

Exploring Interventions to Reduce Youth Unemployment in the Philippines*

The role of the youth in development cannot be overemphasized. Thus, governments need to ensure that the youth acquire the requisite knowledge and skills to become productive citizens so they can, in turn, fulfill their vital role in nation-building. The Sustainable Development Goals (SDGs) include specific targets to promote employment, education or training of the youth to help them achieve their full potential. The achievement of full and productive employment and decent work for the youth is specifically identified as among the sub-goals under SDG 8 of promoting *sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all*.

The SDG targets have been adopted at the national level as enunciated in the Philippine Development Plan (PDP) 2017-2022. While there has been substantial progress in attaining these targets during the early part of the plan period, the COVID-19 pandemic has reversed the gains achieved. To account for the impact of the pandemic, targets have been revised under the updated PDP 2017-2022.

Even prior to the pandemic, the youth aged 15 to 24 years registered relatively higher unemployment rates compared to other age brackets. This problem was magnified during the pandemic as the youth were employed in the most affected sectors—retail, services, and tourism. Further, the current setup

of remote learning for the last two years which has been referred as incomparable to a physical learning setup is expected to reduce the productivity of future workers, thus, adversely affecting their employment opportunities. The Asian Development Bank (ADB, 2021) stated that the disruptions brought about by prolonged school closures will “affect the skills students acquire and eventually their productivity as future workers.” The International Monetary Fund (IMF, 2022) also stated that “massive disruptions in learning threaten to leave long-lasting scars on opportunities for today’s youth.”

The ILO (2010) pointed to the possibility of losing youth to long-term unemployment and/or precarious work if they do not stay in the labor market, education or training. The ILO (2021) reiterated the importance of ensuring that the groups that were hardest hit by the pandemic including the youth are supported in “finding decent work opportunities and that they do not suffer any long-term “scarring effects.”

This paper looks into the problem of youth unemployment which worsened during the pandemic. Current policies and programs will be analyzed to possibly identify gaps that will help improve intervention. Policy proposals will also be presented to help reduce youth unemployment in the country.

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PDP TARGETS VS ACCOMPLISHMENTS

Along with the decline in overall unemployment rate from 5.5% in 2016 to 3.0%-5.0% in 2022¹, target for youth unemployment rate in the PDP 2017-2022 was also seen to fall from the 2016 baseline of 11.5% to around 8.0% in 2022. However, youth unemployment never improved from the baseline as it went up to 11.9% in 2017 then to 13.3% in 2018 but

slightly declined to 12.9% in 2019. The COVID-19 pandemic further pushed youth unemployment to a substantial high of 21.7% in 2020 before tapering off to 15.7% in 2021 and falling within the revised 14.6%-16.5% target range. Early indicators for 2022 point to an improving youth employment situation as youth unemployment has declined to 14.0% for the period January-February.

**TABLE I
YOUTH UNEMPLOYMENT RATE
ACTUAL VS TARGETS**

	2016 Baseline	2017	2018	2019	2020*	2021*	2022*
Plan Targets	11.5 (Oct 2016)	11.0	10.4	9.8	9.2 /**	14.5- 16.5	20.5-22.5
Actual		11.9	13.3	12.9	21.7	15.7	14.0 (Jan-Feb)

Notes: * Updated PDP 2017-2022 Plan Targets

**The 2020 PDP targets set in 2016 will be retained.

Sources: Updated Philippine Development Plan 2017-2022; PSA

The updated PDP 2017-2022 noted that the revised youth unemployment rate target in 2022 took into consideration the expected substantial increase in the labor force as the first batch of K-12 graduates will be graduating from college and are expected to join the labor force.

Navarro et al (2021) described the employment situation of the Filipino youth (aged 15-24 years) in the country as not satisfactory even pre-COVID due to low educational attainment and the lack of needed skills. Citing several studies of the ILO, Navarro et al (2021) also noted “poor condition” of other indicators of decent work: (i) at least 38% of the employed are in the informal sector which is characterized

by high levels of vulnerability and limited labor rights and social protection coverage (ILO 2017); (ii) even while minimum monthly wages in the country are highest in the ASEAN, more than one tenth of wage and salary workers are engaged in low-paid work in 2018 (ILO 2020); and (iii) average daily earnings of services workers are twice as much as those of the agriculture sector workers (ILO 2020). While these results of the studies reflect the overall situation in the country, this can also be specifically noted as major issues that should also be tackled in addressing youth unemployment. The last observation on the large disparity of pay between the agriculture and services sectors reflects the problem about youth leaving the agricultural sector.

¹ Improving the quality of employment was also targeted though the reduction in underemployment rate. The sustained improvement in employment levels from 2017 to 2019 was disrupted by the COVID-19 pandemic. Unemployment rate target was revised to 7.0%-9.0% in 2021 and 2022.

YOUTH PROFILE

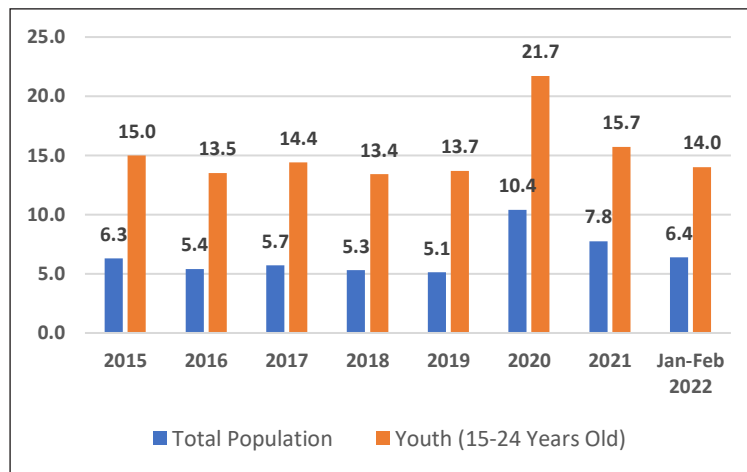
Republic Act (RA) 8044 or Youth in Nation-Building Act defines youth as age 15 to 30 years which is the “critical period in a person’s growth and development from the onset of adolescence towards the peak of mature, self-reliant and responsible adulthood.” The Philippine Statistics Authority (PSA)² identified three youth groups: (i) Child Youth – 15 to 17 years old; (ii) Core Youth – 18-24 years old; (iii) Adult Youth – 25-30 years old. For this study, the focus will be on the child and core youth groups which also match the definition of the United Nations (UN) of youth as referring to all persons between the ages of 15 and 24 (inclusive).

