



# TRABAHO PARA SA BAYAN PLAN 2025-2034



**TRABAHO**  
**PARA SA BAYAN**  
**PLAN 2025-2034**





## Trabaho Para Sa Bayan Plan 2025-2034

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# ACKNOWLEDGMENT

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We also express our gratitude to all regional stakeholders, including representatives from the government and the private sector, for their active participation in the regional consultations. Their contributions have been vital in contextualizing labor and employment strategies, ensuring that the TPB Plan responds to regional labor market needs and opportunities. Furthermore, the insights from representatives of employers' organizations, labor organizations, the basic sector, and the informal sector have been invaluable in ensuring the TPB Plan is inclusive and responsive to the needs of all workers.

We sincerely appreciate the steadfast engagement and valuable input from the general public regarding the TPB Plan. Their continued participation reflects our shared vision for a brighter and more inclusive future for all Filipinos.

Our sincerest appreciation also goes to former NEDA Director-General Emmanuel F. Esguerra and his team for sharing their expertise and time in drafting the TPB Plan chapters. We also extend special thanks to the Asian Development Bank's Southeast Asia and Pacific Team, led by Director Karin Schelzig; the Japan Fund for Prosperous and Resilient Asia and the Pacific; and the International Labour Organization Country Office for the Philippines, headed by Country Director Khalid Hassan, for their generous funding, support, and insightful contributions to the development of the TPB Plan.

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# MESSAGE FROM THE PRESIDENT

Recent trends such as digitalization, automation, artificial intelligence, climate change, and maturing population are redefining the nature of work all around the world. Securing our place in this rapidly evolving period in the global economy requires that our workforce is equipped to adapt and respond to the changing needs of the times.

Thus, I extend my heartfelt appreciation to all the members of the ***Trabaho Para sa Bayan (TPB) Inter-Agency Council*** for coming together to devise a strategy for employment generation and recovery in the form of the **TPB Plan 2025-2034**. It is admirable to see various agencies and organizations unite for the ambitious cause of shaping the future of work for generations of Filipino workers. With your plans, policies, and strategies aligned, I am certain that we will have an environment where businesses thrive, industries expand, and workers gain meaningful economic opportunities.

As you commence and execute this plan, I urge you to take a moment of introspection and find the greater meaning of the system you have put in place. Be inspired for you have become the very tools that will bring our workforce and economy to progress, prosperity, and plenty, which will, in turn, give rise to a better tomorrow for Filipinos in a ***Bagong Pilipinas***.

May your plan be inspiring, historic, and successful.



FERDINAND R. MARCOS, JR.  
President of the  
Republic of the Philippines







# MESSAGE FROM THE DEPDev SECRETARY

On September 27, 2023, the *Trabaho Para sa Bayan Act* (Republic Act No. 11962) was signed into law, marking a pivotal moment in the Philippine government's commitment to addressing employment challenges and fostering labor market development. This landmark legislation establishes a comprehensive national employment master plan, aptly named the ***Trabaho Para sa Bayan*** (TPB) Plan.

Anchored on the aspirations of ***AmBisyon Natin*** 2040, the TPB Plan 2025-2034 responds to a labor market landscape shaped by rapid digitalization, geopolitical tensions, climate change, and demographic shifts. These forces demand society's drive to innovate, enhance resilience, and adhere to strategic governance.

The TPB Plan is a cornerstone for promoting decent employment, advancing business opportunities, and creating a robust framework for equitable growth. It emphasizes access to opportunities for skills development and career advancement, the promotion of a supportive labor environment that upholds workers' welfare alongside business competitiveness, and the enhancement of labor market governance to advance progress toward a fulfilling and secure future for every Filipino.

Building upon a rich tradition of strategic national planning, the TPB Plan extends ongoing efforts. It incorporates elements from key existing plans such as the Philippine Development Plan 2023-2028, the Philippine Labor and Employment Plan 2023-2028, the National Jobs and Labor Market Forecast, and the National Technical Education and Skills Development Plan 2023-2028. Several regional consultations engaging public and private stakeholders have also played a critical role in shaping the TPB Plan. This participatory planning ensures that the Plan reflects diverse perspectives and adapts to regional and local labor market dynamics.

Central to the TPB Plan is a systematic approach to addressing the current challenges of the Philippine labor market while preparing for future developments. This approach starts with a thorough assessment of the labor market to identify inefficiencies that hinder optimal performance (Chapter 2). Analyzing these factors is crucial for crafting strategies that effectively respond to existing gaps and inefficiencies, as it lays the groundwork for evidence-based planning and policy formulation.

To complement this analysis, the TPB Plan also examines potential developments and scenarios, both domestic and global, that could significantly impact the Philippine labor market (Chapter 3). These include economic shifts, technological advancements, and evolving geopolitical dynamics. By preparing for these possibilities, the TPB Plan aligns its strategies to mitigate risks and capitalize on emerging opportunities, ensuring a resilient, adaptable, and future-proof labor market.

The government's strategy to foster a conducive labor market environment focuses on improving both the demand and supply sides and addressing the needs of all stakeholders. These strategies are categorized into those directly engaging current labor market players, such as employers and job seekers, and those aimed at future-proofing the labor market against potential threats and opportunities (Chapter 4). Included among these initiatives are enhancing labor demand and supply, improving job fit and working conditions, and strengthening inclusive social protection.



Recognizing the significance of targeted interventions, the framework highlighted in the TPB Plan identifies priority industries based on their potential to stimulate economic transformation and generate quality jobs (Chapter 5). It examines each priority industry's current labor market conditions, emphasizing critical issues that demand attention. In addition to these priorities, the TPB Plan integrates ongoing programs while stressing the necessity for further studies to enhance policies and initiatives. Finally, it identifies the essential legislative measures to increase employment opportunities and improve labor market outcomes.

Indeed, the TPB Plan represents a bold and strategic step towards building a labor market that empowers Filipinos to achieve our collective aspiration, the *AmBisyon Natin* 2040. Its success undeniably hinges on our collective effort. Government agencies, private sector stakeholders, and civil society each have a significant role in transforming our employment landscape. Thus, let us remain steadfast in our shared mission, working together to ensure a future of inclusive and sustainable economic growth where everyone can thrive and no Filipino is left behind.



**ARSENIO M. BALISACAN, PhD**  
Secretary  
Department of Economy,  
Planning, and Development





## MESSAGE FROM DOLE SECRETARY

During the June 2024 National Employment Summit, the Department of Labor and Employment (DOLE) the Department of Trade and Industry (DTI) and the Department of Economy, Planning, and Development (DEPDev) forged an Employment Covenant on the formulation and crafting of a *Trabaho Para sa Bayan Plan* (TPB) 2025-2034. The Covenant was presented to the President himself, His Excellency Ferdinand R. Marcos, Jr.

