philippine Labor Market	
Lessons for the Philippine Labor Market	32
References	33

1. The Philippines

Recent Performance of the Economy and Labor Market

Introduction

The Philippine economy has been growing at a much slower pace than other middle-income economies in East Asia. In the 1990s until early 2000, while ASEAN economies were experiencing growth of 4–7 percent as a result of increasing regional integration, liberalized trade and investment regimes, and improved trade and investment facilitation, the Philippine economy grew much more slowly, at 3 percent (Table 1-1).

The economy experienced boom and bust cycles as a result of political crises and natural and manmade disasters. Several studies also attribute the country's failure to achieve sustainable economic growth to deep structural constraints on the economy, such as political instability, lack of investment in infrastructure and social services, lack of a coherent industrialization policy, and an indecisive population management program.

Economic growth fell to 1.8 percent in 2001, following a period of political instability and a people power uprising that led to the ouster of Estrada. The economy started to pick up in 2002 with a growth rate of 4.4 percent and enjoyed much more robust growth by the mid-2000s, peaking in 2007 at 7.1 percent. Per capita GDP increased as well, at 5 percent during this period. Remittances from overseas Filipino workers (OFWs) helped drive economic growth in 2007 by driving consumption and ensuring a steady inflow of foreign exchange. Remittances have been consistently increasing and could be considered the economy's lifesaver (DevPulse 2008).

The services sector has the biggest share among sectors in total GDP; its share has been increasing for years and now makes up almost half of total GDP. Industry and agriculture represents 30 percent and 20 percent of GDP, respectively, but overall shares in GDP had been declining in the past decades as the services sector continues to grow. (Table 1-2).

¹ Jenny D. Balboa, Supervising Research Specialist and Melalyn C. Mantaring, Project Development Officer IV, Philippine Institute for Development Studies/Philippine APEC Study Center Network. The authors would like to acknowledge the excellent research assistance provided by Ms. Rebysarah Tambaoan and Ms. Ma. Bernadette Agna. The usual disclaimer applies.

Table 1-1
Annual Percentage Change in Real Philippine GDP

	Average 1991–2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	Projections		
											2010	2011	
EMERGING ASIA^A									9.8	7.0	5.6	8.2	8.2
Newly industrialized Asian economies ^b	6.1	1.2	5.8	3.2	5.9	4.8	5.8	5.7	1.8	-0.9	5.2	4.9	
Developing Asia ^c	7.4	5.8	6.9	8.2	8.6	9.0	9.8	10.6	7.9	6.6	8.7	8.7	
ASEAN 5									6.3	4.7	1.7	5.4	5.6
Indonesia	4.0	3.6	4.5	4.8	5.0	5.7	5.5	6.3	6.0	4.5	6.0	6.2	
Malaysia	7.1	0.5	5.4	5.8	6.8	5.3	5.8	6.2	4.6	-1.7	4.7	5.0	
Philippines	3.0	1.8	4.4	4.9	6.4	5.0	5.3	7.1	3.8	0.9	3.6	4.0	
Thailand	4.4	2.2	5.3	7.1	6.3	4.6	5.1	4.9	2.5	-2.3	5.5	5.5	
Vietnam	7.6	6.9	7.1	7.3	7.8	8.4	8.2	8.5	6.2	5.3	6.0	6.5	
NORTH EAST ASIA													
China	10.4	8.3	9.1	10.0	10.1	10.4	11.6	13.0	9.6	8.7	10.0	9.9	
Japan	1.3	0.2	0.3	1.4	2.7	1.9	2.0	2.4	-1.2	-5.2	1.9	2.0	
Korea	6.1	4.0	7.2	2.8	4.6	4.0	5.2	5.1	2.3	0.2	4.5	5.0	
OTHER ADVANCED ECONOMIES IN ASIA													
Singapore	7.6	-2.4	4.2	3.8	9.2	7.6	8.7	8.2	1.4	-2.0	5.7	5.3	
Australia	3.4	2.1	3.9	3.2	3.6	3.2	2.6	4.7	2.4	1.3	3.0	3.5	
New Zealand	2.9	2.6	4.9	4.1	4.4	3.2	1.0	2.8	-0.1	-1.6	2.9	3.2	
United States	3.3	0.8	1.8	2.5	3.6	3.1	2.7	2.1	0.4	-2.4	3.1	2.6	
World	3.1	2.2	2.9	3.6	4.9	4.5	5.1	5.2	3.0	-0.6	4.2	4.3	

^a All economies in Developing Asia and the Newly Industrialized Asian Economies

^b Newly industrialized Asian economies: Hong Kong SAR, Korea, Singapore, Taiwan Province of China

^c Developing Asia: Bangladesh, Bhutan, Cambodia, China, Fiji, India, Indonesia, Kiribati, Lao People's Democratic Republic, Malaysia, Maldives, Myanmar, Nepal, Pakistan, Papua New Guinea, Philippines, Samoa, Solomon Islands, Sri Lanka, Thailand, Tonga, Vanuatu, Vietnam

Source: World Economic Outlook (WEO), April 2009 and April 2010

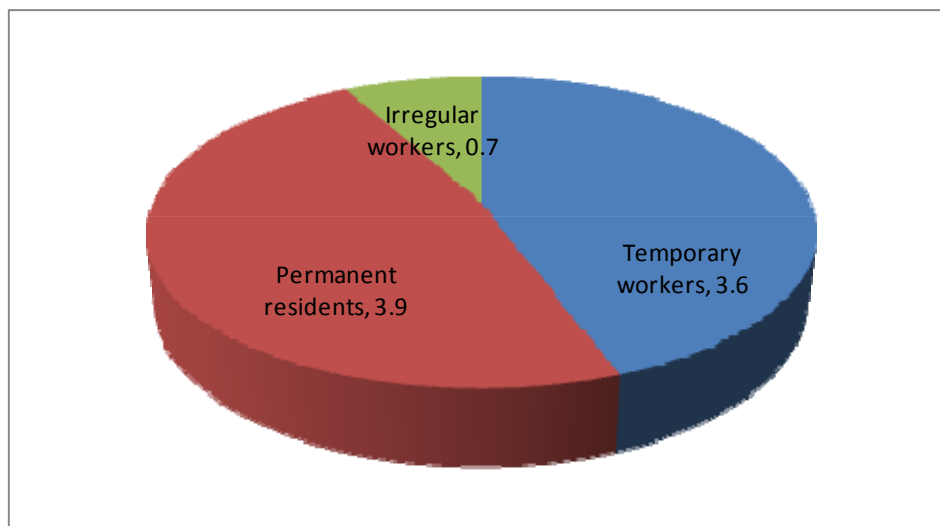
Table 1-2
Philippines GDP by Industrial Origin at Constant 1985 Prices

	Average 1990–2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
Real GDP	2.9	1.8	4.4	4.9	6.4	5.0	5.3	7.1	3.8	0.9
SECTOR GROWTH										
Agriculture	1.7	3.7	4.0	3.8	5.2	2.0	3.8	4.8	3.2	0.1
Industry	2.7	-2.5	3.9	4.0	5.2	3.8	4.5	6.8	5.0	-2.0
Services	3.8	4.3	5.1	6.1	7.7	7.0	6.5	8.1	3.3	3.2
SECTOR SHARE TO REAL GDP										
Agriculture	21.4	20.2	20.1	19.8	19.6	19.1	18.8	18.4	18.3	18.1
Industry	29.4	34.0	33.8	33.5	33.1	32.8	32.5	32.4	32.8	31.8
Services	49.2	45.9	46.1	46.7	47.3	48.2	48.7	49.2	48.9	50.0

Source: ADB Key Economic Indicators 2009, updates from ADO 2010

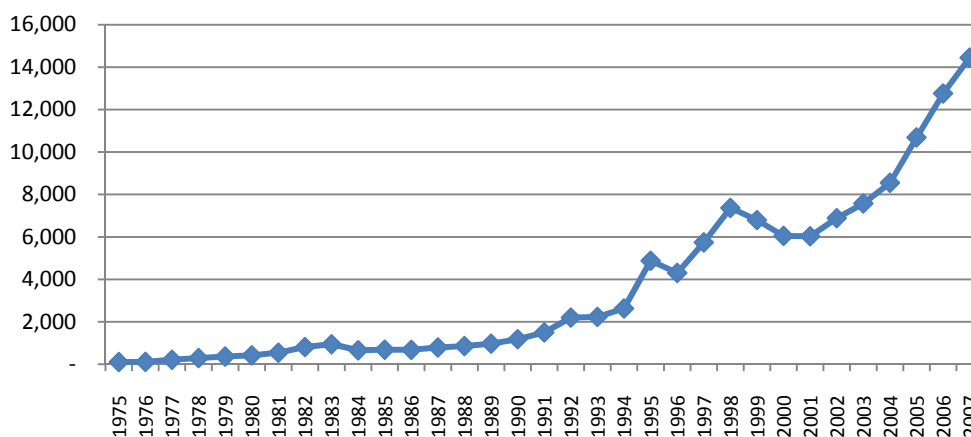
Partly as a response to lack of employment opportunities in the Philippines, many Filipinos work abroad. As of 2008 an estimated 8.2- million Filipinos were working abroad: 3.6 million were temporary workers, 3.9 million were permanent residents, and 0.7 million were irregular workers (Figure 1-1). Remittances from overseas workers have also risen rapidly and reached US\$14 billion in 2007 (Aldaba and Hermoso 2010) (Figure 1-2).

Figure 1-1
Stock Estimate of Overseas Filipinos (in Million, 2008)



Source:
Commission on Filipino Overseas (<http://www.cfo.gov.ph/pdf/statistics/Stock%202008.pdf>, date accessed Aug. 10, 2010)

Figure 1-2
Remittances to Philippines 1975–2007, US\$ million



Source: Aldaba and Hermoso (2010), citing *Philippine Migration and Development Statistical Almanac* (2009)

The economy is driven largely by private consumption expenditures (PCE), which make up almost 70 percent of GDP. The large PCE is attributable to increasing remittances from overseas workers. Meanwhile, total government consumption declined in the early 2000, falling below 10 percent of GDP from 2005 to 2008, to increase again in 2009 as a result of fiscal stimulus measures implemented by the government to respond to the crisis. Gross capital formation had also declined since 2001 as a result of declining investments in the country. Exports of goods and services continue to make up the largest chunk of GDP, but also showed a decline in the past decade. From 49.2 percent of GDP in 2001, exports

dropped to 42 percent by 2007. The crisis years further weakened growth of exports as demand from top export destinations, the United States and Japan, declined (Table 1-3).