There are 19.7 million Filipinos in the 15-24 age group which accounts for 19.5% of the total population based on the 2015 Census of Population. Using the same proportion to the 109 million population in 2020, there

would be an estimated 21.2 million youth in 2020 or nearly 1.6 million more compared to 2015 figure.³ The median age of the country in 2015 was 24.3 years indicating that half of the total population was below 24.3 years old. Across the regions, the median age was highest in the NCR (26.2 years) and lowest in the ARMM (18.3 years).

Unemployment among the youth⁴. Unemployment among the youth in the Philippines is generally more than twice the national unemployment rate. Data also show that, on the average, the youth are nearly four times as likely to be unemployed than adults. Following the unemployment trend at the national level, the unemployment rate among the youth in the country has generally been on the downtrend before the pandemic. From its most recent peak of 17.6% in 2010, unemployment among the youth declined to 15.0% in 2015, then further down to 13.4% in

**CHART I
UNEMPLOYMENT RATE (IN PERCENT)**



Source: Philippine Statistics Authority – Labor Force Surveys (PSA-LFS)

² Youth and Statistics; Decoding the Complicated. PSA. <https://psa.gov.ph/sites/default/files/attachments/BS1%20-%203%20-%20Mr.%20Teodolfo%20Bonitez.pdf>

³ The PSA has yet to release details of the results of the 2020 Census of Population.

⁴ Aside from youth unemployment, there is a growing attention given to the youth not in education, employment or training (NEET). Apart from those unemployed, this group includes those who are not part of the labor force but are not also attending school or training. Depending on the situation of an individual, policy interventions to address youth unemployment could also cover/include those not in education or training. This paper focuses on addressing youth unemployment.

2018. During the first year of the pandemic, total unemployment among the youth soared to 21.7% in 2020, equivalent to an additional 510,000 more unemployed youth⁵ which overall accounts for about 22.8% of the 2.24 million total unemployed during the first year of the pandemic. At the height of the lockdown in April 2020, unemployment among the youth reached as high as 31.5% or about 2.04 million. In the same period, total unemployment was 17.6% or about 7.2 million unemployed, representing a massive increase of nearly five million unemployed compared to January 2020 figure.

High unemployment is not only the concern but also the quality of jobs of the youth. The International Labor Organization (ILO, 2015) noted that vulnerable employment—the sum of own-account workers and contributing family workers—among

the youth in the country is another concern. This group is described as “less likely to have formal work arrangements and more likely to lack decent working conditions, adequate social security and ‘voice’ through effective representation by trade unions” and also characterized by “inadequate earnings, low productivity and difficult conditions of work that undermine workers’ fundamental rights” (*ibid.*).

In terms of the average hours of work spent, the youth worked less hours compared to the national average (*Table 1*). While the pandemic has generally reduced the mean hours of work for all workers, the average decline among the youth was bigger at 4.3 hours compared to the national average of 3.4 hours for the 2019-2020 period. The recovery in the mean hours of work, however, has been faster among the youth.

TABLE I
MEAN HOURS OF WORK

	2019	2020	2021	Jan-Feb 2022
Total Population	42.2	38.8	39.5	41.3
Youth (15-24 Years Old)	40.2	35.9	37.0	38.6
Difference	2.0	2.9	2.6	2.8

Source: PSA-LFS

Youth Unemployment in the ASEAN. Based on ILO modeled estimates, the pandemic has generally reversed the gains achieved in reducing youth unemployment. Globally, youth unemployment was estimated to have increased from 13.5% in 2019 to 15.2% in 2020 and to 15.6% in 2021. Among select ASEAN member states (AMS), Singapore and Malaysia recorded the highest increase

in unemployment rates in 2020 by 2.9 and 2.8 percentage points, respectively. Notwithstanding one of the strictest and longest lockdowns during the first year of the pandemic, the Philippines nonetheless recorded the smallest increase (0.3 percentage points) in youth unemployment in 2020. The ILO estimates further show that Singapore and Vietnam are expected to register lower unemployment rates in 2021.

⁵ The PSA defines unemployed youth as those “who are 15 years old and over as of their last birthday and are reported as: without work, i.e., had no job or business during the basic survey reference period; AND currently available for work, i.e., were available and willing to take up work in paid employment or self-employment during the basic survey reference period, and/or would be available and willing to take up work in paid employment or self-employment within two weeks after the interview date; AND seeking work, i.e., had taken specific steps to look for a job or establish a business during the basic survey reference period; OR not seeking work due to the following reasons: (i) tired/believe no work available, i.e., the discouraged workers who looked for work within the last six months prior to the interview date; (ii) awaiting results of previous job application; (iii) temporary illness/disability; (iv) bad weather; and (v) waiting for rehire/job recall.