Guided by the Covenant's multi-stakeholder and whole-of-society approach, characterized by numerous consultations, we are finally launching the country's employment masterplan for economic and social development. DOLE commits and extends its full support to this plan which exemplifies the present administration's resolve in ensuring that every Filipino has access to quality, productive, remunerative, and sustainable employment.

The *Trabaho Para sa Bayan Plan*, which is aligned with the Philippine Development Plan 2023-2028 and the Philippine Labor and Employment Plan 2023-2028, lays out comprehensive strategies to tackle key challenges in our labor market—from skills mismatch and youth unemployment to job security, digital and technological disruptions, labor migration and overseas filipino worker reintegration, and all these while ensuring that our workforce remains resilient and ready for the future of work.


Like any other plan, the successful implementation of the *Trabaho Para sa Bayan Plan* 2025-2034 relies on the active engagement of our social partners - workers, employers, groups in marginalized and vulnerable situations, women, the youth, education and training institutions, and development partners. I, therefore, urge all our stakeholders to join the TPB-IAC in its journey toward a *Bagong Pilipinas* designed to develop a thriving and all inclusive business environment that generates quality jobs, one that broadens opportunities for skills development and enhances social protection, and strengthens labor market governance to guarantee equitable, balanced, and secure employment for all.

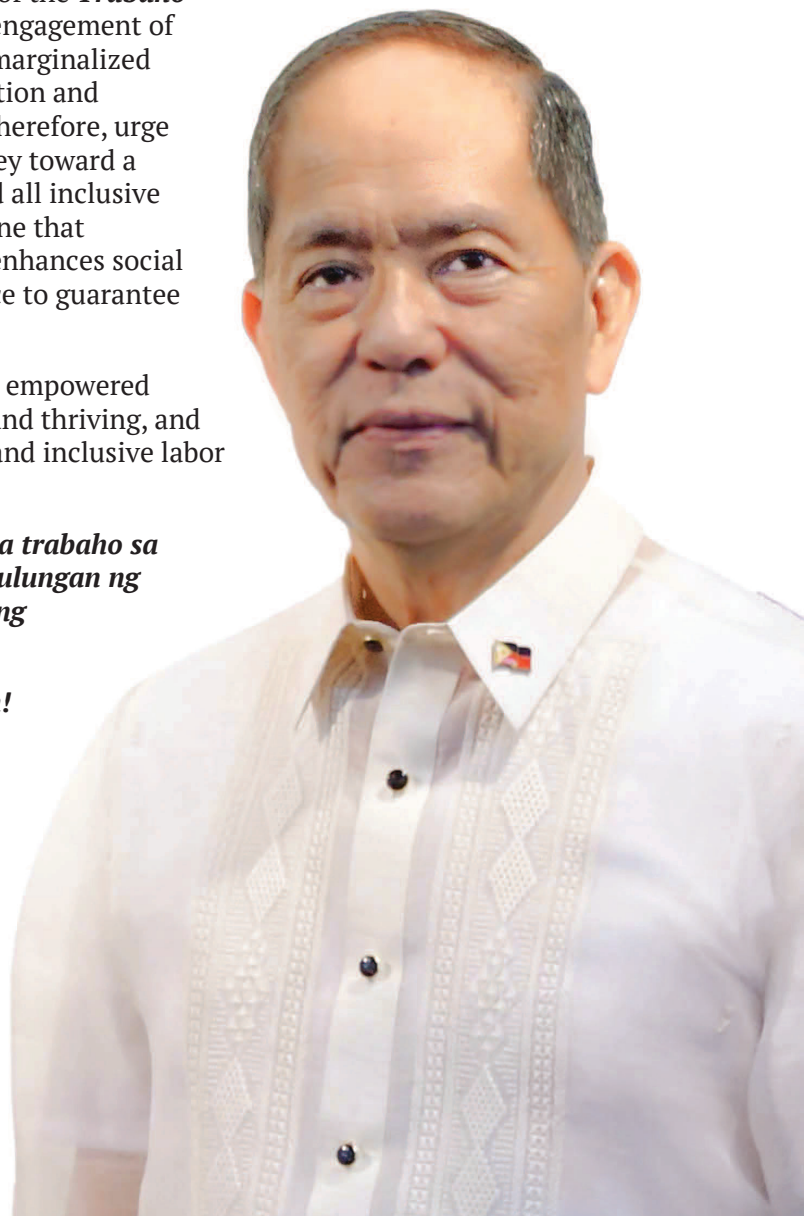
Together, let us forge a future where every worker is empowered and gainfully employed; every business is resilient and thriving, and our nation prospers through a strong, competitive, and inclusive labor market.

*Sama-sama nating itaguyod ang disente at ligtas na trabaho sa pamamagitan ng matibay na pagkakaisa at pagtutulungan ng manggagawa, negosyo, at pamahalaan para sa isang makatarungan at maunlad na kinabukasan!*

*Mabuhay ang mga manggagawa at namumuhunan!*

*Mabuhay ang Bagong Pilipinas!*

  
BIENVENIDO E. DAGUESMA  
Secretary  
Department of Labor and Employment



## MESSAGE FROM DTI SECRETARY

On behalf of the Department of Trade and Industry (DTI), I extend my warmest greetings to everyone present at the launch of the ***Trabaho Para sa Bayan*** (TPB) Plan 2025-2034. This initiative marks a significant step forward in building a future-ready, inclusive, and resilient Filipino workforce. It is part of our commitment to a future where everyone has the opportunity to thrive through meaningful work.

The DTI is proud to support the TPB Plan, as it aligns with our ongoing efforts to enhance international trade and foreign investment, ensure consumer protection, and promote MSME development. These pillars are integral to creating a sustainable and equitable economic environment that benefits all the sectors of society.

Promoting foreign investment and international trade remains at the forefront of our mandate. Through initiatives like the CREATE MORE Act and the Green Lanes initiative, we actively engage investors across high-growth industries to generate quality employment opportunities.


Equally important is our commitment to consumer protection. As we accelerate digitalization and automation, the DTI continues to enforce policies that safeguard the welfare of Filipino consumers. Creating a safe and fair marketplace, whether online or offline, remains critical to ensuring inclusive economic growth.

Likewise, MSME development is central to the Department's agenda. Programs such as the Shared Service Facilities (SSF) Program and loan programs from the Small Business Corporation (SBCorp) empower MSMEs through mentorship, technology adoption, financing, and expanded market access. These initiatives have enabled countless small businesses to scale up their operations, contribute to job creation, and participate more meaningfully in the global economy.

Under President Ferdinand R. Marcos Jr.'s "***Bagong Pilipinas***" vision, we remain dedicated to building an environment where every Filipino has a fair and equal opportunity to thrive. We stand ready to collaborate with our partners across all sectors to bring the goals of the TPB Plan to life and ensure that no one is left behind.

Let us move forward with purpose, with passion, and with the unwavering belief that together, we can build a stronger, more prosperous Philippines. Congratulations to all who have contributed to this transformative plan. Let's make the ***Trabaho Para sa Bayan*** Plan the game-changer of our ***Bagong Pilipinas***.