Table 1-3

Philippine GDP by Expenditure Shares at Current Market Prices (in billion pesos)

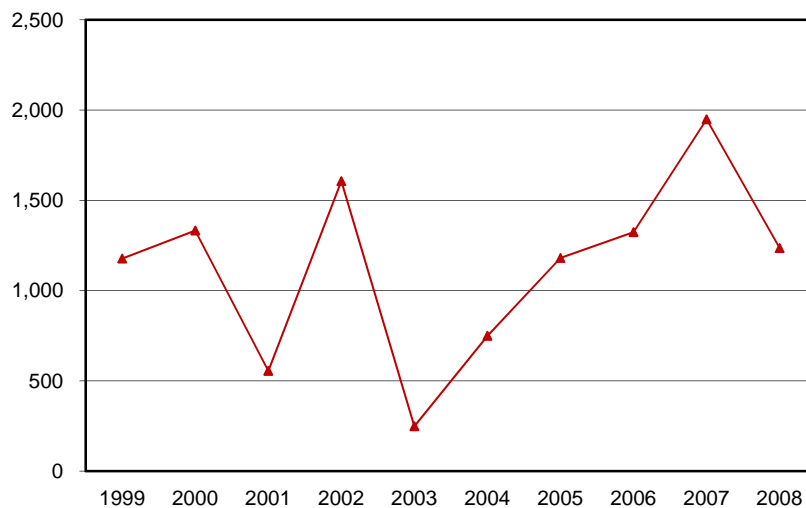
	2001	2002	2003	2004	2005	2006	2007	2008	2009
Expenditure on GDP	3631.5	3963.9	4316.4	4871.6	5444.0	6031.2	6647.3	7423.2	7669.1
Private consumption	2565.0	2751.0	2988.2	3346.7	3772.2	4229.5	4611.9	5281.1	5,675
Government consumption	444.8	456.9	477.4	492.1	527.0	589.9	653.8	716.5	814
Gross fixed capital formation	651.3	698.1	726.9	784.1	783.4	846.7	977.2	1089.7	1099.9
Increase in stocks	37.8	2.1	-0.3	31.9	10.6	28.7	45.2	41.8	-29.1
Exports of goods and services	1785.2	1991.3	2142.0	2481.0	2589.7	2850.9	2826.6	2736.3	2401.6
Less: Imports of goods and services	1899.4	2010.5	2398.4	2659.0	2816.2	2893.2	2810.2	2872.6	2341.6
Statistical discrepancy	46.7	74.9	380.5	394.8	577.3	378.7	342.8	430.4	49.5
STRUCTURE OF DEMAND PERCENT OF GDP AT CURRENT MARKET PRICES									
Private consumption	70.6	69.4	69.2	68.7	69.3	70.1	69.4	71.1	74.0
Government consumption	12.2	11.5	11.1	10.1	9.7	9.8	9.8	9.7	10.6
Gross domestic capital formation	19.0	17.7	16.8	16.7	14.6	14.5	15.4	15.2	14.3
Exports of goods and services	49.2	50.2	49.6	50.9	47.6	47.3	42.5	36.9	-0.4
Imports of goods and services	52.3	50.7	55.6	54.6	51.7	48.0	42.3	38.7	31.3
Statistical discrepancy	1.3	1.9	8.8	8.1	10.6	6.3	5.2	5.8	30.5

Source: ADB Key Economic Indicators 2009, updates from ADO 2010

FDI inflow to the Philippines has had a mixed performance. It plummeted in 2001 and 2003 following the ouster of Estrada but climbed steadily after 2004, peaking in 2007, only to fall again in 2008 (Figure 1-3).

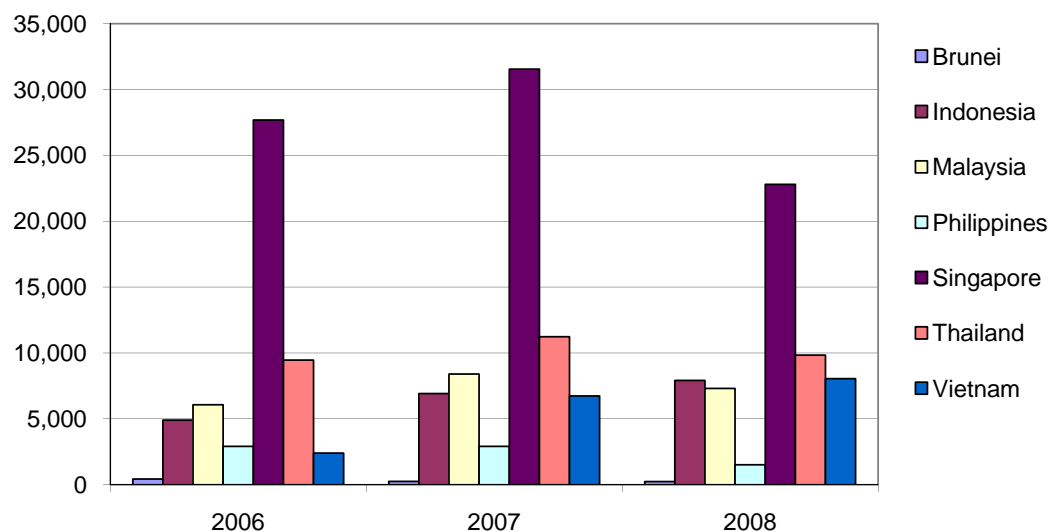
Comparing Philippine FDI performance with those of other middle-income countries in ASEAN, Philippine performance pales in comparison, except to that of Indonesia. Most recently, Vietnam overtook the Philippines in terms of FDI inflows (Figure 1-4).

Figure 1-3
Net FDI Inflow to the Philippines 1999–2008



Source: *Bangko Sentral ng Pilipinas*

Figure 1-4
Foreign Direct Investment, ASEAN Countries



Source: *ASEAN*

Structure of Employment

The employment rate increased in 2005 and 2006. The growth rate is higher than those of other countries in the region but has not been sufficient to quell the high unemployment rate. Studies attribute this to the increasing population and the rise in the labor force participation rate. Labor force participation declined slightly in 2005 but increased again in 2006 (Table 1-4). Men have a higher employment-to-population ratio, at 72 percent, than women's 45 percent. Among men, the age group 35–44 reported the highest employment to population ratio, while the age group 45–54 has the highest ratio among women. For both sexes combined, the age group 45–54 has the highest employment ratio, followed by the age group 35–44. (Table 1-5)

Table 1-4
Philippine Labor Force Survey

	Oct-02	Oct-03	Oct-04	Oct-05	Oct-06
Total 15 yrs old and over (in 000)	51,280	52,299	53,562	54,797	55,989
Labor Force (in 000)	33,678	35,078	35,619	35,496	35,806
Labor Force Participation Rate (%)	65.7	67.1	66.5	64.8	64.0
Employment (in '000)	30,119	31,524	31,733	32,876	33,185
Employment Rate (%)	89.4	89.9	89.1	92.6	92.7

Notes: Estimates are preliminary and may change
 Source: National Statistics Office

Table 1-5
Philippines Employment-to-Population Ratio by Age Group and Sex, 2002–2008(percent)

Age Group and Sex	2002	2003	2004	2005	2006	2007	2008
Both sexes	59.7	59.1	59.5	59.4	59.1	59.3	58.9
15–19 years	29.5	28.2	29.2	28.8	28.6	28.3	27.2
20–24 years	53.1	52.9	52.6	52.8	51.9	52.3	51.7
25–34 years	68.5	67.7	67.5	67.6	67.5	67.9	67.6
35–44 years	75.6	75.1	75.1	75.3	75.6	75.8	75.9
45–54 years	75.8	75.7	75.7	75.4	75.9	76.3	76.3
55–64 years	67.1	66.0	66.3	65.7	65.5	65.9	65.5
65 years and Over	39.0	38.4	38.3	38.8	37.74	38.14	37.2
Not Reported	**	38.1	41.7	20.0	20.0	18.2	15.0
Men	72.9	73.2	74.2	73.4	72.7	72.9	72.8
15–19 years	36.7	35.3	37.0	36.0	35.7	35.3	34.2
20–24 years	63.5	64.9	65.7	64.9	63.9	64.0	64.0
25–34 years	86.2	86.5	87.4	86.8	85.9	86.1	86.5
35–44 years	92.4	92.8	92.6	92.0	91.8	92.0	92.5
45–54 years	90.4	90.7	90.2	89.6	89.1	89.6	90.1
55–64 years	80.4	79.7	79.4	78.3	77.5	78.0	77.7
65 years and Over	51.7	51.1	50.4	50.7	49.4	49.8	48.9
Not Reported	**	42.9	50.0	33.3	25.0	20.0	16.7
Women	46.6	45.2	44.9	45.5	45.6	45.9	45.2
15–19 years	21.5	20.7	21.1	21.4	21.4	21.2	20.1
20–24 years	41.3	39.9	38.9	40.1	39.6	40.0	38.8
25–34 years	50.7	48.8	47.7	48.4	49.1	49.6	48.9
35–44 years	59.2	57.9	57.9	58.9	59.2	59.5	59.3
45–54 years	62.0	61.3	61.5	61.5	62.5	63.0	62.4
55–64 years	54.9	53.3	53.6	53.6	53.9	54.2	53.8
65 years and Over	28.8	28.3	28.1	28.6	28.4	28.9	27.9
Not Reported	-	26.7	18.8	33.3	**	14.3	8.3

Notes: The ratio was computed by dividing total employed to total household population 15 years old over and multiplied by 10 on the basis of averages of four survey rounds (January, April, July and October). Data for 2002–2005 were calculated using population projections based on the 1995 Census of Population; 2006–2008 data were calculated using population projections based on the 2000 Census of Population.

** Less than 0.05 percent.

Source of basic data: National Statistics Office, Labor Force Survey.

Agriculture remains the main source of employment among men, followed by wholesale and retail trade and transport, storage and communication. Among women, wholesale and retail trade is the main source of employment, followed by agriculture, hunting and forestry and private households with employed persons (Table 1-6).

Table 1-6
Philippines Employed Persons by Major Industry Group and Sex, 2002–2008, thousands

Major Industry Group and Sex	2002	2003	2004	2005	2006	2007	2008
BOTH SEXES							
All Industries	30,062	30,635	31,613	32,313	32,636	33,560	34,089
Agriculture, Hunting and Forestry	9,963	9,956	10,013	10,234	10,254	10,342	10,604
Fishing	1,159	1,264	1,368	1,394	1,428	1,444	1,426
Mining and quarrying	113	104	118	123	139	149	158
Manufacturing	2,869	2,941	3,061	3,077	3,053	3,059	2,926
Electricity, gas and water supply	117	112	120	117	128	135	130
Construction	1,596	1,683	1,700	1,708	1,677	1,778	1,834
Wholesale and retail trade; repair of motor vehicles, motorcycles and personal and household goods	5,613	5,601	5,872	6,147	6,202	6,354	6,446
Hotels and restaurants	693	750	806	861	887	907	953
Transport, storage and communications	2,162	2,310	2,427	2,451	2,483	2,599	2,590
Financial intermediation	312	303	328	341	344	359	368
Real Estate, renting and business activities	544	639	690	734	783	885	953
Public administration and defense; compulsory social security	1,442	1,415	1,491	1,481	1,485	1,551	1,676
Education	935	926	938	978	999	1,035	1,071
Health and social work	348	371	361	375	359	373	392
Other community, social and personal service activities	881	861	835	775	801	849	833
Private households with employed persons	1,313	1,399	1,487	1,517	1,612	1,740	1,729
Extraterritorial organizations and bodies	3	2	2	1	2	2	1
MEN							
All Industries	18,306	18,873	19,646	19,910	20,013	20,542	20,959
Agriculture, hunting and forestry	7,114	7,182	7,316	7,393	7,382	7,437	7,667
Fishing	1,091	1,175	1,272	1,294	1,327	1,327	1,317
Mining and quarrying	100	96	107	109	125	135	146
Manufacturing	1,541	1,593	1,692	1,660	1,653	1,684	1,623
Electricity, gas and water supply	98	93	99	98	108	112	110
Construction	1,570	1,649	1,670	1,672	1,648	1,742	1,798
Wholesale and retail trade; repair of motor vehicles, motorcycles and personal and household goods	2,115	2,165	2,306	2,452	2,465	2,526	2,566
Hotels and restaurants	306	332	358	395	402	409	436
Transport, storage and communications	2,062	2,198	2,307	2,318	2,329	2,428	2,426
Financial intermediation	133	133	147	143	148	156	156
Real Estate, renting and business activities	348	439	478	501	508	578	624
Public administration and defense; compulsory social security	893	884	943	934	927	950	1,023