TABLE 2
UNEMPLOYMENT RATE OF YOUTH
ILO MODELLED ESTIMATES, NOVEMBER 2021 (IN PERCENT)

	2018	2019	2020	2021
World	13.5	13.5	15.2	15.6
Southeastern Asia	9.6	8.9	10.0	11.3
Indonesia	16.0	13.4	14.5	16.1
Malaysia	11.6	11.2	14.0	15.6
Philippines	6.7	6.8	7.1	7.3
Singapore	8.6	7.7	10.6	9.1
Thailand	4.1	4.3	5.2	7.0
Viet Nam	4.5	6.7	7.3	7.2

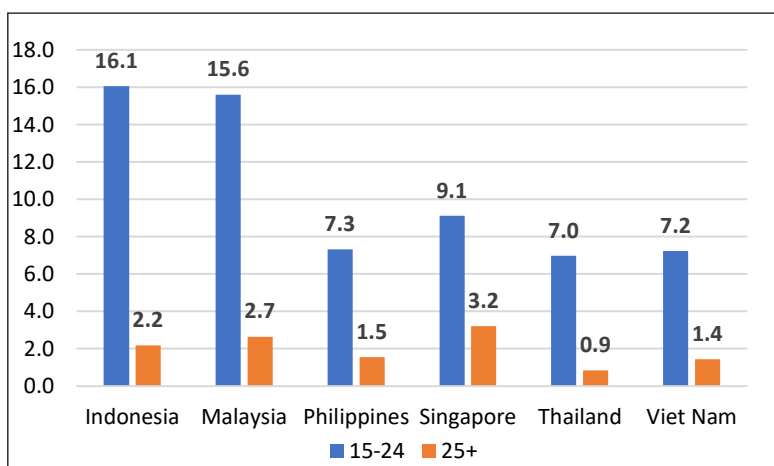
Note: This data set is part of the ILO modelled estimates and is harmonized to account for differences in national data and scope of coverage, collection and tabulation methodologies as well as for other country-specific factors. The ILO further noted that imputed observations are not based on national data and are subject to high uncertainty and should not be used for country comparisons or rankings. Nonetheless, the dataset provides some insights on the impact of the pandemic on youth unemployment rate among select AMS.

Source: ILO. Downloaded from ILOSTAT. Last update on 17 Apr20 2022.

The challenge of high unemployment among the youth is not unique to the Philippines. High unemployment among the youth is a global phenomenon. According to the UNICEF (2020), the youth are approximately three times (2.7) more likely to be unemployed than adults. The UNICEF further noted that it is estimated that 23% of young people

currently employed in the world earn less than \$1.25 a day. Among the AMS, unemployment among ages 15-24 are 7.3 (Indonesia) and 5.8 (Malaysia) times higher than adult unemployment rates. In the Philippines, unemployment among the youth is estimated to be 4.9 times higher than adult unemployment in November 2021.

CHART 2
2021 UNEMPLOYMENT RATE BY AGE
ILO MODELLED ESTIMATES, NOVEMBER 2021 (IN PERCENT)



Source: ILO. Downloaded from ILOSTAT. Last update on 17 Apr 2022

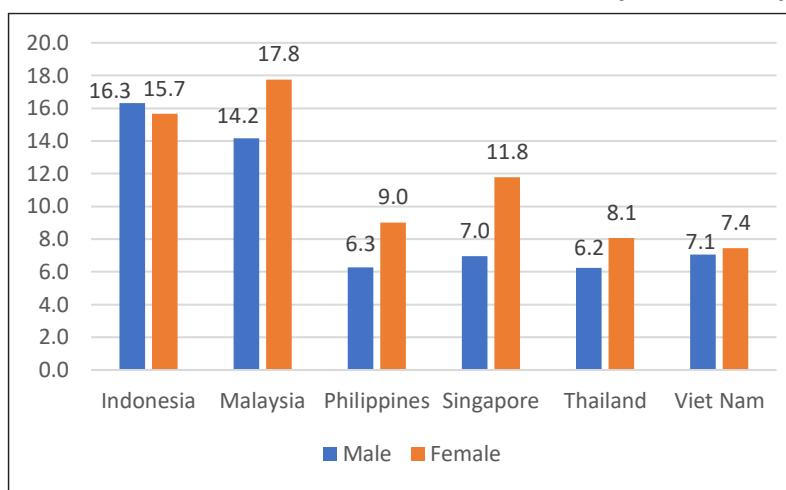
The study of the ADB (2021) noted that youth workers were hit hard across the region as shown in their disproportionate share of job losses. Comprising between 10% and 15% of the total workforce in Indonesia, the Philippines, Thailand, and Viet Nam, young workers accounted for a disproportionate share of between 22% and 45% of job losses in 2020. This was attributed to their overrepresentation in sectors that were heavily hit like food and accommodation services and wholesale and retail trade, among others.

The ADB also noted that the “compound effect of the impact of substantial youth job losses along with other pandemic-induced difficulties such as disruptions to education and skills development, and delays in school-to-work transitions can have significant long-term implications for the career and earning prospects of these youth.”

Another important consideration in looking at youth unemployment is the higher incidence of unemployment among young women compared to young men. In the November 2021 ILO estimate, only Indonesia recorded a higher unemployment rate among young men compared to young women. Singapore recorded the highest difference between male and female unemployment rates at 4.8 percentage points. On the other hand, Vietnam recorded the smallest variation in both male and female unemployed youth at only 0.3 percentage point.

The ILO (2022) states that finding a job is much more difficult for women than it is for men around the world. Women are also observed to tend to work in low-quality jobs in vulnerable conditions, and there is little improvement forecast in the near future.

CHART 3
2021 YOUTH UNEMPLOYMENT RATE BY SEX
ILO MODELLED ESTIMATES, NOVEMBER 2021 (IN PERCENT)



Source: ILO. Downloaded from ILOSTAT. Last update on 17 Apr 2022

Current Policies and Programs

There are a number of government programs that directly seek to address the high youth unemployment in the country. The programs that are presented are

those that seek to directly improve the employability of the youth. These programs which are all under the DOLE sub-program on *Youth Employability* of the Employment Facilitation Program⁶ aim to provide assistance to the youth who are already

⁶ Other programs such as Public Employment Services (PES) and Labor Market Information (LMI) under the Job Search Assistance sub-program also contribute to facilitating employment for the youth.

seeking employment. It is recognized, however, that the government has other numerous programs that contribute to improving the employability of the youth such as education-related programs, among others.⁷

Special Program for the Employment of Students (SPES). This is an employment bridging program which aims to provide temporary employment to poor-but-deserving students and out-of-school youth during summer and/or Christmas vacations to augment family income and to help ensure that beneficiaries are able to pursue their education. RA 10917 or the Expanded SPES Law which was enacted in 2016 raised the age limit of the program beneficiaries from 15-25 years to 15-30 years. It also included the dependents of displaced workers due to business closures or work stoppages such as those arising from economic disruptions and natural calamities as beneficiaries in the program. The salary of beneficiaries is shared by the employer (60%) and the government (40%) to be paid in cash and used for tuition and other education-related expenses such as food and transportation.