Thank you very much.  
***Mabuhay kayong lahat!***

  
MA. CRISTINA A. ROQUE  
Secretary  
Department of Trade and Industry







# CHAPTER 1

# INTRODUCTION



Original artwork contributed by TPB Regional Consultation participants.



# Introduction

Human capital is the country's most valuable resource. Therefore, the key to economic development and well-being is human capital development, which entails access to nutrition, health, education, lifelong-learning, skills development, training, productive resources, and jobs.

Having a high-quality job allows individuals and their families to enjoy life's comforts, subject to the affordability of goods and services. Additionally, work experience enhances individuals' expertise and competency, thereby improving their employability.

Meanwhile, it is important to emphasize that an individual's willingness to work and employability are only one side of the labor market – labor supply. This does not automatically mean that the individual will be employed in their desired job or employed at all. Rather, there must be corresponding labor demand for employment to occur.

Labor demand, or demand for labor, is a derived demand that results from the demand for goods and services, which are produced using labor as a factor of production. The demand for goods and services can come from either the domestic or global market. Hence, strategies to increase labor demand must necessarily include strategies that encourage investments for new and existing businesses, support innovation, promote competition, expand markets, and improve macro-level competitiveness

While the broad strategies to improve labor supply and increase labor demand are clear, the implementation details are not as straightforward. Labor supply strategies on healthcare, education, and training require a considerable amount of time before results can be realized. There is also a chance that the knowledge obtained, and the skills attained may already be obsolete by the time the individual joins the labor market. On the other hand, market demand for goods and services can change very quickly in both quantity and quality, thereby requiring changes in labor demand as well.

In the goods market, prices and quantities demanded and supplied adjust until they reach equilibrium; where the quantity which consumers are willing to buy, given the price, is equal to the quantity which producers are willing to sell.<sup>1</sup> While the process of arriving at equilibrium happens quickly in perfectly competitive markets, this is not the case for the labor market. The labor market is hindered by information gaps on both the labor demand and labor supply sides. Employers cannot accurately judge if a prospective applicant will be productive and reliable, on the other hand, while the applicant is not fully aware if the work environment would suit their work-life preferences. Moreover, in most cases, the applicant or employee is not on the same footing as the employer when it comes to negotiating wage and working conditions. To address these concerns, a governance framework is needed for the labor market.

On September 27, 2023, the ***Trabaho Para sa Bayan*** Act (Republic Act No. 11962), was signed into law. The law provides for the establishment of a national master plan on employment generation and recovery, to be known as the ***Trabaho Para sa Bayan*** (TPB) Plan. The plan's formulation and implementation, including review and updating, are delegated to an inter-agency council created for this purpose. Covering national, regional, and local government units (LGUs), the TPB Plan aims to create more opportunities for productive and decent employment by: (a) stimulating national and local economic growth; (b) promoting employability of the workforce through skills training and development; (c) supporting businesses, particularly micro, small, and medium enterprises (MSMEs); and (d) encouraging investments in the upskilling and reskilling of the workforce.

<sup>1</sup> Perfectly competitive market



The TPB Plan 2025-2034 is the first 10-Year Labor Market Development Plan of the Philippines. As mandated in Section 4 of the TPB Act, the TPB Plan shall articulate the vision, mission, goals, and milestones.

The TPB Plan builds on the existing national plans, such as the Philippine Development Plan 2023-2028, the Philippine Labor and Employment Plan (PLEP) and National Jobs and Labor Market Forecast (JLMF) of the Department of Labor and Employment (DOLE), and the National Technical Education and Skills Development Plan (NTESDP) of the Technical Education and Skills Development Authority's (TESDA). Moreover, regional consultations were conducted using the design thinking approach to generate insights on the participants' aspirations of future they want and did not want, as well as imagine the future of work. The consultations were attended by representatives from the government and private sector.



## Some explanatory remarks

Before proceeding, it is important to define some key terms. In particular, pertaining to the statements above, the terms work, employment, and jobs were used seemingly interchangeably; to this list, we added labor and quality job. For clarity, we refer to definitions outlined in the Resolution II of the 21st International Conference of Labour Statisticians held in 2023, on the following:



### WORK

Comprises any activity performed by persons of any sex and age to produce goods or to provide services for use by others or for own use.

### JOB OR WORK ACTIVITY

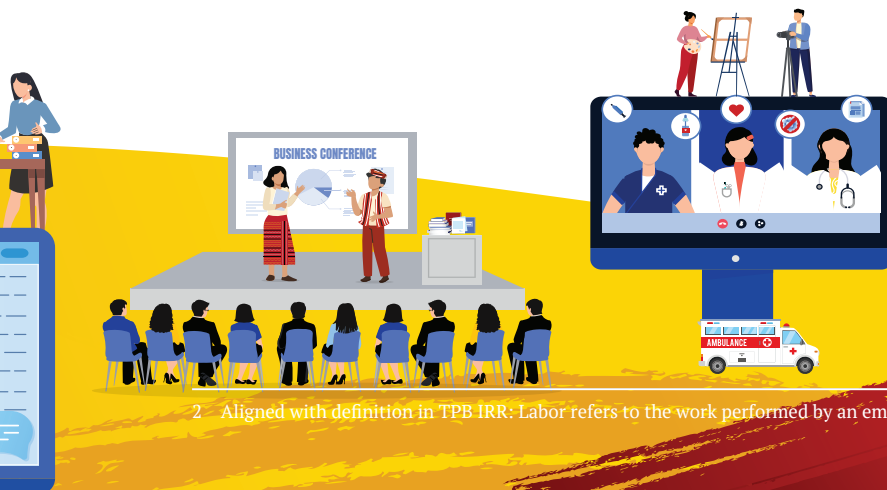
Is defined as a set of tasks and duties performed, or meant to be performed, by one person for a single economic unit.

### EMPLOYMENT

Performed for others in exchange for pay or profit.

Interestingly, the resolution does not define “labor,” but only the terms, such as labor force, labor supply, labor utilization/underutilization, etc. Meanwhile, the TPB IRR defines labor as referring to the human effort, both physical and intellectual, contributing to the production of goods and services in exchange for compensation.<sup>2</sup>

On the other hand, a *quality job*, is defined as a job that provides a pathway out of poverty toward attaining a middle-class living standard, as described by *AmBisyon Natin 2040*.



<sup>2</sup> Aligned with definition in TPB IRR: Labor refers to the work performed by an employee or worker for wages as opposed to profits (Annex 2).

# The Future We Want

In general, individuals consider employment as a means to an end, rather than as an end in itself.<sup>3</sup> Since work is a means to an end, we need to determine what the end is and identify the vision and mission of the TPB Plan.