Major Industry Group and Sex	2002	2003	2004	2005	2006	2007	2008
Education	231	226	231	236	249	259	269
Health and social work	102	91	96	97	99	101	114
Other community, social and personal service activities	415	420	418	381	406	435	426
Private households with employed persons	186	199	209	228	239	262	262
Extraterritorial organizations and bodies	1	1	1	1	1	2	1
WOMEN							
All Industries	11,756	11,762	11,968	12,403	12,622	13,018	13,130
Agriculture, hunting and forestry	2,849	2,774	2,697	2,842	2,872	2,905	2,937
Fishing	67	89	95	100	101	117	110
Mining and quarrying	13	8	11	14	14	14	12
Manufacturing	1,328	1,348	1,369	1,417	1,400	1,375	1,304
Electricity, gas and water supply	18	19	21	19	21	23	20
Construction	26	35	30	36	29	36	37
Wholesale and retail trade; repair of motor vehicles, motorcycles and personal and household goods	3,498	3,436	3,567	3,695	3,738	3,828	3,881
Hotels and Restaurants	387	419	449	466	484	498	518
Transport, Storage and Communications	100	113	120	132	154	170	165
Financial Intermediation	178	171	181	198	196	203	212
Real estate, renting and business activities	196	200	212	234	275	307	329
Public administration and defense; compulsory social security	549	531	548	548	558	601	653
Education	704	700	707	742	750	776	802
Health and social work	246	280	266	279	260	272	277
Other community, social and personal service activities	466	441	417	394	397	415	407
Private households with employed persons	1,127	1,200	1,278	1,289	1,374	1,478	1,467
Extraterritorial organizations and bodies	2	2	1	1	*	1	1

Notes: Details may not add up to totals because of rounding.

Data were averages of four survey rounds (January, April, July and October); 2002–2005 data were calculated using population projections based on the 1995 Census and 2006–2008 data were calculated using population projections based on the 2000 Census

* Less than 500.

Source: National Statistics Office, Labor Force Survey.

Unemployment rate increased in the early 2000 years while the economy was experiencing a slump as a result of political instability and accountability issues in the government, and also partly as a result of a slowing down of the economy in the aftermath of the Asian Financial Crisis. Unemployment dropped as the economy recovered in 2007, but increased in 2008 with the onslaught of the global financial crisis (Figure 1-5).

Figure 1-5
Philippine GDP and Unemployment Rate



Source: ADB (www.adb.org/stat)

High unemployment is a problem that has haunted the country for decades. The Philippine unemployment rate at 11 percent is the highest in East Asia from 2003–2005.

Unemployment somehow declined in 2006 and 2007 (Table 1-7). A feature of the local labor structure is higher unemployment among college graduates than among those who finished only elementary and high school education or those who did not go to formal schools. Unemployment among college graduates is consistently at the double-digit level, with a slight improvement in 2007. Unemployment is higher among male college graduates than among women college graduates (Table 1-8).

Table 1-7
Unemployment Rates in East Asia, 2003–2007

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

Source: Aldaba and Hermoso, 2010, citing ADB Outlook 2008

Table 1-8
Philippines Unemployment Rate by Highest Grade Completed and Sex, 2002–2008, percent

	2002	2003	2004	2005a				2006	2007	2008
				Jan	Apr.	Jul.	Oct.			
BOTH SEXES	11.4	11.4	11.8	11.3	8.3	7.7	7.4	8.0	7.3	7.38
No grade completed	9.3	10.3	12.2	12.5	3.5	2.1	2.5	2.8	2.6	2.16
Elementary	6.7	7.0	7.4	7.3	4.1	3.4	3.4	3.8	3.5	3.32
Undergraduate	6.3	6.7	7.0	7.2	3.5	3.1	2.9	3.3	3.2	3.10
Graduate	7.1	7.2	7.8	7.4	4.7	3.7	3.9	4.3	3.8	3.53
High school	13.2	12.9	13.4	12.7	9.6	9.1	8.8	9.4	8.7	8.56
Undergraduate	12.3	12.2	12.7	11.2	8.3	7	7.4	7.6	7.1	6.86
Graduate	13.7	13.4	13.9	13.5	10.4	10.3	9.5	10.4	9.5	9.43
College	15.4	15.0	15.2	14.2	11.7	11.3	10.5	11.2	10.1	10.58
Undergraduate	16.7	15.9	16.1	15.1	12.7	11.6	10.9	12.2	11.1	11.74
Graduate & higher	14.2	14.1	14.3	13.4	10.7	11	10.2	10.3	9.2	9.51
Not reported	**	**	-	-	-	-	-	-	-	-
MEN	11.1	11.0	11.5	11.2	8.3	7.6	7.4	8.2	7.5	7.56
No grade completed	7.3	8.6	9.9	10.2	2.9	1.8	2	2.6	2.8	2.49
Elementary	6.6	6.8	7.3	7.1	4.4	3.5	3.7	4.2	3.9	3.72
Undergraduate	6.1	6.4	6.7	7.2	3.7	3.1	3.1	3.7	3.5	3.38
Graduate	7.2	7.1	7.8	7.1	5.2	3.9	4.3	4.8	4.3	4.07
High school	13.1	12.6	12.9	12.3	9.6	9	8.8	9.6	8.8	8.67
Undergraduate	12.8	12.3	12.5	11.4	8.9	7.3	7.6	8.2	7.7	7.46
Graduate	13.3	12.8	13.2	12.9	10	9.9	9.4	10.4	9.4	9.35
College	15.7	15.5	15.9	15.7	12.5	12.1	11.2	12.4	11.1	11.49
Undergraduate	15.7	15.2	15.9	15.4	12.9	11.6	10.9	12.5	11.4	11.73
Graduate & higher	15.6	16.0	16.0	16.0	11.8	12.7	11.5	12.2	10.8	11.17
Not reported	**	-	-	-	-	-	-	-	-	-
WOMEN	11.8	11.9	12.4	11.4	8.2	7.8	7.3	7.6	7.0	7.09
No grade completed	12.6	13.2	16.1	16.6	4.6	2.5	3.5	2.8	2.8	1.57
Elementary	6.9	7.4	7.6	7.5	3.6	3.3	2.9	2.9	2.8	2.54
Undergraduate	6.9	7.3	7.6	7.2	3	3.2	2.5	2.5	2.6	2.45
Graduate	6.9	7.4	7.7	7.8	4.1	3.3	3.2	3.3	3.0	2.58
High school	13.4	13.6	14.3	13.3	9.5	9.4	8.8	9.2	8.5	8.34
Undergraduate	11.3	12.1	12.9	10.7	7.1	6.5	7	6.5	6.0	5.68
Graduate	14.6	14.3	15.0	14.6	10.9	10.9	9.7	10.5	9.7	9.57
College	15.1	14.4	14.2	12.6	10.8	10.4	9.8	9.9	9.0	9.57
Undergraduate	18.2	17.1	16.2	14.7	12.2	11.6	11	11.7	10.6	11.76
Graduate & higher	13.1	12.7	13.0	11.3	9.8	9.6	9.1	8.7	8.0	8.18
Not reported	-	-	-	-	-	-	-	-	-	-

^aThe NSO adopted the new (ILO) definition of unemployment in the LFS questionnaire starting with April 2005.
<http://www.bles.dole.gov.ph/2009%20Publications/2009%20Gender%20Stat/statistical%20tables/Chapter%205%20-%20Unemployment/Table%205.7.xls>

Notes: Details may not add up to totals because of rounding.

Labor force is the sum of all employed persons and unemployed persons.

Data were averages of four survey rounds (January, April, July and October).

Unemployment rate is the ratio of the total unemployed persons to the total labor force multiplied by 100.

Data for 2002–2005 were calculated using projections based on the 1995 census; data for 2006–2008 were calculated using projections based on the 2000 census.

To upgrade the skills of the labor force, the government provides training conducted by the Technical Education and Skills Development Agency (TESDA). TESDA receives about 2 percent of its total budget for education to support programs aimed at enhancing technical and vocational skills of the workers. TESDA even gets higher support than the Commission on Higher Education, which is the agency that oversees state colleges. The bulk of the education budget goes to basic education (Table 1-9).

Table 1-9
Budget Appropriations for Philippine Education by Level and Agency, Fiscal 2002–2006 (000 pesos)

Level and Agency	2002	2003	2004	2005	2006
Basic education: DECS	103,134,128	106,708,873	105,295,032	110,995,428	118,038,047
Higher education: Commission on Higher Education	754,573	664,364	1,052,856	1,073,653	1,140,670
Technical, vocational education: TESDA	2,161,324	2,614,536	2,085,384	2,411,206	2,421,613
Total	106,050,025	109,987,773	108,433,272	114,480,287	121,600,330

Note: Years are fiscal years. Programs for 2002–2005 are actual and for 2006 proposed. Only selected agencies were covered to represent each level of education.

Source: Department of Budget and Management.

Another feature of the labor structure is high underemployment rate (Table 1-10). Underemployment accounts for the increasing informal sector operators in the country, with almost 90 percent self-employed. Citing Hasan and Jandoc (2009), Aldaba and Hermoso (2010) noted that the share of employment in manufacturing has remained low for many years. The shift in employment away from agriculture has been absorbed by the services sector, usually in low-skilled, low-value jobs that are not considered permanent wage employment.

