## SUMMARY POVERTY REDUCTION AND SOCIAL STRATEGY

Country:	Philippines	Project Title:	Facilitating Youth School-to-Work Transition Program, Subprogram 2					
Lending/Financing Modality:	Programmatic Policy-Based Lending	Department/ Division:	Southeast Asia Department Public Management, Financial Sector, and Trade Division					
I. POVERTY AND SOCIAL ANALYSIS AND STRATEGY								
Poverty targeting: general intervention								
A. Links to the National Poverty Reduction and Inclusive Growth Strategy and Country Partnership Strategy								
The Philippines has made good progress in poverty reduction. The national poverty rate fell to 21.6% in 2015,								
declining from by an average of 1.2 percentage points per year during 2012–2015 compared with 0.6 percentage								
points per year during 2006–2015. <sup>b</sup> However challenges remain, with poverty rates still among the highest in								
Southeast Asia. This is largely driven by the country's less pro-poor pattern of growth, high inequality of income and								
wealth, and increasing vulnerability to disasters and conflict. In response, the Government of the Philippines has								
formulated AmBisyon Natin 2040 and the Philippine Development Plan, 2017-2022 as key strategies for the long-								

term vision to (i) reduce poverty, (ii) improve the lives of the poorest segments of the population, and (iii) serve as the blueprint for the country's development.<sup>c</sup> Subprogram 2 of the Facilitating Youth School-to-Work Transition Program has been supporting the government in strengthening policies and programs for labor market activation and helping the youth in accessing decent employment opportunities within a reasonable time. The program is closely aligned with the "high and inclusive growth" objective of the country partnership strategy for the Philippines, 2018–2023 of the Asian Development Bank (ADB), and it reinforces the country partnership strategy's third strategic pillar of investing in people.<sup>d</sup>

## B. Results from the Poverty and Social Analysis during Project Preparatory Technical Assistance or Due Diligence

1. **Key poverty and social issues.** Sustained economic growth over the past 10 years has led to progress on poverty reduction, with increases in wage income and movement of workers out of agriculture contributing to about two-thirds of the poverty decline. Nevertheless, the current rate translates to nearly 22 million poor people. Contrary to national trends, poverty incidence is on the rise in parts of Eastern Visayas, and in southern and western Mindanao. In these areas, poverty incidence often exceeds 30%. Women belonging to poor families have higher poverty rate (22.5%) than the general population (21.6%); poverty incidence among women is highest in the Autonomous Region in Muslim Mindanao (55.1%). Given the Philippines' high average annual population growth rate (1.72% during 2010–2015), and its young demographic profile (about 51.3% of the population was below 25 years of age in 2015), it is critical for the country to enhance the employability of its youth.

2. **Beneficiaries.** Youth unemployment is a dominant problem in the labor market. In 2018, the unemployment rate among youth (15–24 years old) was 13.4%, compared to the national unemployment rate of 5.3%. In 2017, the share of the youth working population not in employment, education or training (NEET rate) reached 21.7%, indicating that about 4.4 million young Filipinos are underutilized, with their skills not being enhanced by education, training, or employment. Labor market demand is shifting toward college-educated and highly skilled workers, making it more difficult for those without post-secondary schooling to find work. NEET rates are twice as high in low-income households than in well-off households. This perpetuates poverty and income inequality between generations. Further, on average it takes 4 years for a high school graduate and 2 years for a college graduate to find permanent wage jobs. The slow school-to-work transition is the result of inefficient and fragmented labor market programs, weak links between education and skills training, and the changing demand for jobs. The program therefore focuses on enhancing the employability and improving the employment prospects of the youth who are NEET.

3. **Impact channels.** The reform program supports the government in reducing poverty and achieving inclusive growth by addressing the following: (i) improving youth labor market programs; (ii) enhancing youth training systems, and (iii) strengthening labor market policies for the benefit of the youth. The program targets poverty reduction and inclusive growth through sustained, equitable, and long-term economic growth built on improved labor market activation programs and employment facilitation services, expanding opportunities for upskilling job seekers through internships, apprenticeships, and dual training programs, and strengthening industry engagement.

4. **Other social and poverty issues.** The impact of ADB support for the Pantawid Pamilya Pilipino Program, a conditional cash transfer program, and for the implementation of the Senior High School Support Program bears highlighting.<sup>e</sup> Overall, this integrated package of long-run ADB assistance for social protection and senior high school education reforms has reinforced the policy level initiatives supported by the Facilitating Youth School-to-Work Transition Program to strengthen the supply side of the labor market.

5. **Design features.** The program improves employability of at-risk youth and facilitates young Filipinos' transition to the workforce. The program targets three reform areas: (i) improving government employment facilitation services, (ii) enhancing skills development and training systems; and (iii) strengthening labor market policies.