The *AmBisyon Natin 2040* (AN2040) articulates the long-term aspirations of the Filipino people, covering 25-year period beginning from its formulation in 2015. These aspirations are summarized into a vision of a *Matatag, Maginhawa, at Panatag na Buhay*—a strongly rooted, comfortable, and secure life. The figure below gives more details:

Figure 1. *AmBisyon Natin 2040*

## MATATAG

### Strong family and community ties

- ✓ Family is together
- ✓ Time with friends
- ✓ Work-life balance
- ✓ Strong sense of community

## MAGINHAWA

### Comfortable lifestyle

- ✓ Free from hunger and poverty
- ✓ Decent house with secure long-term tenure
- ✓ Good transport, mobility options
- ✓ Travel and vacation
- ✓ Quality education and decent job

## PANATAG

### Secure future

- ✓ Enough resources for day-to-day needs and unexpected expenses
- ✓ Peace and security
- ✓ Long and healthy life
- ✓ Comfortable retirement



<sup>3</sup> In the Philippines, this perspective is reflected in key government policies and plans (i.e., PDP 2023-2028; PLEP 2023-2028, TPB Act and IRR) that emphasize employment as a pathway to achieving broader socio-economic goals such as poverty alleviation, inclusive growth, and improved quality of life.



# AMBISYON NATIN 2040

## *To achieve AN2040, we note that:*

AN2040 requires an adequate level of income and/or affordable goods and services so that Filipinos can enjoy life's comforts.

AN2040 requires ample free time to be able to bond with family, friends and the community; free time for travel and vacation; experience work-life balance and maintain a healthy lifestyle.

AN2040 requires adequate buildup of savings to overcome unexpected expenses, to buy a house, spend for travel and vacation, and prepare for retirement.

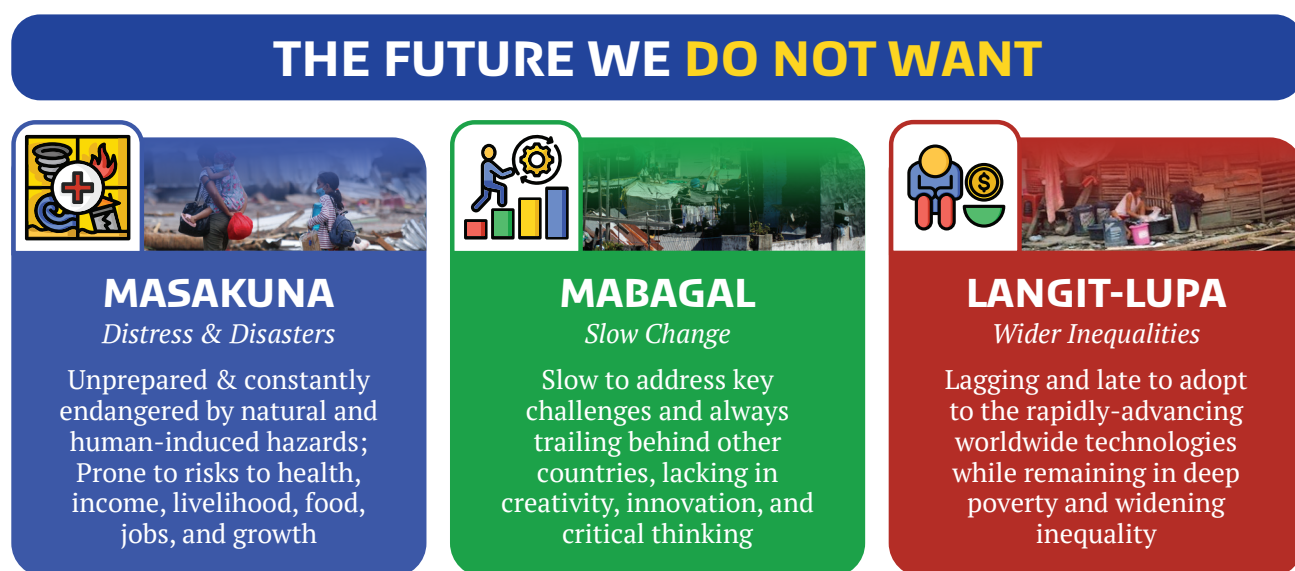
Achieving AN2040 can be made easier with affordable goods and services, and good governance.



# The Future We Do Not Want

In 2023, DEPDDev conducted a series of co-creation workshops to develop the National Innovation Agenda and Strategy Document (NIASD). The process began by defining *the future we want* and *the future we do not want*. We have discussed the future we want, that is, AN2040. We now turn to the future we do not want, which was summarized to these unwanted futures: *Masakuna*, *Mabagal*, and *Langit at Lupa*.

Figure 2. Future We Do Not Want





To avoid a **Masakuna** future, Filipinos need to be adept at reading signals and drivers of change and be able to come up with innovative solutions. Signals of change are changes that are already happening, though perhaps in its initial stage. Examples would be online meetings, e-commerce, e-wallets, smart wearables, among others. On the other hand, drivers of change are developments that influence the change; these drivers may even cause a ripple effect, inducing changes in various sectors. For example, improvements in digital infrastructure and technology have resulted in the changes enumerated previously. Climate change is another important driver. In addition, we expect geopolitical tensions and demographic shifts to drive change in the way we live over the medium- to long-term.

Apart from being skilled in interpreting drivers and signals of change, we need Filipinos (individuals and firms) who can quickly respond to new challenges to avert or mitigate negative impacts. For example, given the drivers of change (e.g., accelerated digital technological change, climate change, geopolitical tensions, and demographic shifts), there is a need to develop a critical mass of scenario planners, scientists, researchers, engineers, market researchers, and social science researchers specializing in each of these challenges. It would also require needs-based innovations which are culturally sensitive and utilizes the practical knowledge of the community about their products and services. Moreover, the promotion of social protection instruments both contributory and government-funded, such as life and health insurance, retirement benefits, non-life and crop insurance, among others, is also essential for enhancing overall security.

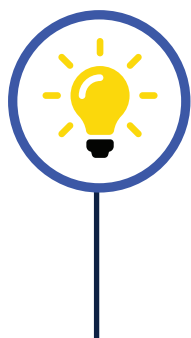
To avoid a **Mabagal** future, we need a dynamic innovation ecosystem, starting with a culture of innovation. This means being open to new ideas and trying out new products. Consumers should also willingly provide constructive feedback to product developers so that new products can be improved. For this to happen, the government needs to provide a secure environment where the intellectual property of product developers and consumer rights to safe products are protected. Additionally, there should be adequate facilities and infrastructure to translate ideas into prototypes and continuously improve these products. Consumers should also willingly provide constructive feedback to product developers so that new products can be improved. For this to happen, the government needs to provide a secure environment where the intellectual property of product developers and consumer rights to safe products are protected. Additionally, there should be adequate facilities and infrastructure to translate ideas into prototypes and continuously improve these products.

To avoid a **Langit at Lupa** future, we need to develop empathy among Filipinos and foster a shared mission of enabling every Filipino to have a **Matatag, Maginhawa, at Panatag na Buhay**. The government can also reward innovators who come up with cost-effective solutions and facilitate access for the poor to these solutions.