Table 1-10
Underemployment in the Philippines

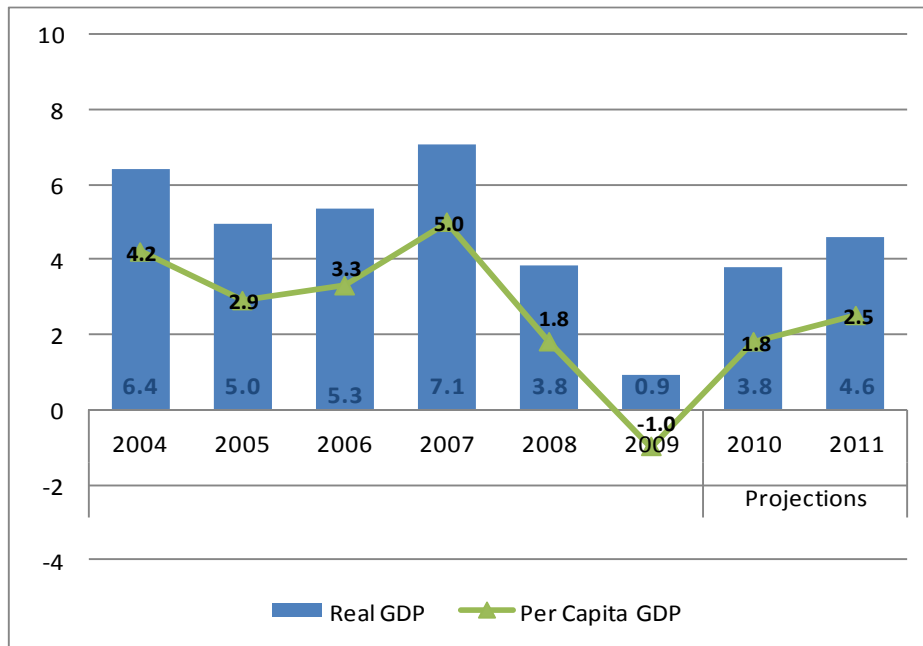
	Oct 2002	Oct 2003	Oct 2004	Oct 2005	Oct 2006
Underemployment (in 000)	4,849	4,964	5,357	6,970	6,761
Underemployment rate (%)	16.1	15.7	16.9	21.2	20.4

Note: Estimates are preliminary and may change
Source: National Statistics Office

General Impact of the Global Recession

The impact of the financial crisis was visible in the GDP movement in 2008 and 2009. From a growth rate of 7.1 percent in 2007, GDP growth declined to 3.8 percent in 2008 and to 0.9 percent in 2009. Per capita GDP also declined from 5.0 percent in 2007 to -1.0 percent in 2009. GDP per capita is projected to improve in 2010 to 1.8 percent and to improve further in 2011 as the economy recovers from the crisis (Figure 1-6).

Figure 1-6
Real GDP and Per Capita GDP (Annual Percentage Change)



Source: World Economic Outlook (WEO), April 2009 and April 2010

Yap et al. (2009) argued that the economic slow-down was not directly a result of the crisis, but rather was brought about by a sharp increase in inflation in 2008. From a rate of 2.8 percent in 2007, inflation increased to 9.3 percent in 2008. High inflation in 2008 was attributable to a lot of factors, foremost of which were households that postponed consumption expenditures, particularly durable goods; the high cost of fuel that scaled back services in the transportation sector; and higher prices caused by an increase in the cost of production. The global increases in food and fuel prices, and to a lesser extent, the U.S. recession, aggravated the situation. Inflation was kept at bay in 2009 and was brought down to 3.2 percent but is expected to rise to 4 percent in 2010 and 2011. The relatively stable exchange rate in 2007 up to the present also helped curb inflation. The exchange rate for the Philippine peso, which is pegged to the U.S. dollar in the global market, ranges from ₱44–₱47.

Two successive disastrous typhoons that ravaged Metro Manila and Luzon in the last quarter of 2009 also worsened the situation for the Philippines and slowed economic growth further. Economic damage, particularly infrastructure and agriculture damage, of these two typhoons is estimated at ₱9.76 billion.

A study conducted by Yap and Majuca (2010) argued that the Philippines initially felt the impact of the crisis through the trade channel. At the height of the crisis, merchandise exports declined sharply, from a 6.4 percent growth rate in 2007 to -2.5 percent in 2008, and to -22.3 percent in 2009. The contraction is partly attributable to weaker demand for electronics and garments in the international market. Electronic products, particularly semiconductors, which account for 60 percent of the country's merchandise exports, were badly hurt as demand from the United States and Japan declined. FDI also slowed after high growth in middle of 2000. FDI declined to 47 percent in 2008, but improved by 26 percent in 2009. Domestic investments declined in 2008 as several firms cut back on investments (Table 1-11).

Table 1-11
Select Indicators of Philippine Economy

	2004	2005	2006	2007	2008	2009	2010	2011
Inflation (%)	6.0	7.6	6.2	2.8	9.3	3.2	4.7	4.5
Exchange rate to U.S. dollar (annual average)	56.1	55.1	51.3	46.1	44.5	47.6		
Growth in merchandise exports (%)	9.8	3.8	15.6	6.4	-2.5	-22.3	15.2	12.7
Growth in merchandise imports (%)	8.0	8.0	10.9	8.7	5.6	24.1	16.0	10.6
Trade balance (US\$ million)	-5684.0	-7773.0	-6732.0	-8391.0	-12885.0	-8878.0	-10599.0	-10815.0
Current account balance (US\$ million)	1628.0	1984.0	5347.0	7119.0	3633.0	8552.0	5940.0	6240.0
Current account balance (% of GDP)	1.9	2.0	4.5	4.9	2.2	5.3	3.3	3.2
FDI (US\$ million)	688.0	1854.0	2921.0	2916.0	1544.0	1948.0		
Growth rate (%)	40.12	169.48	57.55	-0.17	-47.05	26.17		
Gross domestic investment (% of GDP)	16.7	14.6	14.5	15.4	15.2	14.0		

Source: *Asian Development Outlook 2010*

The Philippines has been operating on deficit for decades. Fortunately for the Philippines, the government's fiscal position improved two years before the crisis, with the deficit narrowing since 2003 and substantially trimmed in 2006 and 2007 as a result of improvements in government revenue efforts, which enjoyed growth of 20 percent and 16 percent in the years 2006 and 2007, respectively. This has mitigated the possible adverse impacts of the crisis.

Nontax revenue doubled in 2007, which improved overall revenue collection. But in 2008 revenue growth declined to 5.8 percent despite a slight improvement in tax effort, with nontax revenue declining by 25 percent. The deficit widened in 2008 and again in 2009 up to almost 4 percent of GDP. The bigger budget gap in 2009 is an offshoot of the implementation of measures to counter the impact of the crisis, at a period when revenue decreased with declining tax and nontax revenue (Table 1-12). Social service expenditure—for education, health, social security, welfare and employment—increased in 2009 to alleviate the condition of the poor and vulnerable. The proposed budget for 2010, however, is lower than the previous year's budget, which may have an impact on sustaining the social service programs to counter the impact of the crisis. (Table 1-13).

Table 1-12
 Philippine National Government Cash Operations, Million Pesos

	2003	2004	2005	2006	2007	2008	2009	2010 ^a		Jan-Feb	
								Jan	Feb	2009	2010 ^a
I. Revenue	639,737	706,718	816,159	979,638	1,136,560	1,202,905	1,123,211	92,265	76,699	159,431	168,964
Ratio to GDP	14.8	14.5	15.0	16.2	17.1	16.2	14.6				
Annual Growth Rate (%)	10.6	10.5	15.5	20.0	16.0	5.8	(6.6)	17.6	(5.3)	(5.5)	6.0
A. Tax Revenue	550,468	604,964	705,615	859,857	932,937	1,049,179	981,631	83,054	70,386	132,587	153,440
Tax Effort ^b	12.8	12.4	13	14.3	14	14.1	12.8			n.a.	n.a.
B. Nontax Revenue	89,269	101,754	110,544	119,781	203,623	153,726	141,580	9,211	6,313	26,844	15,524
II. Expenditures	839,605	893,775	962,937	1,044,429	1,149,001	1,271,022	1,421,743	129,390	109,887	226,478	239,277
Ratio to GDP	19.5	18.3	17.7	17.3	17.3	17.1	18.5				
Annual Growth Rate (%) of which:	6.4	6.5	7.7	8.5	10.0	10.6	11.9	11.0	(0.1)	12.3	5.7
A. Interest Payments	226,408	260,901	299,807	310,108	267,800	272,218	278,866	37,602	31,399	71,044	69,001
1 Domestic	147,565	169,997	190,352	197,263	157,220	170,474	164,703	19,356	15,723	37,492	35,079
2 Foreign	78,843	90,904	109,455	112,845	110,580	101,744	114,163	18,246	15,676	33,552	33,922
B. Net Lending and Equity	8,243	5,720	1,897	3,692	13,479	16,084	6,423	401	840	1,436	1,241
III. Surplus/Deficit (-)	-199,868	-187,057	-146,778	-64,791	-12,441	-68,117	-298,532	-37,125	-33,188	-67,047	-70,313
Ratio to GDP	-4.6	-3.8	-2.7	-1.1	-0.2	-0.9	-3.9			n.a.	n.a.
IV. Financing	286,823	242,542	235,992	110,121	99,108	160,108	229,843	-10,751	-58,608	23,444	-69,359
A. Net Domestic Borrowing	142,961	161,375	143,327	-10,633	42,946	169,310	77,366	-81,409	-10,994	-56,812	-92,403
Gross Domestic Borrowing	290,283	383,780	396,819	370,306	326,963	429,261	321,898	-27,200	37,096	26,058	9,896
Less: Amortizations	147,322	222,405	253,492	380,939	284,017	259,951	244,532	54,209	48,090	82,870	102,299
B. Net External Borrowing	143,862	81,167	92,665	120,754	56,162	-9,202	152,477	70,658	-47,614	80,256	23,044
Gross External Borrowing	240,122	199,533	218,317	284,081	118,414	71,311	251,366	72,955	380	89,387	73,335
Less: Amortizations	96,260	118,366	125,652	163,327	62,252	80,513	98,889	2,297	47,994	9,131	50,291
V. Change in Cash: Deposit/Withdrawal (-)	25,767	-19,412	22,329	6,063	106,951	47,477	-66,027	44,608	-106,554	-94,996	-61,946
A. Budgetary	86,955	55,485	89,214	45,330	86,667	91,991	-68,689	-47,876	-91,796	-43,603	-139,672
B. Nonbudgetary accounts ^c	-61,188	-74,897	-66,885	-39,267	20,284	-44,514	2,662	92,484	-14,758	-51,393	77,726

^a Preliminary figures

^b Revised series to compute tax effort as percent of GDP (instead of GNP in the old series); to be consistent with international practice adopted by the Department of Finance

^c Refers to accounts not included in the NG budget, e.g., sale, purchase or redemption of government securities, but included in the cash operations report to show the complete relations in the movement of the cash accounts.

Table 1-13
Expenditure Program by Social Services Sector, Fiscal 2008–2010 (Million Pesos)

	Level			Percent Distribution		
	2008	2009	2010 ^a	2008	2009	2010 ^a
Social Services	368,342	452,221	479,936	28.02	31.71	31.14
Education, culture and manpower development	186,620	222,291	235,210	14.20	15.59	15.26
Health	18,641	38,442	37,897	1.42	2.70	2.46
Social security, welfare and employment	70,300	90,212	100,988	5.35	6.33	6.55
Housing and community development	9,418	5,334	5,368	0.72	0.37	0.35
Land distribution	4,167	1,279	-	0.32	0.09	0.00
Other social services	1,226	2,168	2,126	0.09	0.15	0.14
Subsidy to local government units	77,970	92,496	98,347	5.93	6.49	6.38

Note: Years are fiscal years.