## C. Poverty Impact Analysis for Policy-Based Lending

1. **Impact channels of the policy reforms.** Subprogram 2 will continue to support the key agencies—the Department of Labor and Employment (DOLE) and the Technical Education and Skills Development Authority—in (i) improving and expanding labor market activation programs targeting young job seekers, out-of-school youth, and displaced workers; (ii) helping these groups find quality employment; and (iii) increasing female representation. The following will strengthen employment facilitation services: (i) operationalizing and strengthening capacity of 1,253 public employment service offices (PESOs); (ii) rolling out of an enhanced labor market information system (tracking sex-disaggregated data); (iii) expanding the JobStart Philippines (JSP) youth employment program to 35 local government units, covering 17,537 out-of-school youth; (iv) improving implementation of the Special Program for the Employment of Students (SPES), which is an employment bridging program for poor and out-of-school youth; (v) establishing an integrated monitoring and evaluation system for all DOLE programs; and (vi) operationalizing the Philippine Qualification Framework and strengthening various apprenticeship programs to facilitate industry-led skills training.

2. **Impacts of policy reforms on vulnerable groups.** Reform of the labor market programs and improved access to workplace skills development will enhance employment opportunities for the vulnerable groups, including out-of-school youth and new entrants into the labor market. For example, the SPES prioritizes poor but deserving students, out-of-school youth, and dependents of displaced or would-be-displaced workers. The JSP trainees receive an allowance for the duration of life skills training (10 days) and technical skills training (optional, for a maximum of 3 months), and shall undertake an internship with partner employers/establishments for a maximum of 3 months with a stipend of not less than 75% of the prevailing minimum wage. Additionally, the Single-Entry Approach (SENA), a free conciliation and mediation mechanism for labor disputes, benefits workers from marginalized sectors.

3. **Systemic changes expected from policy reforms.** Subprogram 2 supports the government in continuing with policy and institutional reforms to raise the employability profile of the youth.

PARTICIPATION AND EMPOWERING THE POOR

 Participatory approaches and project activities. The program emphasizes participatory approaches that are key to ensuring improvements in local employment facilitation services through the PESOs at the subnational level.
Civil society organizations. Community-based organizations and non-governmental organizations are also engaged

with PESOs. This is critical for ensuring the effective implementation of active labor market programs in LGUs and for achieving job placement targets.

3. The following forms of civil society organization participation are envisaged during project implementation, rated as high (H), medium (M), low (L), or not applicable (NA):

Information gathering and sharing (H	) 🛛 Consultation (H) 🛛 Collaboration (H) 🗌 Partnership
4. Participation plan.	No. The program supports government consultation and participation
processes.	

## III. GENDER AND DEVELOPMENT

П.

Gender mainstreaming category: effective gender mainstreaming

**A. Key issues.** There is a gender gap in labor market outcomes. The female labor force participation rate worsened from 49.3% in 2007 to 47.5% in 2018. There remains a gap of approximately 30% between the male and female labor force participation rates. There are higher inactivity rates among young women, who have a NEET rate of 28.5% compared to 15.3% among young men. Young women are more likely than young men to withdraw from the labor market or enter precarious forms of employment, including work as private household domestic staff. The school-to-work transition appears to be slower for young women than for young men—only about 40% of women find a job within 1 year of leaving school, compared with more than 50% of men.

**B. Key actions.** Key actions include increasing women's participation into the labor market through the SPES (60% of beneficiaries are women) and JSP (57% of beneficiaries are women). To promote gender-responsiveness of the JSP, the deduction of training allowance for reasonable tardiness because of family emergencies is prohibited. This is significant in promoting gender equity in the workplace, as it is mostly women who are the primary caregivers in the family and are expected to miss or be late for work to take care of sick family members. The tourism industry skills program has provided training to upskill tourism employees, of whom 48% are women. 1,253 PESOs are now operational, providing a venue for simultaneous access to various employment facilitation services. These services greatly help women job seekers who are also usually saddled with domestic chores and care work. Conciliation and mediation services through SENA are increasingly accessible to workers across the country and overseas through the establishment of single-entry assistance desks in all offices of the DOLE. The SENA mechanism is also very emphatic on the *kasambahay* (domestic worker) as workers who can file a request for assistance when aggrieved in the workplace. Notably, *kasambahays* are predominantly women. The Occupational Safety and Health Standards Act mandates strict compliance of employers to gender-sensitive worker's welfare facilities.

Gender action plan	Other actions or measures	

IV.	ADDRESSING SOCIAL SAFEGUARD ISSUES			
A. Involuntary Resettlement	Safeguard Category: 🗌 A 🔄 B 🖾 C 🔛 FI			

□ No action or measure

Government of the Philippines, Department of Social Welfare and Development. <u>Pantawid Pamilya Pilipino Program</u>; ADB. 2014. <u>Senior High School Support Program</u>. Manila.
Source: Asian Development Bank.