The requirements for eligibility to the program are: (i) passing grade in last year/term attended as shown in school records or Form 138; (ii) parents’ combined after-tax income should not exceed the latest annual regional poverty threshold level for a family of six and supported by a copy of parent’s certificate of tax exemption from the Bureau of Internal Revenue (BIR). For out-of-school youth, a certificate of good moral character issued by a barangay official is required. The period of employment during the summer vacation is 20-78 working days while 10-15 days only on Christmas break. LGUs may assume 100% share in the salary of beneficiaries with the approval of DOLE to ensure compliance with rules. For low income LGUs, DOLE may shoulder a higher percentage share in the salary based on schemes.

Based on data from the DOLE, actual accomplishment of the program has generally surpassed the targets up to 2019. It is understandable that actual accomplishment was short of the original target during the pandemic at only 58.3% in 2020. The 2020 target was adjusted to 28,640 or a 58.4%

**TABLE 3
SPECIAL PROGRAM FOR EMPLOYMENT OF STUDENTS
YOUTH BENEFICIARIES ASSISTED**

Year	Target	Accomplishment		Budget (In PMn)	
		Actual	%	Allocation	Utilization
2021	74,142 b/	83,201*	112.2	906.3	283.9
2020	68,926 a/	40,204	58.3	518.6	199.6
2019	85,518	169,065	197.7	521.7	516.3
2018	157,688	195,380	123.9	708.6	704.3
2017	203,470	213,912	105.1	846.2	719.0
2016	203,000	169,065	83.5	815.0	671.1

Note: The FYs 2016 to 2017 budget is composed of the GAA, BuB, BCDA, and Continuing Funds. Budgets from FYs 2016 to 2021 are combined Current and Continuing Appropriations except FY 2018 wherein there was no Continuing fund during that year. Reflected budget for FY 2021 is based on August 31, 2021 preliminary data.

** Accomplishment figure is as of August 2021*

a/- FY 2020 Target was reformulated into 28,640 from the GAA target of 68,926

b/- 2021 GAA and BED2 Target

Source: DOLE

⁷ Some of these programs include the following: Student financial assistance program (STUFAP); Expanded Students’ Grant-Aid Program for Poverty Alleviation (ESGP-PA); Training for Work Scholarship (TWSP); Special Training for Employment Program (STEP); and Private Education Student Financial Assistance (PESFA). Source: PIDS (2020).

reduction to account for the COVID-19 impact. In terms of the budget allocation, it has steadily gone down from its peak of P846.2 million in 2017 to P518.6 million in 2020. Recognizing the need to provide assistance to mitigate the impact of the pandemic, the SPES budget was increased by 74.8% in 2021 to P906.3 million. A simple computation of the utilization rate (utilization/allocation) shows that it was high prior to the pandemic reaching as high as 99.4% in 2018 then sharply declined to 38.4% in 2020 and further down to 31.4% in 2021. As the economy recovers from the pandemic, constraints that impede utilization of the budget

should be looked into to be able to reach more beneficiaries.

Another factor that should also be looked into in the implementation of the SPES is the declining participation of the private sector which is composed of establishments, non-government organizations and educational institutions. From 3,194 or nearly 70% of the total, private employer participation has generally steadily declined over the years to 874 employers in 2019. The substantial decline in 2020 and 2021 can be attributed to the restrictions during the pandemic.

TABLE 4
EMPLOYER PARTICIPATION IN SPES

	2016	2017	2018	2019	2020	2021
Private	3,194	3,326	1,551	874	136	499
Government	1,464	1,566	1,200	1,194	450	1,320
Total	4,658	4,892	2,751	2,068	586	1,819

Source: DOLE

An impact evaluation study of the SPES by Beam and Quimbo (2020)⁸ showed that while SPES helped beneficiaries find work, there is no evidence of the impact on academic outcomes or work readiness in the medium term. The results of the study showed the following: (i) SPES did not increase school enrollment, which was already 95% regardless of participation but it increased enrollment for men by 6.2 percentage points, who are more likely to drop out; (ii) It improved students' confidence about their post-graduation work prospects but did not affect their wage expectations; (iii) SPES participation increased the likelihood of being currently employed by 3.9 percentage points, a 70% increase from the comparison group rate of 5.6

percent; and (iv) On cost-effectiveness, the DOLE cost of the program was calculated at P3,561 (\$67 in 2018) per beneficiary, and P49,464 per additional person employed (\$932 in 2018). Variations were noted in the overall cost per region due to variations in program implementation.

JobStart. This program seeks to improve the employability of youth through full-cycle employment facilitation services such as registration, client assessment, life skills training⁹ with one-on-one career coaching, technical training, job matching, and referrals to employers either for further technical training, internship, or for employment. The main objective of this program

⁸ The authors noted that they faced several limitations during the evaluation. There were fewer participating municipalities and a reduced sample size due to challenges in gaining the support and cooperation of the local chief executives. Non-compliance with randomization was also to be at high levels (28%). An additional follow-up study was suggested by the authors to determine the longer-run impact of SPES on education, employability, and employment. (Source: <https://www.poverty-action.org/study/impact-youth-employment-bridging-program-philippines>)

⁹ This is a ten-day training designed to holistically develop the behavior, attitude and values of JobStart trainees, with the aim of enabling them to plan better their career path and deal effectively with the demands and challenges of everyday life and work. (Source: RA 10869 IRR)

is to shorten the youth's school-to-work transition. RA 10869, or the JobStart Philippines Act in 2016 institutionalized the implementation of the program nationwide. The partnership with the private sector helps employers meet their manpower needs with well-prepared, talented, and enthusiastic young men and women.