^a Proposed

Source: Department of Budget and Management: <http://www.dbm.gov.ph/data/Image/TableB.7.pdf>

General Policy Response to the Impacts of the Recession²

To offset the impact of the crisis, the Philippine government, through the Department of Finance and National Economic Development Authority (NEDA) developed the Economic Resiliency Plan (ERP), which is funded by a ₱330 billion fiscal package. The ERP aims to battle the recession by increasing government spending. It also involves other policy measures such as tax cuts, public-private partnerships, and increases in compulsory social and health insurance. The plan has the following objectives:

- Ensure sustainable growth
- Save and create as many jobs as possible
- Protect the most vulnerable sectors, particularly the poorest sectors, returning OFWs, and workers in export industries
- Ensure low and stable prices to support consumer spending; and
- Enhance competitiveness in preparation for the global rebound.

The package is broken down into the following allotments (Diokno 2010):

- ₱160 billion in incremental government allocations (to fund small, community-level infrastructure)
- ₱100 billion for government corporations, financial institutions, and the private sector (to be used for large infrastructure)
- ₱40 billion for corporate and individual income tax breaks
- ₱30 billion for temporary additional benefits from social security institutions, particularly the Government Service Insurance System, Social Security System, and Philhealth.

² This section is based on Yap, Reyes, and Cuenca (2009).

The ERP emphasizes job generation and gives top priority to easy-to-implement projects such as repair and rehabilitation of roads, hospitals, bridges, and irrigation facilities, school and government buildings. Two packages, for 2009 and 2010, were prepared. The infrastructure package for 2009, worth ₱160 billion, was used to fund 4,000–5,000 small projects in the BESF (Budget of Expenditures and Sources of Financing). The projects included small-scale community project such as construction, repair or rehabilitation of irrigation systems, and rural roads to pump up job creation. The second package, worth ₱100 billion, involves bigger projects and is to be used to fund more complex and long-term projects under the public-private partnership scheme.

Fiscal stimulus measures were also developed to address the impact of the crisis. The policy response included a package that address issues related to bank insurance, monetary policy, exchange rate and fiscal and administrative measures. The Asian Development Bank (ADB) made the following inventory of measures implemented by the Philippines to address the impact of the global financial crisis (ADB 2008, , as cited in Yap (2010):

- ***Deposit guarantee.*** Announced plans to raise deposit guarantee from ₱250,000 to ₱1 million, pending Congress approval on 21 Oct 08.
- ***Government stakes in banks***
- ***Regulatory forbearance.*** Allowed financial institutions to reclassify their investments in debt and equity securities from October 23 until December 31, 2008. Eased FCDU asset cover requirements on October 31, 2008.
- ***Monetary policy (policy rate and reserve ratio)***
 - Policy rates kept at 6 percent since June 2008
 - reduced regular reserve requirement on bank deposits and substitutes by 2 percentage points effective November 14, 2008
 - increased central bank budget for the peso rediscounting facility from ₱20 billion to ₱40 billion on November 7, 2008
 - Opened a US dollar repurchase agreement or \$facility on October 20, 2008, to ensure dollar liquidity with the bank's dollar-denominated Philippine sovereign bonds as underlying collateral.
- ***Exchange rate (new arrangement and government intervention).*** Massive intervention in the foreign exchange market in July 2008.
- ***Stock market intervention***
- ***Fiscal and administrative measures.*** In March 2008, postponed planned 2008 budget balance to 2010. Imposed domestic petrol price rollbacks in the third quarter of the year.

An inventory of the programs implemented by the government showed that a comprehensive strategy which targets macro-level impacts as well as protection of affected sectors had been crafted and are being implemented or planned to be implemented. Some of these programs had existed before the crisis but were reorganized to meet the demands of sectors affected. The programs covered issues relating to monetary policy, emergency employment, social protection programs, training for work scholarship program, assistance to displaced OFWs, housing programs, multistakeholder conferences and consultations,

export support fund and local government assistance (Aldaba and Hermoso, 2010; Reyes, Sobrevinas and de Jesus, 2010; Yap, Reyes and Cuenca, 2009).

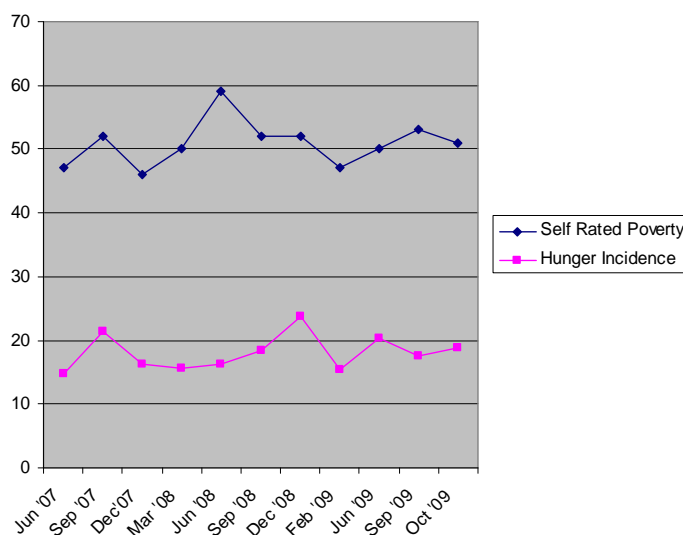
Impacts on the Labor Market and Interventions in Response to the Crisis

Impacts of the Recession on the Labor Market³

Despite the limited direct channel of transmission of the global financial crisis to the Philippines, the crisis took a toll in the form of losses in employment, wages and take-home pay, particularly in the manufacturing sector. There was also a reported higher poverty incidence and hunger in the country at the peak of the impact of the crisis in 2008, with self-rated poverty increasing at the start of the year and hunger incidence increasing by the last quarter of 2008 (Figure 1-7). The World Bank estimates that 1.4 million Filipinos will be poorer in 2010 as a result of the crisis.

Figure 1-7

Social Weather Station Self Rated Poverty and Hunger Incidence, June 2007 to October 2009



Source: Aldaba and Hermoso (2010), citing National Statistics Office data

According to Department of Labor and Employment (DOLE) reports, displaced workers came mostly from the manufacturing sector, accounting for 69.4 percent of total displacement. Among the subsectors in this industry, electronics suffered most, with close to 9,000 displaced workers in 55 establishments. This figure makes up 2.1 percent of total employment in the electronics industry. The second-largest number of displaced workers is found in the mining industry, with 5,359, followed by Garments with 4,117 displaced workers. More than half (56.5 percent) of locally displaced workers were concentrated in Region IV-A, where the export processing zones are located and where the semiconductor manufacturing industry, which is the hardest hit of all the export industries, is located. Displacements in Region III and Region VII were also due to production declines in electronics and semiconductors and the automotive and support industry. Worker displacement in CARAGA, which is the biggest displacement, was due to the contraction in

³ This section is mostly drawn from Dejardin (2010)

mining as a result of the decline in the prices of mineral products in the world market (Table 1-14).

Table 1-14

Number of Affected Philippine Workers by Region, October 2008 to February 16, 2009

Region	No. of Establishments Affected	No. of Workers Affected	No. of Workers Displaced
ALL REGIONS	435	84,615	39,309
NCR*	48	3,906	3,773
CAR	8	672	567
Region I	1	14	14
Region II	4	417	417
Region II *	29	6,212	2,628
Region IV-A *	215	49,613	22,230
Region IV-B	16	1,334	1,334
Region V	9	730	338
Region VI	15	505	494
Region VII	23	8,529	2,377
Region VIII	1	22	-
Region IX	5	243	243
Region X	5	987	87
region XI	2	179	179
Region XII	17	1,027	352
CARAGA	37	10,225	4,276

*Note : * incomplete database*

Source: DOLE Regional Offices

Source of data: Labor Market Updates Vol1 No.1 (March 2009);

www.ble.dole.gov.ph/publication/LMU_vol1_no1_09.pdf

There was a noticeable increase in labor force participation between 2008 and 2009, in contrast to a downward trend in labor force participation rate in years immediately preceding the crisis. The rising rates were driven by increasing participation of women in the workforce, as well as by 15–29-year-old workers and 55–64-year-old workers, who usually do not have a college education. Dejardin (2010) argued that this phenomenon is part of the “added worker effect,” wherein during periods of crisis and economic downturn, when breadwinners, who are usually men, lose their jobs, families encourage other members such as women and young members to compensate for the loss to maintain the living standard (Table 1-15).

The figures also showed a rise in employment levels for the Philippines in 2008, 2009 and 2010. In 2009 and 2010, particularly, the number of employed persons increased (Table 1-16). Dejardin (2010) argued that a rise of employment levels is not necessarily positive, especially in countries such as the Philippines, where social security coverage is low. An increase in employment levels could also mean that poor families sent out members of the family, both young and old alike, to join the labor force to augment their incomes. This is validated by the increasing number of workers aged 15–24. To assess the labor policy, it could be as useful to look at other indicators such as underemployment, hours of work, and wages.

Table 1-15

Summary Statistics on Unemployment Philippines: 2008, 2009 and 2010 (in thousands except rates)

	Total Unemployed Persons			Percent Share (%)			Unemployment Rate (%)			Increment	
	2008	2009	2010 ^P	2008	2009	2010 ^P	2008	2009	2010 ^P	2008–2009	2009–2010
Both Sexes	2675	2854	2829	100	100	100	7.2	7.7	7.3	179	-25
Male	1741	1829	1828	65.1	64.1	64.6	7.6	8.2	7.8	88	-1
Female	935	1026	1000	35	35.9	35.3	6.6	7.2	6.5	91	-26
AGE GROUP											
15-24 yrs old	1328	1405	1457	49.6	49.2	51.5	16.7	17.8	17.8	77	52
25-54 yrs old	1245	1331	1256	46.5	49.6	44.4	5.1	5.4	4.9	86	-75
56 yrs old and over	102	119	117	3.8	4.2	4.1	2.1	2.5	2.3	17	-2
HIGHEST GRADE COMPLETED											
No Grade Completed	10	11	19	0.4	0.4	0.7				1	8
Elementary	396	411	420	14.8	14.4	14.8				15	9
Undergraduate	180	183	208	6.7	6.4	7.4				3	25
Graduate	215	228	212	8	8	7.5				13	-16
High school	1238	1276	1321	46.3	44.7	46.7				38	45
Undergraduate	343	343	386	12.8	12	13.6				0	43
Graduate	895	932	935	33.5	32.7	33.1				37	3
College	1032	1156	1069	38.6	40.5	37.8				124	-87
Undergraduate	551	634	547	20.6	22.2	19.3				83	-87
Graduate	481	522	522	18	18.3	18.5				41	0

Note: Based on the new official unemployment definition (NSCB Resolution No. 15 s 2004).

^P Preliminary.