# Vision, Mission, and Goals of the TPB Plan

The broad strategies we've identified to achieve the future we want and avoid the future we do not want, serves as the basis of our vision of the desired labor market and the goal of the TPB Plan.



## VISION

Filipinos of working age are gainfully employed while being provided with ample opportunities to keep improving their income-earning ability. More importantly, their income and the favorable work conditions enable them and their families to enjoy a *matatag, maginhawa, at panatag na buhay*.



## MISSION

To promote an inclusive, efficient, and dynamic labor market environment that generates quality jobs while enhancing business resilience, fostering industry competitiveness, and encouraging innovation toward a *matatag, maginhawa, at panatag na buhay para sa lahat*.







## Goals



To promote a healthy business environment that expands business and employment opportunities, encourages innovation and fosters competition;



To expand and facilitate access to opportunities for training, skills development, technology, inclusive social protection, and employment; and



To continuously enhance labor market governance to improve jobs fit, work-life balance, and protect workers' welfare.

The next chapter delves into an in-depth analysis of the Philippine labor market, highlighting the critical issues that need to be addressed. In the third chapter, we explore potential developments both within the country and globally that could influence the Philippine labor market. The fourth chapter discusses priority strategies aimed at enhancing labor demand, labor supply, and labor market governance.

The fifth chapter details the priority sectors, starting with the suggested criteria for prioritization and including a description of the current situation in each sector. The final chapter identifies the various research needs and policy reforms that require legislation.





# CHAPTER 2

# THE PHILIPPINE LABOR MARKET



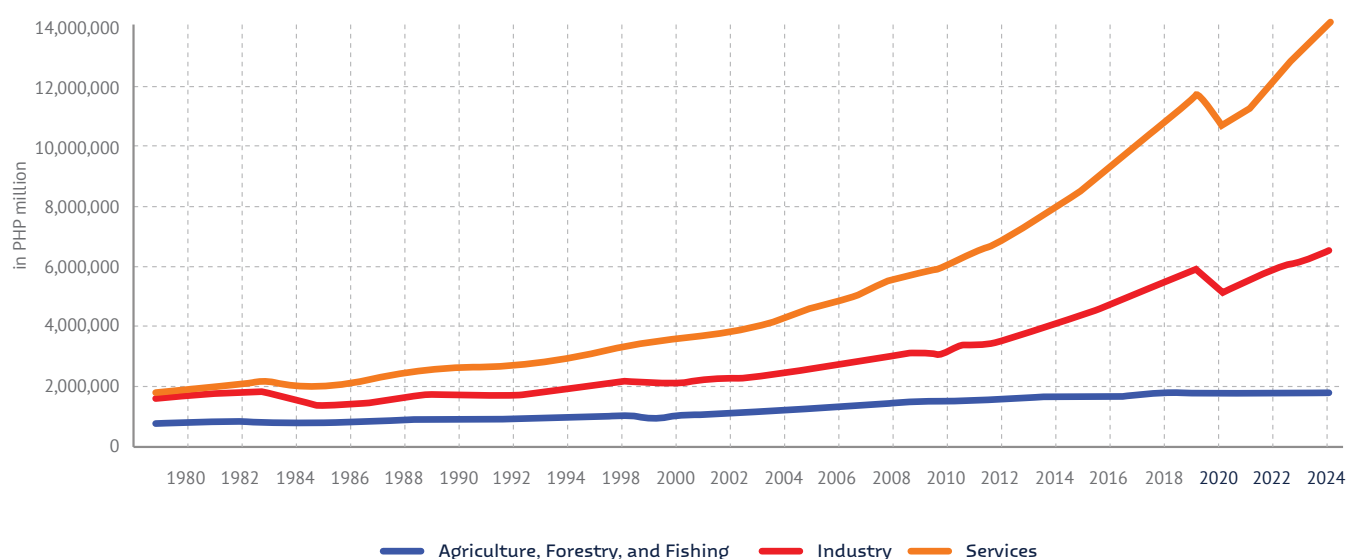
Original artwork contributed by TPB Regional Consultation participants.

# The Philippine Labor Market

The TPB plan is informed by a closer assessment of the Philippine labor market, which points out the market's inefficiencies that we can address by developing strategies later on.

To understand the nature of the jobs problem of the Philippines, a useful starting point is to consider the structure of the economy. A hallmark of Philippine structural change is the outsized share of the service sector to gross domestic product (GDP) growth. The sector currently accounts for 63 percent of GDP while the shares of agriculture and industry stand at 7.5 percent and 26.7 percent, respectively.<sup>4</sup> As the share of agriculture has substantially declined, consistent with long-term economic growth; the shares of industry is currently lower than what it was in the 1980s. A major reason for this is the decline in manufacturing which has failed to transition from import substitution to export orientation. The latest data show the sub-sector's share of GDP at 17 percent compared to 26 percent in the 1980s. Thus, Philippine economic growth has been basically service-sector led owing to the anemic performance of manufacturing in particular, and industry in general.<sup>5</sup>

**Figure 3. Annual Gross Domestic Product, 1980-2024**



Source: PSA

We use this stylized fact of Philippine economic development to inform our analysis of the jobs problem, which essentially boils down to the lack of quality employment or the inability of many Filipinos to access quality jobs.



## Post-pandemic recovery

Since the COVID-19 pandemic in 2020, the Philippine labor market has been showing signs of sustained recovery with the usual indicators back to, if not better than, their pre-pandemic level. In the latest available data of the Labor Force Survey, the employment rate in 2024 stood at 96.2 percent compared

<sup>4</sup> PSA, FY 2024

<sup>5</sup> De Dios and Williamson (2015:394) attribute the Philippines' deviation from the conventional development path from agriculture to industry to a number of factors: "protectionist policy, political instability, missed FDI opportunities, foreign capital dependency, and financial crisis."

with 94.9 percent for the whole year in 2019, and 95.6 percent in 2023. This meant 600 thousand more people at work in 2024 than the previous year.

The labor force participation rate (LFPR) decreased to 64.4 percent in 2024 from 64.9 percent in 2023. Despite this decrease, 2024 LFPR remained higher than the 61.3 percent recorded in 2019. Additionally, the unemployment rate fell to 3.8 percent in 2024, down from 4.4 percent in 2023 and lower than the 5.1 percent rate in 2019. Furthermore, underemployment also saw a reduction, dropping to 11.9 percent in 2024 from 12.3 percent in 2023 and lower than the 13.8 percent reported in 2019.

In terms of broad industry shares, the service sector accounted for 61 percent of total employment, while the agriculture and industry sectors took up 21 and 18 percent, respectively. However, we observe that the employment share of each subsector over time has not followed the trend observed for the sector (see discussion below).