The program is also designed to increase the capacity of Public Employment Service Offices (PESOs)¹⁰ in providing holistic and integrative employment facilitation services to reduce job-search period of young workers. An allowance is provided to JobStart trainees for the duration of life skills training (10 days) and technical skills training. Trainees also undertake internship with partner employers for a maximum of three months with stipend not less than 75% of the prevailing minimum wage in the locality.

The eligibility requirements for the program are the following: (i) at-risk youth or youth (18-24 years old)¹¹; (ii) at least high school graduate; (iii) with less than one year or no work experience; (iv) not currently working or enrolled in school or training; (v) birth certificate issued by the PSA; and (vi) diploma and/or transcript of records. There are also eligibility requirements in terms of their capacity to undertake the required training/mentoring as well as documentary requirements for partner employers.

To meet the requirements brought by the pandemic, several initiatives were pursued to encourage participation in the JobStart program: (i) digitization of the registration process through the Training and Employment Support Services Assistant (TESSA) chatbot as well as the Life Skills Training

modules (November 2020) and (ii) development of the online Youth Employment Exchange (YEE) to link the business sector and the PESO for virtual engagement and data exchange on technical training and placement of JobStart trainees (July 2021).

The program has achieved the targets indicated under the GAA. The budget for this program has generally declined over the years from its peak of P263.8 million in 2017 based on data from the DOLE. There was a low utilization rate (10.1%) during the initial implementation of the program in 2016 which was attributed by the DOLE to the following: (i) immediate placement to employment post life skills training; (ii) absence of financial management structure; delay in the processing, approval and release of request for funding realignment of regional offices; and (iii) delay in MOA signing. Most of these were addressed through the publication of the implementing rules and regulations which provided program implementers and stakeholders with clearer guidelines and strategies in the program implementation and which improved fund utilization in the succeeding years. The substantial decline in utilization in 2020 and 2021 can be attributed to the implementation challenges brought by the pandemic.

Funding for this program was supplemented through support from a technical assistance from the ADB which already expired in March 2022. With the conclusion of the ADB support, there is a need to evaluate whether additional government funding is needed to sustain the program. As the economy is still on the recovery phase, support for the youth to improve their employability is still extremely needed.

¹⁰ RA 8759 (PESO Act of 1999) institutionalized a national facilitation service network through the establishment of a PESO in every province, city and other strategic areas throughout the country. It serves as the referral and information center for various services and programs of the DOLE and other government agencies and provides labor market information to clients.

¹¹ The primary target beneficiaries are at-risk youth defined as young adults who are less likely to transition successfully from school to work, and to be financially independent and economically active members of the community, which includes youth from low-income households, with insufficient training and educational background who are unemployed.

TABLE 5
JOBSTART PHILIPPINES PROGRAM
YOUTH BENEFICIARIES ASSISTED

Year	Target	Accomplishment		Budget (PMn)	
		Actual	%	Allocation	Utilization
2021	1,000 b/	1,263 (2021 GAA Fund) 87 (2021 LGU Fund) 1,550 (2021 ADB TA and LGU Funds) 1,000 (2020 GAA Continuing Fund)		92.1	10.1
2020	1,000 a/	Deferred	--	47.3	14.0
2019	380	1,673 GAA- 556 LGU-166 ADB-951		21.9	15.9
2018	400	1,810 GAA- 400 ADB- 1,410	100	20.7	19.3
2017	4,200	7,803 GAA- 3,618 ADB- 4,185	186	263.8	168.6
2016	3,200	3,398	106	106.5	10.8

Note: Budgets from FYs 2016 to 2021 are combined Current and Continuing Appropriations except FY 2018 alone which has no Continuing Fund during that year. Reflected budget for FY 2021 is based on August 31, 2021 preliminary data.

* - Accomplishment figure is as of August 2021

a/- Target is not achieved due to the deferment of JobStart implementation

b/- 2021 GAA and BED2 Target

Source: DOLE

Government Internship Program. This program which facilitates youth employment under the Livelihood and Emergency Employment Subprogram seeks to provide opportunities and engage the youth to be in public service at both the local and national levels. The internship period runs for a minimum of 3 months to a maximum of 6 months. This program is open to 18-30 years old and in exceptional cases, individuals up to 35 years old may be accommodated for areas hardly hit by disasters and calamities. For the period 2016-2021, this program has generally achieved the targets. As of August 2021, 41,273 youth beneficiaries were assisted which has already exceeded the 10,020 full-year target.

Other Initiatives during the pandemic. The digitization initiatives of the Technical Education and Skills Development Authority (TESDA) have benefitted the technical training component of the JobStart program. The TESDA strengthened its digital platform to ensure continuous access to training during the pandemic. TESDA's Online Programs (TOP) which was launched in 2012 is an open educational resource to make TVET more accessible through information and communication technology. From less than 200,000 enrollees in 2019, enrollment in TOP surged during the pandemic with about 1.3 million registered users. There were 670,426 TOP users in September 2021. The total number of enrollees in 2020 and 2021 accounted

**TABLE 6
GOVERNMENT INTERNSHIP PROGRAM
YOUTH BENEFICIARIES ASSISTED**

Year	Target	Accomplishment		Budget	
		Actual	%	Allocation	Utilization
2021	10,020 a/	41,273*	412	1,996,820	1,130,490
2020	10,599	22,788	215	821,743	748,219
2019	41,248	45,121	109	1,522,460	1,077,133
2018	25,940	17,999	69	592,340	542,060
2017	16,243	17,098	105	790,717	660,780
2016	41,420	43,035	104	1,412,018	1,025,731

Note: Budgets from FYs 2016 to 2021 are combined Current and Continuing Appropriations except FY 2018 alone which has no Continuing fund during that year. Reflected budget for FY 2021 is based on preliminary data as of August 31, 2021.

*- Accomplishment figure is as of August 2021

a/- Target included in the 2021 GAA

Source: DOLE

for about 58% of the total 3.3 million TOP users since 2012.