Table 1-16
Philippines Key Employment Indicators: January 2008–2010 (thousands)

Indicator	Jan. 2008	Jan. 2009	Jan. 2010	Increment		Growth rate	
				2008–2009	2009–2010	2008–2009	2009–2010
Household population 15 years old and over	57,390	58,657	60,208	1,267	1,551	2.2	2.6
Labor force	36,368	37,116	38,820	748	1,704	2.1	4.6
Employed persons	33,693	34,262	35,992	569	1,730	1.7	5
Unemployed persons	2,675	2,854	2,029	179	-25	6.7	-0.9
Underemployed persons	6,368	6,238	7,102	-130	864	-2	13.9
Visibly underemployed	4,024	3,985	4,172	-39	187	-1	4.7
Not in the labor force	21,022	21,541	21,388	519	-153	2.5	-0.7
LFPR (%)	63.4	63.3	65				
Employment rate (%)	92.6	92.3	92.7				
Unemployment rate (%)	7.4	7.7	7.3				
Underemployment rate (%)	18.9	18.2	20				
Visibly underemployment rate (%)	11.9	11.6	11.6				

^p – preliminary

Source: National Statistics Office, Labor Force Survey: http://www.bles.dole.gov.ph/LABSTAT/Vol14_22.pdf

The already high unemployment rate was aggravated during the crisis, when people wanted to work additional hours to augment their income or take another job with better pay, but opportunities were scarce.

While jobs increased in 2009, these jobs were found to be not full-time work. The number of full-time jobs (jobs requiring 40 hours of work per week) between 2008 and 2009 actually decreased. For the Filipino worker, working in a non-full-time job can result into two things: lesser take-home pay, and loss of social security benefits that usually accompany work in a full-time setting (Dejardin 2010).

Table 1-17 shows that an increase in employment level in 2009 was largely part-time work (less than 40 hours per week). A significant number of part-time workers were former full-time workers who lost their jobs or new entrants to the labor market. The increase in the number of part-time workers has been attributed to austerity measures implemented by companies to cope with falling demand for products in both the domestic and international markets. Dejardin referred to the employment gains in 2009 as “distress employment” in low-income, low-productivity activities.

Table 1-17

Summary Statistics on Underemployment in Philippines: January 2007 and 2010 (thousands)

Indicator	2007	2008	2009	2010 ^a
Underemployed	7,214	6,368	6,238	7,102
Worked less than 40 hours/week ^b	4,165	3,896	3,985	4,172
Worked more than 40 hours/week	2,894	2,344	2,253	2,931
Industry				
Agriculture	3,301	3,138	2,931	3,315
Industry	1,084	952	942	1,014
Services	2,829	2,278	2,365	2,773
Underemployment rate (%)			18.2	19.7
Visible underemployment rate (%) ¹			11.6	11.6

Source: National Statistics Office, Labor Force Survey

Note: Details may not add to totals because of rounding of figures

^aPreliminary

^b Includes number of underemployed persons who were with jobs but did not work during the reference period

For those who lost their jobs or were pushed to give up part of their wage, the services sector was a harbor. The shift of employment to the services sector resulted in more people being employed in sales and services jobs and microbusinesses. Within this sector, the biggest source of employment is wholesale and retail trade, followed by transport, storage and communication. Closely following is real estate, renting and business activities. A negative consequence of more people joining these sectors is that, unlike formal sector employment or production sector employment, these jobs are least covered by labor and social protection programs.

Agriculture employment increased slightly in 2009 but is projected to contract in 2010. Meanwhile, the industry sector contracted by 2 percent in 2009 but is expected to gain by 10 percent in 2010, with a projected 26 percent increase in the mining industry; 17 percent increase in electricity, gas, and water sector; 14 percent increase in the construction sector; and 8 percent increase in the manufacturing sector (Table 1-18).

Table 1-18

Summary Statistics on Philippines Employment: January 2008, 2009 and 2010 (thousands)

Indicator	Jan. 2008	Jan. 2009	Jan. 2010 ^P	Increment		Growth rate	
				2008–2009	2009–2010	2008–2009	2009–2010
Employed persons	33,693	34,262	35,992	569	1,730	1.7	5
SECTOR							
Agriculture, fishery and forestry	11,793	11,847	11,799	54	-48	0.5	-0.4
Agriculture, hunting and forestry	10,409	10,446	10,340	37	-106	0.4	-1
Fishing	1,383	1,400	1,459	17	59	1.2	4.2
Industry	4,981	4,856	5,320	-125	464	-2.5	9.6
Mining	152	152	192	0	40	0	26.3
Manufacturing	2,963	2,849	3,011	-114	162	-3.8	5.7
Electricity, gas and water	126	134	157	8	23	6.3	17.2
Construction	1,740	1,721	1,960	-19	239	-1.1	13.9
Services	16,919	17,559	18,873	640	1,314	3.8	7.5
Wholesale and retail trade	6,333	6,635	7,066	302	431	4.8	6.5
Hotels and restaurants	964	988	1,103	24	115	2.5	11.6
Transport, storage & communication	2,674	2,660	2,733	-14	73	-0.5	2.7
Financial intermediation	364	337	384	-27	47	-7.4	13.9
Real Estate, renting & business activities	904	1,044	1,120	140	76	15.5	7.3
Public administration & defense,	1,612	1,659	1,822	47	163	2.9	9.8
COMPULSORY SOCIAL SECURITY							
Education	1,083	1,157	1,147	74	-10	6.8	-0.9
Health and social work	390	435	432	45	-3	11.5	-0.7
Other community, social & personal	846	857	949	11	92	1.3	10.7
SERVICE ACTIVITIES							
Private households with employed persons	1,747	1,785	2,115	38	330	2.2	18.5
Extra-territorial organizations	2	3	2	0	0	0	0
STATUS OF EMPLOYMENT							
Wage and salary workers	17,421	17,911	20,068	490	2,157	2.8	12
Self-employed workers	10,880	10,725	10,576	-155	-149	-1.4	-1.4
Employers	1,281	1,412	1,526	131	114	10.2	8.1
Unpaid family workers	4,110	4,214	3,822	104	-392	2.5	-9.3
HOURS OF WORK							
Less than 40 hours (part-time)	11,877	12,453	12,307	576	-146	4.8	-1.2
40 hours and over (full-time)	21,407	21,234	23,245	-173	2,011	-0.8	9.5
Did not Work	410	575	439	165	-136	40.2	-23.7
REGION							
NCR	4,096	4,059	4,397	-37	338	-0.9	8.3
CAR	678	677	701	-1	24	-0.1	3.5
Region I	1,793	1,866	1,881	73	15	4.1	0.8
Region II	1,343	1,367	1,401	24	34	1.8	2.5
Region III	3,447	3,512	3,729	65	217	1.9	6.2

Indicator	Jan. 2008	Jan. 2009	Jan. 2010 ^P	Increment		Growth rate	
				2008–2009	2009–2010	2008–2009	2009–2010
Region IV-A	4,171	4,222	4,488	51	266	1.2	6.3
Region IV-B	1,121	1,169	1,173	48	4	4.3	0.3
Region V	1,921	1,978	2,073	57	95	3	4.8
Region VI	2,788	2,842	3,025	54	183	1.9	6.4
Region VII	2,581	2,611	2,728	30	117	1.2	4.5
Region VIII	1,568	1,573	1,651	5	78	0.3	5
Region IX	1,241	1,323	1,397	82	74	6.6	5.6
Region X	1,719	1,763	1,837	44	74	2.6	4.2
region XI	1,691	1,643	1,721	-48	78	-2.8	4.7
Region XII	1,504	1,579	1,625	75	46	5	2.9
CARAGA	952	979	958	27	-21	2.8	-2.1
ARMM	1,078	1,094	1,207	16	113	1.5	10.3

Note: Details may not add to totals because of rounding of figures.

^P - preliminary

Source: National Statistics Office, Labor Force Survey: http://www.bles.dole.gov.ph/LABSTAT/Vol14_22.pdf

Elementary occupations (requiring few or no skills) in agriculture and industry also increased between 2008 and 2009. The bulk of these increase went to 15–19-year-old workers with primary or secondary educations. The share of low-skilled jobs in services and sales declined slightly in 2009 relative to 2008 but continued to be an important primary occupation for workers aged 15–19 years, mostly female, and with primary and secondary educations (Dejardin 2010).

The expansion of sales, services, farming, and elementary occupations has negative implications on wages. These occupations have the highest concentrations of workers whose real hourly pay fell in the bottom quintile of the national hourly wage distribution in 2004, 2007, and 2008. This was aggravated by a decline in the real value of wages and earnings as food and fuel prices increased in 2008. With the reduction in working hours, lower hourly wages mean deeper cuts in weekly earnings (Dejardin 2010).

Among those working overseas, a reported 5,332 OFWs were reported to be affected and displaced because of the crisis. More than 4,000 workers, or close to 80 percent, were OFWs in Taiwan working in the electronics, metal, works and semiconductor industry. Displaced workers in Korea were mostly from the electronics sector. Fifteen seafarers were displaced in the United States as a result of the bankruptcy of the company. A number of construction workers were also retrenched because of the suspension of construction projects in Saudi Arabia, Macau, and Russia (Table 1-19).

Nonetheless, remittances remained robust and continue to increase, cushioning the country from the impact of the crisis. Remittances increased by US\$2 million in 2008 and by US\$900,000 in 2009 (Figure 1-8), despite the displacement of some workers abroad. New workers were also deployed in 2007, 2008, and 2009, albeit at much smaller numbers than in previous years (Figure 1-9). In February 2009, Production and Related Workers and Transport Equipment Workers comprise the biggest job order, followed by Professional, Technical and Related Workers (Table 1-20).

Table 1-19
Number of OFWs Displaced by the Global Crisis by Country and Industry (as of February 2009)

Country	No. of Companies Affected	No. of Displaced Workers	Industry
Taiwan	83	4,197	Electronics, metal works, semiconductor
Australia	2	81	Shipbuilding, construction
Brunei	4	112	Garments
UK	1	16	Electrical/telecom
UAE	7	300	Service
Macau**	6	155	Construction; hotel
Greece	2	31	Service, cruise vessel
KSA	2	53	Construction
Korea	24	104	Electronics
Poland *	1	11	Metalwork
Canada	1	180	Oil and gas
Japan	1	14	Information tech.
Malaysia	3	17	Garments
USA	1	15	Sea based
Russia*	1	19	Building, construction
Singapore*	1	19	Metalwork
Qatar	1	8	Various
Total	141	5,332	