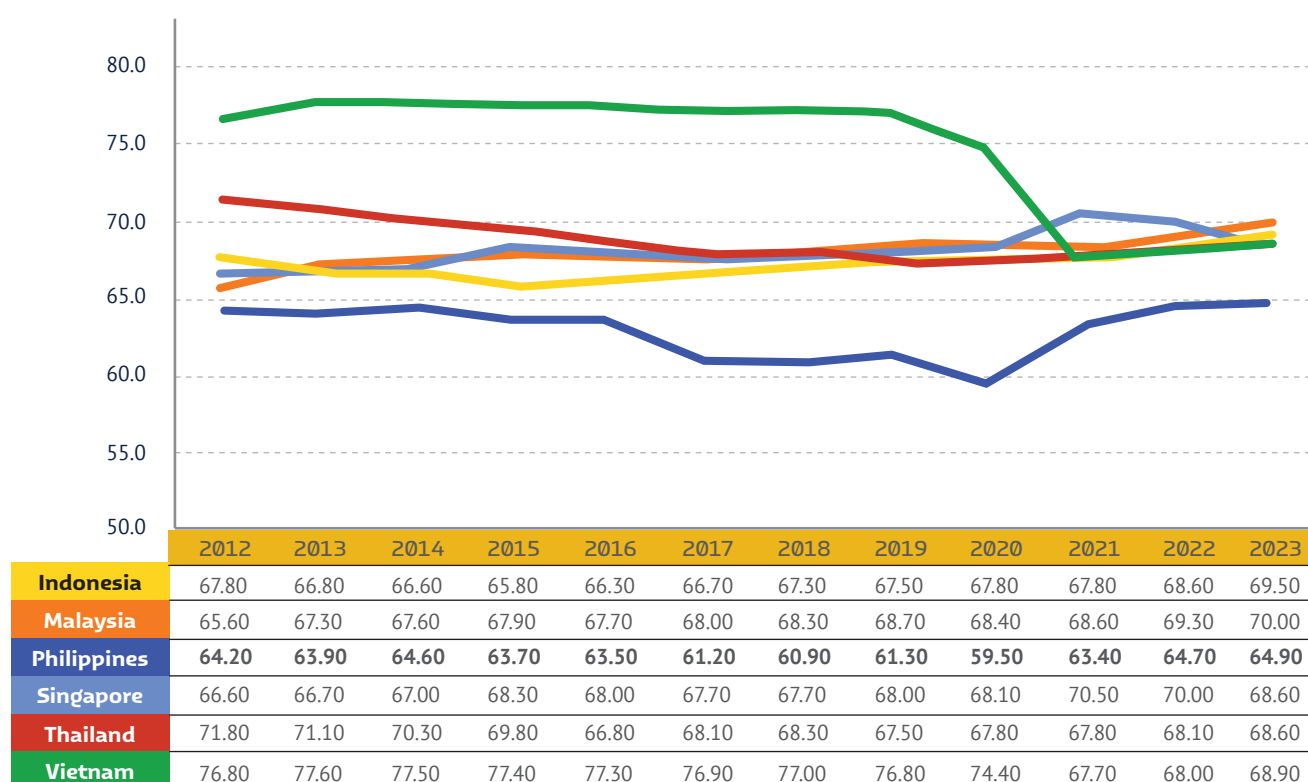
The share of wage and salary workers in total employment has continued to rise by 64.5 percent in 2024 from about 54.5 percent in 2010. Self-employed individuals with no paid employees and unpaid family workers accounted for 27.4 percent and 5.7 percent shares, respectively. About 79 percent of wage and salary workers work in private establishments, constituting around half of the total employment. Meanwhile, public sector workers make up to 14.1 percent of wage and salary workers, or 9 percent of total employment.



## Labor force participation rate

The country's LFPR is estimated at 64.9 percent in 2023, the highest since 2012. However, the Philippines remains the lowest among the ASEAN+6. For the period 2012–2020, Vietnam has posted the highest LFPR (about 77 percent). Post-pandemic, we note a convergence of LFPR at 68–70 percent among the ASEAN-5, i.e., excluding the Philippines (Figure 4).