There are 108 available courses under TOP. The top five courses chosen by enrollees are human health/health care (37%), tourism (20%), 21st century skills (15%), electrical and electronics (10%), and entrepreneurship (5%). One of the success factors of the TOP is the partnership of TESDA with the private sector – Globe Telecom – which boosted participation in the program. Free data access was provided to TOP enrollees who are using Globe or TM-powered smartphones. A TOP app was also created for Android and IOS gadgets to allow learners to download a course for offline use.

FACTORS OBSTRUCTING YOUTH EMPLOYMENT

Several factors affect youth employment opportunities. Haider (2016) noted that while relatively similar factors hinder the access of all job seekers, the youth experience these barriers to a greater degree and are more likely to be affected by additional constraints such as “poor employer perceptions of them; lack of entry-level jobs; inefficient information systems; and weak access to credit.”

Boom-bust cycle of economic growth. During economic

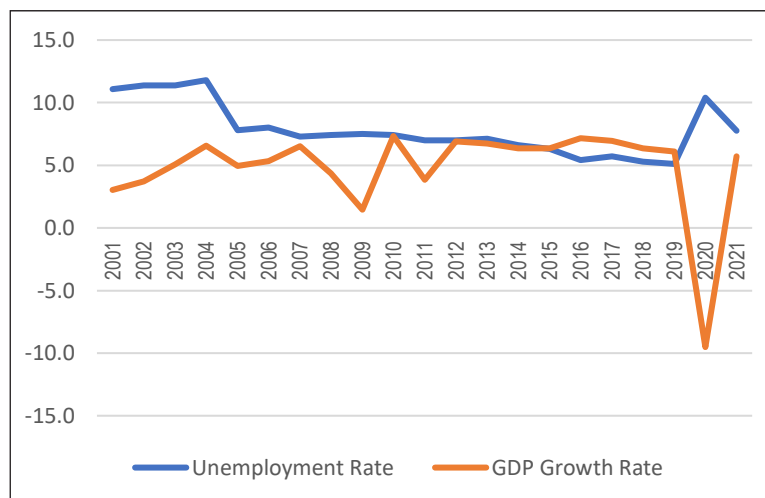
downturns, young workers are often the first to be laid off, hindering their ability to gain skills and earn experience (Baah-Boateng, 2016; Manpower Group, 2012). During the COVID-19 pandemic, it was observed that the youth were among those that were hardest hit (ILO, 2021; WEF, 2021). In the Philippines, youth unemployment rate reached 21.7% in 2020, or 8.0 percentage points higher than 13.7% in 2019 compared to only 4.8 percentage points increase for workers 25 years and above.

The availability of employment opportunities to some extent is determined by the state of the economy. Strong economic growth expectedly would be accompanied by a reduction in unemployment. In the Philippines, there is a moderately negative correlation between economic growth and unemployment rate at -0.41. Chart 4 shows that there were years of economic growth which were not correspondingly accompanied by employment creation (2001-2004) and that there were also sharp economic downturns such as during the global crisis in 2008 and 2009 but which were not accompanied by a significant increase in unemployment rate. This could be partly attributed to the explanation of ILO (no date) that the extent to which economic growth translates to productive employment creation depends not only on the rate of growth, but also on the efficiency by which growth translates into

productive jobs which, in turn, is affected by (i) the sector composition of growth; and (ii) the capital/

labor intensity of growth within the individual sectors.

CHART 4
GDP GROWTH AND UNEMPLOYMENT RATE
IN PERCENT



Source of basic data: PSA

Skills Mismatch. The ILO (2020) defined skills mismatch as a discrepancy between the skills that are needed by employers and the skills that are possessed by individuals. The ILO also raised the issue of skills obsolescence where workers lose their skills over time due to lack of use or skills become irrelevant due to changes in the workplace such as digitalization and technological advancement. Based on the BLES Integrated Surveys of the DOLE, the top two reasons of firms why vacancies were hard to fill were lack of skills and lack of experience averaging 38.3% and 17.3%, respectively, in the 2008, 2010 and 2012 surveys. The requirements for experience and specific skills of companies directly put young job seekers at a disadvantage.

Apart from increasing unemployment, there are other negative repercussions of skills mismatch. The ILO (2020) discussed possible serious wage penalties at the individual level especially for overqualification that eventually affects both job and life satisfaction and the negative impact on productivity and competitiveness for businesses which affect their

ability to introduce new products, services or technologies, higher staff turnover and sub-optimal work organization, possibly resulting in the loss of profits and markets. At the national level, skills mismatch has adverse impact on competitiveness and overall attractiveness to investors.

Limited availability of entry-level jobs. Majority of prospective employers prefer workers with experience. It is very seldom to see job advertisements indicating that fresh graduates are welcome. Haider (2016) noted that employers are often skeptical about hiring young workers due to “lack of expertise and professional and personal immaturity.” Employers were also observed to be reluctant to invest resources in training young people when they could hire more experienced adult workers (*ibid.*).

Weak Labor Market Information. Young jobseekers are particularly affected by the lack of an effective labor market information system due to their limited labor market experience and weak networking (Baah-Boateng (2014) as cited in

Haider (2016). Avila (2020) noted that many young jobseekers “might not be aware of the support that is available to them and thus face a harder time finding a job.” Programs that provide support to the youth such as employment placement centers to register and facilitate placement of youth in employment have a lot to be improved on in the Philippines. Without these support systems, the youth will have a difficulty finding new jobs. Even in the access of training programs, the study by Orbeta et al (2021) identified lack of information on TVET programs as one of the significant hindrances.

Financial Constraints. Job hunting not only requires time and energy but also financial resources for transportation and communication expenses, requirement fees (e.g., medical clearance, NBI clearance and authentication of documents), and even for clothes. The result of a survey¹² which was part of the study by Orbeta et al (2021) showed that financial constraints are the main barriers among the youth not in employment, education and training who cited hindrances in the pursuit of further training, i.e., no funds for allowance or no funds for tuition. Lack of resources can hinder the capability of young workers to look for work and there is a tendency for them to accept the first job offer they get which oftentimes leaves much to be desired – sacrificing quality.