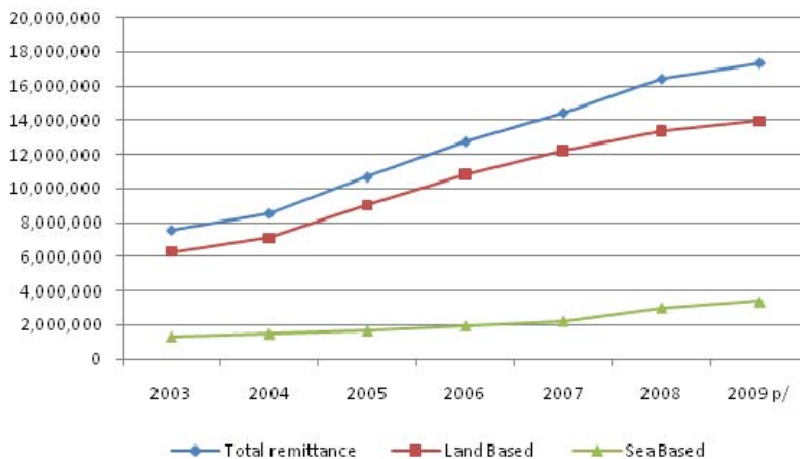
* Based on recruitment agency report

** 40 hotel workers were promised to be rehired in company's projects in Singapore

Source of data: Labor Market Updates Vol1 No.1 (March 2009):

www.ble.dole.gov.ph/publication/LMU_vol1_no1_09.pdf

Figure 1-8
Remittances of OFWs



Source: Bangko Sentral ng Pilipinas

Figure 1-9
Number of Deployed OFWs

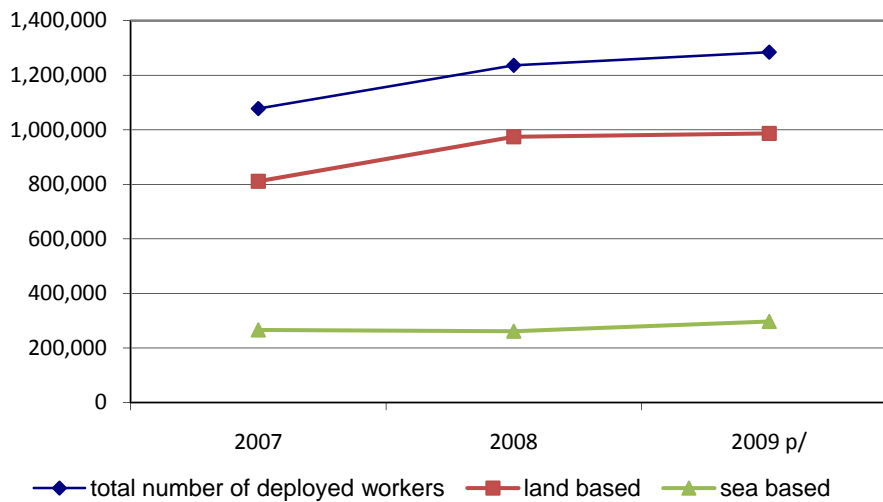


Table 1-20
Active Job Orders by Major Skills as of February 12, 2009

Major Skill	Total Active	
	Approved	Balance
Professional, Technical and Related Workers	152,906	119,569
Administrative and Managerial Workers	6,118	5,393
Clerical and Related Workers	38,738	22,424
Sales Workers	21,195	11,035
Service Workers	232,725	119,121
Agricultural, Animal Husbandry and Forestry Workers	2,695	1,594
Production and Related Workers, Transport Equipment Workers	299,215	195,718
Others (N.E.C.)	3,468	2,800
Total	757,060	477,654

Source: Philippine Overseas Employment Administration (POEA)
Source of data: Labor Market Updates Vol1 No.1 (March 2009):
www.ble.dole.gov.ph/publication/LMU_vol1_no1_09.pdf

Labor Market Interventions

The Economic Resiliency Plan embodies the Philippine government's response to the global financial crisis. As specified in the Economic Resiliency Plan Frequently Asked Questions or ERP-FAQ, the plan seeks to ensure stable growth, save and create jobs, provide assistance to the most vulnerable sectors (i.e., the poorest of the poor, returning OFWs, and workers in export industries), ensure low and stable prices, and improve competitiveness in preparation for the global economic rebound. To attain these objectives, the following strategies were adopted:

- Implement budget interventions
- Accelerate spending for small infrastructure projects
- Expand social protection programs
- Save and create jobs
- Implement off-budget interventions.

Various projects and programs were implemented to preserve jobs and expand social protection programs. To save and create jobs, the ERP's response was the Comprehensive Livelihood and Emergency Employment Program (CLEEP). The CLEEP is a national government effort to protect the most vulnerable sectors, including the poor, returning expatriates, workers in the export industry, and out-of-school youths, from the effects of reduced or lost income resulting from global economic crisis by providing emergency employment and funding and supervising livelihood projects (ERP-FAQ).

Under CLEEP, the livelihood and public works projects have been aligned and coordinated with the priorities of the super regions, the needs of the 12 poorest provinces, and the most food-poor areas.

This program also aims to create green-collar jobs for upland workers and more jobs in farm-to-market road construction and irrigation projects. Among the projects it has been developing are fertilizer production, goat raising, and other productive home-based activities. It is expected that 400,000 jobs will be created through this effort.

Programs were created for displaced overseas workers and those in the merchandise export sector. DOLE and the Overseas Workers Welfare Administration (OWWA) carried out the following interventions for returning overseas Filipinos (also indicated in the ERP-FAQ):

- Monitor overseas labor market displacements
- Monitor job order contracts to determine any decrease in overseas labor demand
- Establish worker registration services
- Redeploy workers to other emerging markets
- Identify and develop new market niches
- Assist in repatriation services
- Expand livelihood/business formation programs
- Strengthen reintegration and business counseling services
- Establish skills upgrading and retooling services.

DOLE created quick-response teams in its regional offices for workers in the export industries and returning OFWs. These teams, in coordination with local companies, established an early-warning system to determine which firms are likely to shut down or lay off workers. DOLE also provides assistance to affected workers in claiming unpaid salaries, job placement, and livelihood programs. Furthermore, DOLE is pushing for alternatives to laying off workers, including shortened work shifts, maximized vacation leaves, and rotating forced leaves (DevPulse 2009).

Meanwhile, the ERP's social protection program expansion⁴ focused on the following:

- ***Conditional cash transfers.*** Known as the 4Ps (Pantawid Pamilyang Pilipino Program) was initiated by the Department of Social Welfare and Development (DSWD) to help the poor weather the impact of high prices of oil and commodities. The program is in partnership with local governments, which provide support by providing facilities and supplies for health such as vaccines and family planning services and education. The program is a conditional cash transfer scheme that provides a specific amount to poor families for nutrition, health, and education expenses. In return, parents ensure their children's

⁴ Drawn from ERP-FAQ and Aldaba and Hermoso (2010)

85 percent school attendance and vaccination and health care. Beneficiary areas were selected from the 100 poorest municipalities from the poorest provinces based on 2003 small area estimates of the National Statistical and Coordination Board.

- ***PhilHealth Indigent Program.*** Additional ₱1 billion (US\$21.3 million) to PhilHealth representing the full contribution of the national government to the national insurance program
- ***Training for Work Scholarships program.*** The allocation for TESDA increased by ₱2 billion to help equip more Filipinos with skills that can help them take advantage of opportunities for income generation.
- ***Program for primary and secondary hospitals.*** Additional ₱1.97 billion (US\$42 million) to the Department of Health’s budget to improve the facilities and manpower of primary and secondary hospitals
- ***National Food Authority (NFA) Rice Access Program.*** The program offers subsidized prices for rice which can be bought through NFA rolling stores and government-run stores. In 2008, 14 million families have taken advantage of the subsidized NFA rice. As of November 2009, NFA had distributed 32, 217, 942 bags of 50 kg of rice with daily average sales of 146,445 bags nationwide.
- ***Self Employment Assistance-Kaunlaran (SEA-K).*** SEA-K is designed to enhance the socioeconomic skills of poor families to establish and manage a sustainable community-based micro-credit organization for entrepreneurial development. The target beneficiaries of this program are unemployed and underemployed families.
- ***Other programs.*** Expanding social protection also involves the NARS program (where nurses are deployed to underserved areas in pursuit of the Millennium Development Goals); and matching grants to local government units and student loans.

An eight-point emergency plan⁵ was drafted during the Multi-Sectoral Job Summit on February 9, 2009. It lays out specific measures and actions to help displaced and retrenched workers as well as companies affected by the global economic meltdown. The eight-point emergency plan is summarized as follows:

1. Social Security System (SSS)’ to disregard penalties and surcharges on loans of affected workers (for a period of one year);
2. Establishment of standby fund by DOLE and OWWA for displaced seafarers and land-based OFWs as workers being laid off in export-oriented industries.

The first component of this program is an Expatriate and Export Workers’ Livelihood Support Fund in the amount of ₱1 billion financed by OWWA and supported by government lending institutions such as the Development Bank of the Philippines, the Land Bank and the SB Corporation. Displaced expatriate and export-oriented workers can access the fund to help capitalize start-up businesses or finance studies and training.

⁵ As announced by former President Gloria Macapagal Arroyo (PGMA) during her speech at the Multi-Sectoral Jobs Summit “Joining Hands Against the Global Crisis”

3. Implementation of training programs targeting workers displaced as a result of the global financial crisis. TESDA conducted the training in CALABARZON, Subic, Clark, and Mactan—regions where export processing zones are located and where many workers were displaced.
4. Reduction in the cost of doing business by providing fuel subsidy to firms operating in export processing zones that transport their workers to and from the zones by Philippine Export Zone Authority (PEZA); lowering the costs of business licenses and permits; and standardization of the city business registration and permit process in Metro Manila.
5. Provision of loan facilities, such as for working capital, to creditworthy firms, by government financial institutions. The Bangko Sentral ng Pilipinas, through the national government’s representative in the Monetary Board, provides liberal terms for rediscounting facilities ⁶ and allows banks flexibility in regulatory financial ratio compliance.
6. DOLE is studying the possibility of imposing a moratorium on wages and other economic benefits for a limited period.
7. Expand training partnerships between government and private companies thru TESDA; and
8. Sharing of information between the government and industries on industry employment, number of companies affected, number of workers affected either through retrenchment or flexible work arrangements, and other related information in order to come up with an accurate and reliable picture of the actual impact of the global financial crisis on employment and business and allow both government and industry to develop appropriate responses and interventions.

President Arroyo further gave details to an important component of the ERP’s Emergency Employment Program which is the creation of “green collar” jobs, which are the highlight of the job creation program from the various projects emanating from infrastructure and social projects. Following compose the Green collar jobs program:

- The ₱2 billion reforestation fund, in the regreening of logged-over uplands like the mountains of Bukidnon, Cagayan de Oro, Lanao del Sur and in the regeneration of mangrove areas;
- Under the GREET program of tourism, coastal cleanup and Baywatch groups;
- Jatropha planting and the replanting of coconut farms to ensure stable and sustainable biofuel feedstock;
- LPG retrofitting of tricycles and PUVs;
- Barangay electrification using solar panels or connecting them to hydroelectric powered grids;
- Designating bike lanes using out-of-school youth; and

⁶ A rediscounting window is a standing credit facility provided by the BSP to help banks liquefy their position by refinancing the loans they extend to their clients (BSP Rediscounting Manual, June 2010)

- Installation of solar-powered street lights, and other clean energy initiatives that the newly signed Renewable Energy Act can unleash.

In addition, some 6,000 short-term jobs have been opened in the government's ₱ 650 million poverty mapping project which the DSWD will undertake. This project is a major component of the government's Youth Employment in Summer program .

Key Assessments⁷

The government was able to respond immediately to the crisis and identify sectors likely to be affected. The impact on export firms and their workers, as well as OFWs, was already anticipated and prompted the government to take the necessary action. Concerned agencies were convened quickly and a special task force—first called Global Recession Impact Monitor, or GRIM, and then Global Recession Impact News, or GRIN—was created to monitor developments at the international and domestic levels and craft the appropriate policy response.