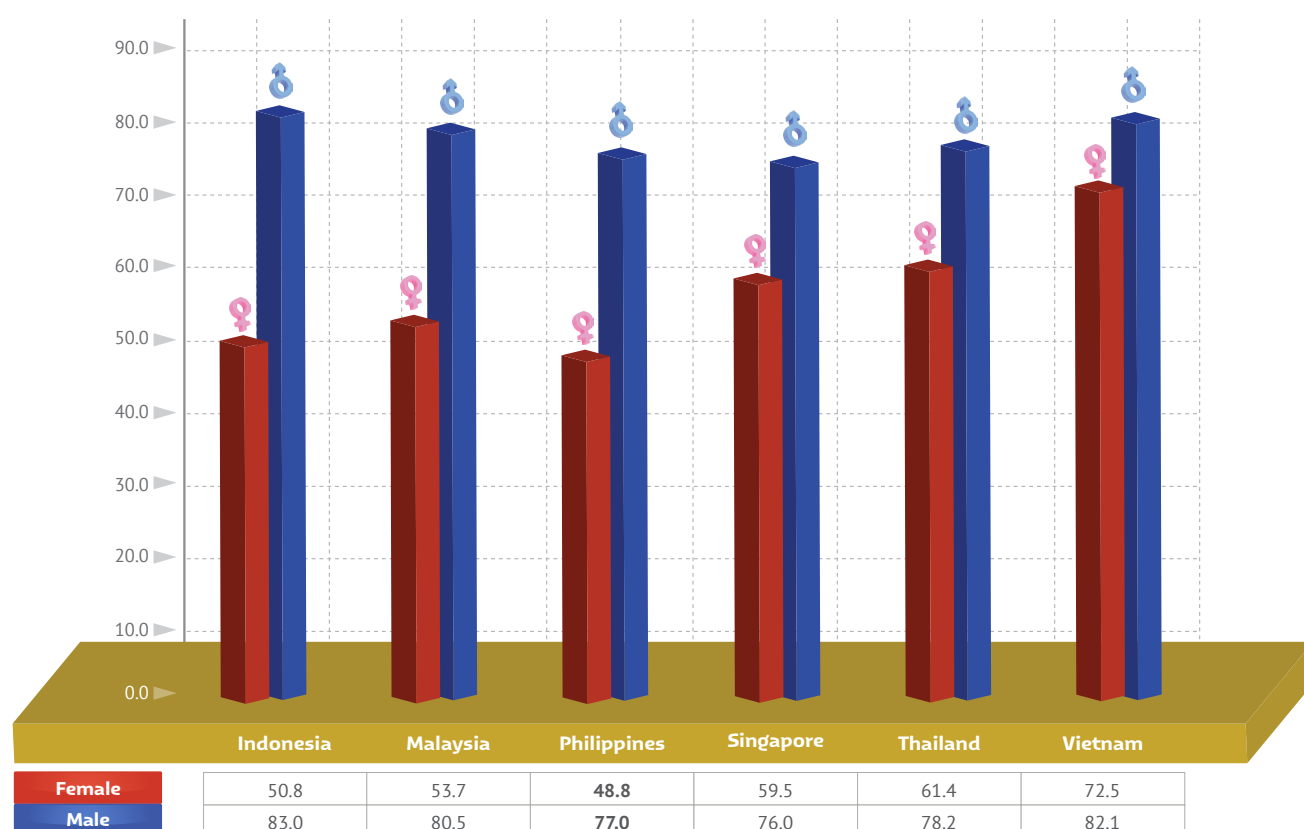
**Figure 4. LFPR, 2012-2023**



Source: Asian Development Bank, Key Indicators Database

Disaggregating the LFPR statistic by sex gives another interesting insight (Figure 5). For the period 2012-2019, LFPR among males falls within 76–78 percent in the Philippines, Singapore, and Thailand. It falls within 80–83 percent among males in Malaysia, Vietnam, and Indonesia. For females, the LFPR across countries is more diverse – we observed the lowest (48.8%) in the Philippines, then in Indonesia (50.7%); and the highest female LPR is in Vietnam (72.5%). While we do not claim that factors determining LFPR can be generalized, nor that differences could be due to country-specific factors, like culture, the cross-country comparison presents the possibilities, or what could be the benchmark.

**Figure 5. Average LFPR, 2012-2019, Male vs. Female**



## Employment by class of worker

Figure 6 shows that, on average, about 64.5 percent of the workforce are employed in the formal sector, represented by wage and salary workers. This highlights the critical role of formal employment in providing greater job security, access to benefits, and better working conditions. The remaining 35.5 percent of workers are engaged in the informal sector, which includes the self-employed without paid employees, employers in their own farm or business, and unpaid family workers. From FY 2012 to FY 2024, the informal sector workforce has averaged around 16 million individuals, highlighting the extent of informality in the Philippines. This trend reflects the various challenges faced by many Filipinos in accessing formal employment opportunities, (e.g., low level of education, compliance with regulations, high entry barriers, limited job availability). Moreover, informal employment often lacks social protection and benefits, emphasizing the need for policies that address the vulnerabilities of workers in this sector.

**Figure 6. Employment by Class of Worker in the Philippines, FY 2012–FY 2024**

Source: Labor Force Survey, PSA

Notes: Annualized data for 2021-2024 are DEPDev estimates based on the average of quarterly (i.e., January, April, July, and October) LFS results.



## Informal sector

About one-third of the labor supply are unable or unwilling to be part of the formal sector. But if demand for goods and services cannot be wholly met by the formal sector, then there is room for the informal sector to fill the gap. The Philippine Statistics Authority (PSA) defines the informal sector as consisting of units' engaged in the production of goods and services with the primary objective of generating employment and incomes to the persons concerned in order to earn a living. These units typically operate at a low level of organization, with little or no division between labor and capital as factors of production. It consists of household unincorporated enterprises that are market and non-market producers of goods as well as market producers of services. Labor relations, where they exist, are based on casual employment, kinship or personal, and social relations rather than formal or contractual arrangements.<sup>6</sup>

The above definition implies the blurred line between labor demand and labor supply in the informal sector. This also means that labor market governance strategies that reduce the cost of job search and promote industrial peace are no longer relevant.

An in-house study in 2023 by DEPDev on the informal sector workers in the cities of Cagayan De Oro (CDO) and Iligan provides information on individuals working in the informal sector. The study revealed the major reasons for the observed informality: (a) economic shocks, (b) lack of job opportunities in the formal sector, (c) barriers to entry in the formal sector (mainly the lack of education and/or skills), and (d) preference for autonomy in setting work arrangements and work-life balance. Meanwhile, informal workers also face a number of risks: (a) some due to unsafe work settings (e.g., on sidewalks or roads) making them vulnerable to injury and health strain; (b) volatile cash flow coupled with lack of access to financial institutions, making them vulnerable to usurious lending; and (c) unavailability of new but small-scale technology. Table 1 provides a more detailed list of the risks faced by workers in the informal sector.

6 <https://psa.gov.ph/ISSiP/concepts-and-definitions>



**Table 1. Examples of Risks Faced by Informal Sector Workers in the Cities of CDO and Iligan**

TYPE OF RISK	EXAMPLES
Individual or Lifecycle Risks	<ul style="list-style-type: none"> <li>• Illness</li> <li>• Injury</li> <li>• Old age</li> <li>• Health concerns (mental and physical drain)</li> </ul>
Economic Risks	<ul style="list-style-type: none"> <li>• Job displacement</li> <li>• Price instability of basic commodities</li> <li>• Cash flow problems</li> <li>• Inventory problems, especially with changing consumer preferences</li> </ul>
Natural Hazards and Human-induced Risks	<ul style="list-style-type: none"> <li>• Flooding, heavy rain</li> <li>• Humid/hot weather</li> <li>• Power failure</li> <li>• Accident</li> <li>• Security problem</li> </ul>
Governance and Political Risks	<ul style="list-style-type: none"> <li>• Social exclusion/discrimination</li> <li>• Inconsistent enforcement of government rules</li> <li>• “Palakasan” system</li> <li>• Temporary banning or restrictions on the importation, distribution, sale of the products</li> </ul>
Technological Risks	<ul style="list-style-type: none"> <li>• Unstable or inaccessible internet</li> <li>• Lack of small-scale technology</li> </ul>



## Solopreneurs

A classification of workers that is becoming more popular among Millennials and Generation Z (GenZ) is the solopreneur. A solopreneur is an own-account worker whose main interest is own-branding. They are sometimes called freelancers or gig workers, who are highly skilled professionals and those working in the creative sector. They value creative freedom and autonomy in defining their work arrangements. While solopreneurs fall under the broad category of the informal sector, their work is oftentimes covered by a contract which specifies the output deliverables, timelines, remuneration, and other terms, without establishing an employer-employee relationship. Since the output produced varies considerably, there are no standard rules on completion time, fees, etc. Understandably, the provisions in the contract depend on the brand value of the solopreneur, which also means that new entrants have to accept less generous contracts.



## Employment by industry

Table 2 shows the shares of the various sectors in total employment. The share of agriculture has continued to decline while the shares of sub-sectors under services, notably wholesale and retail trade, transport and storage, professional and business services, and public administration and defense and compulsory social activities have increased. In industry, the share of manufacturing decreased while that of construction increased.