Weak socio-emotional skills. Employers are not only looking for technical skills but also for certain socio-emotional skills/traits such as critical thinking, social perceptiveness and stress tolerance, self-motivation teamwork, decision-making, etc. Based on a Talent Map by the DOLE (no date), only 62% out of 1,086 individuals passed the competency assessment based on their cognitive skills and socio-emotional skills/traits. A study¹³ by the World Bank (2017) showed that about two-thirds of companies have reported difficulty in finding workers with an

adequate work ethic or appropriate interpersonal and communication skills. The number of firms which resorted to in-house training in order to improve behavioral skills has also increased.

POLICY IMPERATIVES

While there seem to be a number of programs and projects that directly improve and facilitate the employment of the youth, these are seemingly not enough to address the challenges faced by young job-seekers. The youth are highly vulnerable to sudden changes in the labor market—they are usually the first ones to be terminated during economic downturns and have more difficulty finding new jobs due to employers’ preference for workers with more experience.

New labor market trends such as increased automation, use of artificial intelligence, demand retooling or upskilling of young workers to be more competitive and adaptable. The setback wrought by the pandemic such as the low quality of learning from remote classes, i.e., limited interaction, lack of laboratory classes, is expected to have adverse impact on the productivity of young workers. These challenges further underscore the need to strengthen training and upskilling outside the formal educational system.

Given the fragility and uncertainty of the recovery and the emerging global geopolitical tensions and the subsequent ramifications, the call is for continued broader policy support including measures that target the most vulnerable youth. It is imperative to underscore the importance of crafting recovery strategies that will make youth employment a key objective taking into account intersectionality with gender and other relevant dimensions to avoid long-term scarring effects (ILO 2021).

¹² Data were collected from a rapid online survey of applicants and trainees in TESDA Technology Institutes and the YouthWorks PH program of the Philippine Business for Education (PBE) and United States Agency for International Development (USAID). (Orbeta et al, 2021)

¹³ The study – part of a household survey initiative under the international umbrella program STEP (Skills for Employability and Productivity) – revealed that the number of Philippine firms reporting inadequate workforce skills rose by 30 percent in the past six years.

Review and modify/improve, as necessary, existing government programs. With the adverse impact of the pandemic on the access and quality of learning, it is critical for the government to provide the necessary support especially to those who are no longer able to go back to formal schooling. Current internship, apprenticeship, and training programs of the government should be reviewed/evaluated to be able to cater to the needs of intended beneficiaries and to adjust to the changing needs of industries. For instance, a review of the budget of the SPES and JobStart programs should be done to ascertain if there is a need to beef up the program's funding particularly for the latter of which the additional funding source from ADB technical assistance has ended in March 2022. Implementation challenges need to be addressed to be able to reach more beneficiaries.

To maximize employment outcomes for young job-seekers, a complete package of career facilitation services that includes skills training, counseling, job placement services such as those provided under the JobStart program has to be scaled up. To further increase enrollment in existing government programs such as technical and vocational education and training (TVET), a comprehensive support package from enrollment to employment should be provided. Orbeta (2021) underscored the importance of addressing barriers and challenges of those who desire to be and are currently in TVET training should be addressed by government and other key stakeholders. This includes addressing financial constraints of participants through re-examination of existing allowance benefits, conduct of better information dissemination on training opportunities, provision of labor market information and employment facilitation, and consideration of solutions to connectivity and digital device issues experienced by trainees.

There is also a need to increase the presence of existing programs in the region. For instance, the ADB (2021) noted that enterprise-based training (EBT) remains low and largely concentrated in more

industrialized regions and almost absent in some other regions. ADB further noted the EBT modality has an edge as it delivers TVET that is most relevant to industry needs and generally has the highest employment rates compared to other training modalities. Recognizing the importance of EBT in improving the employability of young workers, legislation of an Enterprise-Based Education and Training (EBET) Act has been proposed. In addition, a revision of the national apprenticeship program is also recommended to enhance existing standards of training, development, and employability of apprentices in the country. Details of these proposals are provided in Box 1.

Improve partnership among the government, educational authorities/academe and businesses. The problem on jobs-skills mismatch can be traced to the weak dialogue/collaboration among key stakeholders. Bernater (2014) noted that the full potential of the partnership between educational institutions and businesses is far from being utilized due to “basic attitudinal differences and driven interests of the stakeholders thereby making the partnership problematic.” Improving partnership through regular dialogue is key in identifying the specific skills needed by the industry to cope with so-called Industry 4.0 and the labor market adjustments brought by the pandemic. Forging stronger collaboration is needed to be able to craft curriculum and/or training designs that are attuned to the changing needs of businesses.

Strengthen the role of LGUs. The LGU can mobilize barangay officials to identify unemployed youth in their communities to ensure that everyone is provided information of available employment facilitation programs as well as assistance in accessing these programs. LGUs should have adequate capacity to properly implement the Public Employment Service Office (PESO) which plays a critical role in facilitating youth employment. It is responsible for implementing programs such as career guidance and employment coaching, job search assistance through the provision of labor market information, training and referral for the unemployed particularly the youth. The PESO

Box I

LEGISLATIVE IMPERATIVES

Enterprise-Based Education and Training Act

This proposal seeks to achieve the following: (i) provide steady pool of well-trained technical-vocational manpower to meet the demands of the economy; (ii) address job-skills mismatch to boost employment by consolidating apprenticeship, dual training, on-the-job training and all other forms of industry-based training arrangement into one rationalized system and engaging the private sector; (iii) provide greater access to venues for education and training to reach potential student trainees even in the far-flung areas of the country; and (iv) set enterprise-based training standards to ensure that the student trained shall acquire the right competencies and their safety assured. Among the key features of this proposal are the following:

- Identifies and groups three training modalities: (i) EBET by enterprises which includes apprenticeship, learnership, in-company training; (ii) EBET by technical-vocational institutions (TVI) which includes dual training system, practicum, on-the-job training, internship, and supervised industry training; and (iii) EBET by government agencies which include work appreciation program, and government internship program.
- Directs the TESDA Board to establish the overall policy for EBET and for the TESDA secretariat to put in place an enterprise-based on-the-job training identification and prioritization system for administration, monitoring and evaluation.
- Mandates those with duly recognized EBET programs to have the primary responsibility of providing aptitude test in the selection of trainees or if they opt out, the TESDA shall provide such tests free of charge.
- States that the duration of the EBET programs shall be based on the complexity of the competencies to be learned in the specific qualification.