Concerned agencies were instructed to keep track of the impact of the crisis on the economy. DOLE and Philippine Overseas Employment Administration (POEA) monitored workers that are vulnerable to displacement, while the Department of Trade and Industry kept track of affected exporters. The Department of Social Welfare and Development monitored poor households and extended the 4Ps to households affected by the global financial crisis.

The NEDA, along with the Bangko Sentral ng Pilipinas, the Department of Finance, and the Department of Budget and Management, tuned up the economy in preparation for the fiscal stimulus package. The initial meetings focused on monetary and fiscal issues and devising a feasible strategy to enable the economy to stay afloat, as well as provide safety nets to affected sectors. In early 2009, the ERP emerged, which aims to address the impact of the crisis.

Although the government was keen to respond and develop the appropriate strategy, the fragile fiscal situation was a constraint in creating a strong and sustainable fiscal stimulus package. The government eventually committed to a ₱330 billion package (US\$6.3 billion), but critics of the plan said that the government did not really have the funds for a package of that size. It has been said that there was only somewhere between ₱7 billion and ₱70 billion of new funds for the programs. The P100 billion private-public partnership never took off, and there was no cash outlay for the tax relief of P40 billion. According to World Bank figures, however, in 2009, the Philippines was able to reach and even surpass its target, and many large-scale projects were implemented during the crisis months. (Aldaba and Hermoso 2010)

On the bright side, programs aimed at job creation and social protection yielded modest results. CLEEP and similar programs created 375,000 jobs by the last quarter of 2009. Although these are mostly short-term, low-income jobs, this is compensated by an increase in the percentage wage of workers from 51 percent to 55 percent. Moreover, the government

⁷ Aldaba and Hermoso (2010) provided an excellent assessment of the government's policy response to the global financial crisis. Discussions from this section are mostly drawn from this article.

provided assistance to displaced workers through legal assistance, emergency employment, livelihood, skills training, job referral, and job placement (Table 1-21).

Table 1-21

No. of Philippines Workers Assisted, by Type of Assistance, October 2008 to February 16, 2009

Type of Assistance	Workers Assisted
Legal assistance	1,627
Emergency employment	3,350
Livelihood	2,114
Skills training	577
Job referral	995
Job placement	48
Total workers assisted	7,725

*Note: Details may not add up to total because multiple forms of assistance were provided.
Source: DOLE Regional Offices*

The skills training program of TESDA under DOLE, and microfinance and livelihood programs of DSWD such as SEA-K also showed success in terms of providing assistance to laid-off employees and households (Table 1-22). But an awareness campaign might have allowed other affected workers to take advantage of the programs.

Table 1-22

TESDA Assistance for Economically Displaced Workers

Region	Number
Cordillera Administrative Region	51
National Capital Region	
Ilocos	79
Cagayan Valley	34
Central Luzon	152
CALABARZON (IV-A))	179
MIMAROPA (IV-B)	2
Bicol	39
Western Visayas	
Central Visayas	189
Eastern Visayas	15
Western Mindanao	55
Northern Mindanao	2
Central Mindanao	150
Southern Mindanao	81
CARAGA	...
Autonomous Region of Muslim Mindanao	3
Assisted at the National Reintegration for OFWs	1171
Total	2,334

*Source: Report from the Overseas Workers Welfare Administration (as of 31 December 2009):
<http://www.ofwjournalism.net/latestories2.P>*

The OWWA has its own training program for displaced OFW workers. As of December 31, 2009, about 700 people took advantage of the OWWA training program (Table 1-23). OWWA also has a program called SESP (Skills for Employment Scholarship Program)

offered in cooperation with TESDA, through which OFWs or their children and beneficiaries can take a one-year technical course or a six-month vocational course. The grantee could enroll in any TESDA-registered program. Financial assistance for a one-year or a six-month program was paid directly to the training institution. The courses offered were in agriculture and fishery; processed food and beverages; tourism (hotel and restaurant); decorative crafts and ceramics; gifts, toys and housewares; jewelry; metals and engineering; furniture and fixtures; garments; construction; communication, electronics, information technology; maritime; land transport; health, social services; and other community, social and personal services.

Table 1-23

Economically Displaced Workers Receiving Assistance from OWWA as of Dec. 31, 2009

Region	Skill for Employment Scholarship Program	Microsoft Tulay Program
Cordillera Administrative Region	16	9
National Capital Region	--	--
Ilocos	13	5
Cagayan Valley	--	10
Central Luzon	8	52
CALABARZON (IV-A))	30	23
MIMAROPA (IV-B)	--	--
Bicol	--	40
Western Visayas	--	--
Central Visayas	121	148
Eastern Visayas	2	7
Western Mindanao	29	13
Northern Mindanao	7	16
Central Mindanao	61	21
Southern Mindanao	--	2
CARAGA	44	29
Autonomous Region of Muslim Mindanao	--	--
Total	331	374

Source : OWWA: <http://www.ofwjournalism.net/latestories2.P>

The primary social protection program, the Pantawid Pamilyang Pilipino Program or 4Ps was implemented in 28 provinces—148 municipalities and 12 key cities—in 2008 and in 28 provinces—107 municipalities and 3 key cities—in 2009. In 2008, 375,829 households received cash grants amounting to ₱2.6 billion. In 2009, 324,171 households received cash grants amounting to ₱4.7 million. According to the National Household Targeting System for Poverty Reduction, 489,870 households were identified as poor. The program achieved modest results but fell short of meeting 100 percent of its target. Studies showed that the program could have had wider coverage if it had been better targeted and coordinated with appropriate agencies.

Implementation of some of these programs was delegated to local government units, under the guidance of the national agency concerned. The Department of the Interior and Local Government functions as national coordinating agency of local government units and

supervises implementation of the Local Economic Assistance Program, which aims to assist select local government units in mitigating the impact of the crisis on local economies. Some local government units initiated creative programs to mitigate the impact of the crisis, but some were in need of more technical and financial support to implement and sustain the program. Continuous support to local government units is therefore critical to ensure success of these programs.

Overall, the programs to ease the impact of the global financial crisis achieved some success. The strength of the government lies on its institutional mechanisms to respond to the crisis that could be convened and activated easily to develop policies and provide guidance to line agencies and local governments, which would implement the programs. Data was also easily available and accessible to identify sectors and regions that would likely be hit even before the crisis actually reached Philippine shores. Moreover, the government's multipronged response for job creation and social protection was on the right track to address the unemployment problems and high incidence of poverty. The challenge however, was how to sustain the programs given the government's weak fiscal position. Considering the problems in the revenue generation system of the government, it should be able to find creative ways to mobilize other sources of funds.

The crisis drew attention to deep structural problems of the country and exposed the areas where the government has failed to push the right policy direction, such as an industrialization policy to create quality jobs and support for small and medium enterprises to provide jobs for the poor; a population management strategy to curb the growing population; and adequate investments in human resource development to create a more competitive labor force.

Lessons for the Philippine Labor Market

The crisis highlighted the weakness of the manufacturing sector, which was in the eye of the storm and pushed the most number of people to unemployment. As such, there is a need to help this sector and formulate policies that will improve employment generation without compromising the sector's efficiency and productivity.

The economy needs to focus not just on the numbers of jobs created, but on the quality of jobs created. There is a need to implement policies that encourage the generation of more stable and better-paying employment opportunities. A responsive jobs creation program should address five sets of unemployed and underemployed workers: those who are currently unemployed, those who are underemployed, those entering the workforce, those who will lose their jobs at home, and finally overseas workers who lost or will lose their jobs abroad (Diokno 2010).

The high unemployment rate is attributed to the high supply of labor and insufficiency of jobs. Keeping the youth in school would help suppress the excess labor supply, while at the same time, keen attention should be given to an effective population management program.

The Philippine experience showed that tertiary education does not guarantee a job with a decent wage, as shown by unemployment figures where the highest unemployment rates are among college graduates. This could be attributable to a number of reasons— there are simply not enough jobs, or students take courses unaware of the demands of the market, or the quality of tertiary education is not competitive enough to help students land a job

(Senate Economic Planning Office, 2004). It is important that the government take the necessary steps to improve the quality of education. It is also important to put a program that will allow retraining and upgrading of skills, particularly of the unemployed, to make the workforce more responsive to the needs of the labor market. The government could also facilitate the exchange of labor market information and reduce costs between job seekers and employers.

High and sustainable growth performance and a stable investment environment will encourage job generation. Moreover, investments in quality education and training will make individuals more productive and more competitive in the labor market. The government should also continue to pursue policies that narrow disparities in employment across regions and access to productive resources and social services. Growth that creates employment and reduces poverty is should be pursued.

References

- Aldaba, F. and R. Hermoso. 2010. *Crafting Coherent Policy Responses to the Crisis in the Philippines*. Paper for the Policy Coherence Forum: Overcoming the Jobs Crisis and Shaping an Inclusive Recovery: The Philippines in the Aftermath of the Global Economic Turmoil. March. Manila: International Labor Office Policy Integration Department.
- Bureau of Labor and Employment Statistics. 2010. *Labstat Updates. Highlights of the January 2010 Labor Force Survey*. March. Manila.
- Dejardin, A. K. 2010. "The Philippine Labor Market in the Aftermath of another crisis". Paper for the Policy Coherence Forum Overcoming the jobs crisis and shaping an inclusive recovery: The Philippines in the Aftermath of the global economic turmoil. International Labor Office Policy Integration Department: Manila. March.
- Diokno, B. 2010. "Understanding the Global Economic Crisis". The University of the Philippines Forum. January-February (Vol 11 Issue 1).
- Economic Resiliency Plan Frequently Asked Questions (ERP-FAQ). http://www.neda.gov.ph/erp/downloads/_Q&A%20on%20ERP.pdf (accessed April 29, 2010).
- National Economic Development Authority. *DevPulse*. 2008. "Despite Global Challenge: Employment Numbers Improve". Vol. 12, No. 18. September 30.
- NEDA. *DevPulse*. 2009. "Philippine Economic Resiliency Plan: Meeting the Global Crisis Head-on". Vol 13 No. 1 January 15.
- President Gloria Macapagal Arroyo (PGMA). 2009 Speech during the Multi-Sectoral Jobs Summit "Joining Hands Against the Global Crisis" at Heroes' Hall Malacañang, February 9, 2009
http://www.op.gov.ph/index2.P?option=com_content&do_pdf=1&id=20056 (accessed April 30, 2010)

Reyes, C., A. Sobrevinas, and J. de Jesus. 2010. "The Impact of the Global Financial Crisis on Poverty in the Philippines". Discussion Paper Series No. 2010-04. February. Makati City: Philippine Institute for Development Studies.

Senate Economic Planning Office. 2004. Policy Insights. Probing the Unemployment Problem. August.

Yap, J. 2010. Impact of the Global Financial and Economic Crisis on the Philippines: A Rapid Assessment. International Labor Organization.

Yap, J. and R. Majuca. 2010. The Philippine Economy in 2009 and 2010 and Prospects for 2010. *Development Research News*. Vol XXVIII No. 1. January-February. Makati City: Philippine Institute for Development Studies.

Yap, J., C. Reyes, and J. Cuenca. 2009. Impact of the Global Financial and Economic Crisis on the Philippines. Discussion Paper Series No. 2009-30. October. Makati City: Philippine Institute for Development Studies.