Revision of National Apprenticeship Program

This proposal aims to enhance existing standards of training, development, and employability of apprentices and promote youth and young workers' full employment through training and development that includes both off-the-job and on-the-job training components. It provides for the establishment of a reformed apprenticeship program that will ensure the availability of qualified human resources in fields requiring critical and in-demand technical skills through the active participation of workers, enterprises, relevant government agencies, and concerned non-government organizations. Among the key features of this proposal are the following:

- Mandates enterprises with TESDA-registered Enterprise Apprenticeship Program as those which can accept apprentices and implement the program in apprenticeable occupations - identified by the Industry Board/Body and duly approved by TESDA.
- Requires specific content of the apprenticeship contract (e.g., sets the grounds and the rules and procedures for the termination of apprenticeship agreement; training allowance which shall not be below seventy-75% of the applicable minimum wage) instead of generally stating that it should conform to DOLE rules and regulations.
- Sets maximum duration of apprenticeship programs depending on the complexity of the skills to be learned. (This repeals EO No. 111, s.1986 that sets the maximum duration of apprenticeship programs.)
- Institutes a mechanism for issuing appropriate certificates to apprentices who completed the apprenticeship program, comparable to completing a training program in TESDA-accredited training institutions.

also serves as the referral and information center for various services and programs of the DOLE and other government agencies and provides labor market information to clients. RA 10691 amended the law requiring every PESO to undertake holistic strategies, programs and activities to transform into a modern public employment service intermediary that provides multi-dimensional employment facilitation services.

LGUs also play a key role in the implementation of community-based training programs. ADB (2021) noted that enrollment in community-based TVET has grown faster compared to other modalities which highlights the importance of continued efforts to ensure high-quality training at the local level. Community-based training is often delivered through partnerships with technical-vocational institutions and can be more responsive to local needs. However, issues of poor quality and being largely supply-driven due to limited resources/facilities and linkages with industry require continuous monitoring from TESDA.

Strengthening TESDA. Republic Act 7796 provides the mandate of TESDA to set direction, promulgates relevant standards, and implements programs geared toward a quality-assured and inclusive technical education and skills development and certification system. The agency is mandated to: i) integrate, coordinate and monitor skills development programs; ii) restructure efforts to promote and develop middle level manpower; iii) approve skills standards and tests; iv) develop an accreditation system for institutions involved in middle-level manpower development; v) fund programs and projects for technical education and skills development; and vi) assist trainers training programs. The agency has a single outcome which is to “increase and/or enhance employability.”

While recognizing that TESDA is well-placed to address the skill needs of Industry 4.0, the ADB (2021) cited a range of issues that hampers the organization’s effectiveness and relevance: (i) resource constraints that impact on capital outlay, reducing

its ability to provide up-to-date facilities, as well as trained staff; shortages of technology competency assessors and lengthy processes for developing standards and assessment tools undermine the ability to provide up-to-date services; and insufficient industry engagement hinders the ability to respond to changing private sector demand for skills; (ii) challenge on how to redefine its role as the authority of TVET in the context of fast-changing environments and the realities of its own organizational resources as well as an unsettled issue of devolution of its direct training function; (iii) need to move beyond the confines of bureaucratic space and set the tone of a learning organization that models the 21st century skills of creativity, critical thinking, communication, and collaboration to be able to meet the new demand of Industry 4.0.

Strengthening Socioemotional Skills. Warwick (2017) noted that while “numeracy, literacy, technical skills, and school enrollment are benchmarks of a productive, modern nation,” the jobs of the future also require skills that promote “individual behavior, personality, attitude and mindset.” Non-cognitive skills such as problem solving, communication, cooperation, leadership, critical thinking, creativity, interpersonal, computer literacy, vocational and entrepreneurial skills are increasingly becoming a major consideration in the hiring of workers. Based on the World Bank (2017) assessment, the country is still “at an early stage in terms of its ability to measure and develop socioemotional skills.” To facilitate the inclusion of these skills in the school curriculum as early as in the primary level, teachers must be adequately trained to foster the development of these competencies. The World Bank also noted that studies show that primary school is the optimal time for shaping socioemotional skills. Nonetheless, the World Bank also suggested that interventions involving workers entering the labor force can also effectively bolster their socioemotional skills. Behavioral skills training can also be integrated in regular training program such as the technical-vocational courses provided by the TESDA.

Promote entrepreneurship among the youth. Due to limited employment opportunities during the recovery stage, promoting entrepreneurship has never been more important. A national program to promote youth entrepreneurship development is provided for under RA 10679 or the Youth Entrepreneurship Act. This policy aims to help young Filipinos develop their entrepreneurial skills by offering them a comprehensive package of interventions. The Micro, Small, and Medium Enterprise Development Council (MSMEDC) through the Department of Trade and Industry (DTI) is mandated to implement the Youth Entrepreneurship Program (YEP) which focuses on making the youth more productive through entrepreneurship. A review of the YEP is already in order, as it is already seven years since its implementation, to determine whether intended objectives are met and, if necessary, identify recommendations for improvement to encourage the youth to engage in entrepreneurial activities.

SUMMARY/CONCLUSION

High unemployment and underemployment especially among the youth create pressures in the individual, tensions within families, and pose great risks to society and the economy. While there are existing programs catering to address youth unemployment, much still needs to be done. It is important to consider that the problem of youth employment is multidimensional, requiring a multisectoral approach and strong collaboration among various stakeholders—government, private sector, and the civil society. It is therefore imperative for the government to provide an enabling environment where this partnership could thrive. Further, the role of the government in promoting robust, sustained, and inclusive economic growth cannot be overemphasized in facilitating better employment outcomes not only for the youth but for all job-seekers.

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