**Table 2. Employment Share of Sectors (in percent)**

MAJOR INDUSTRY GROUP	EMPLOYMENT SHARE (AVERAGE OF ALL QUARTERS)						
	2012	2016	2019	2020	2021	2022	2023
Agriculture, forestry, and fishing	32.2	27.0	22.9	24.8	23.9	22.8	21.6
Mining and quarrying	0.7	0.5	0.4	0.5	0.4	0.5	0.5
Manufacturing	8.3	8.3	8.5	8.1	7.9	7.9	7.7
Electricity, steam, water, and waste management	0.4	0.4	0.4	0.4	0.4	0.4	0.4
Construction	5.9	8.2	9.8	9.4	9.9	9.7	9.2
Wholesale and retail trade; repair of motor vehicles and motorcycles	18.3	19.6	19.9	20.5	21.6	21.7	21.4
Transportation and storage	7.0	7.4	8.1	7.0	6.8	7.0	7.5
Accommodation and food service activities	4.2	4.3	4.5	3.7	3.3	3.9	4.5
Information and communication	0.9	0.9	1.0	0.9	1.0	1.0	1.1
Financial and insurance activities	1.2	1.3	1.4	1.4	1.4	1.4	1.4
Real estate and ownership of dwellings	0.5	0.5	0.5	0.5	0.5	0.5	0.6
Professional and business services	3.0	3.9	4.6	4.7	5.2	5.5	6.1
Public administration and defense; compulsory social activities	5.2	5.3	6.6	6.5	6.2	6.1	6.1
Education	3.2	3.2	3.0	3.3	3.4	3.2	3.3
Human health and social work activities	1.2	1.2	1.3	1.4	1.6	1.5	1.6
Other services	8.1	8.0	7.1	6.5	6.6	7.0	7.2

Source: PSA



## Labor productivity growth<sup>7</sup>

Labor productivity is defined as the ratio of output to labor input, where output is measured by gross value added and labor input is measured by either employment or hours worked. This report uses employment as a measure of labor input. It should be noted that the output variable, that is used in estimating labor productivity, is produced using several factors of production, such as land, labor, capital, where capital includes technology, public infrastructure, utilities, and public facilities. Thus, changes in labor productivity over time provide a useful indicator of a nation's progress in improving the standard of living of its people.

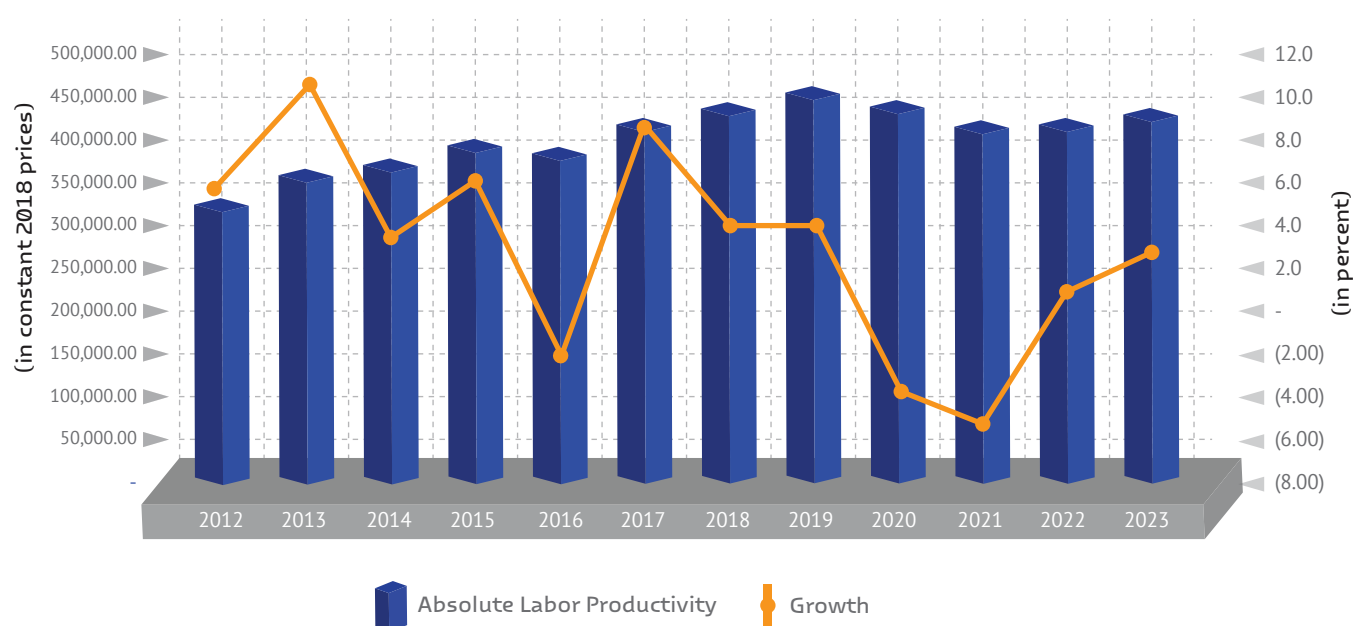
Raising labor productivity is not only the responsibility of the individual worker; several other factors determine it. These include the organization and management of the enterprise, which is the business owner's responsibility; the available technology, which restricts the employer's choice of production technique given workers' available skills; existing labor market institutions, which influence employers' business outlook and plans and labor's work incentives; and the overall macroeconomic environment, which can encourage or stifle innovation.

Labor productivity growth may be broken down into two components: intrasectoral and intersectoral. The intrasectoral component refers to growth in labor productivity that is the result of within-sector changes, such as technology adoption, process improvements, or efficiencies realized from exposure to competition. On the other hand, the intersectoral component derives from the reallocation of labor from sectors of low to high productivity, this is referred to as structural change.

Figure 7 shows the growth of labor productivity in the Philippines over the period 2012-2023.<sup>8</sup> After growing at an average rate of 5.0 percent during the pre-pandemic years, labor productivity declined only to recover after 2021. Throughout the 12-year period, labor productivity growth averaged 2.9 percent.

<sup>7</sup> This subsection and the next two draw from Esguerra and Jandoc (2023).

<sup>8</sup> This also appears as Figure 1 in Esguerra and Jandoc (2023).

**Figure 7. Labor Productivity (real GVA per worker)**

Source: PSA

Table 3 shows relative labor productivity for various years. This measures the labor productivity of a sector relative to the economy-wide labor productivity. A number above (below) one indicates that a sector's labor productivity is higher (lower) than the labor productivity of the whole economy. Of the 16 major industry groups, half of which have lower than the economy-wide labor productivity. These include agriculture, construction, and several subsectors under services.

**Table 3. Relative Labor Productivity**

MAJOR INDUSTRY GROUP	2012-2015	2016-2019	2020	2021	2022	2023
Agriculture, forestry, and fishing	0.39	0.40	0.41	0.40	0.39	0.37
Mining and quarrying	1.56	1.88	1.68	2.02	1.61	1.66
Manufacturing	2.29	2.21	2.30	2.44	2.33	2.46
Electricity, steam, water, and waste management	9.18	8.24	9.51	9.70	9.05	9.95
Construction	0.98	0.81	0.68	0.68	0.74	0.76
Wholesale and retail trade; repair of motor vehicles and motorcycles	0.95	0.91	0.91	0.83	0.84	0.88
Transportation and storage	0.48	0.49	0.39	0.44	0.49	0.50
Accommodation and food service activities	0.44	0.50	0.35	0.42	0.43	0.41
Information and communication	3.13	2.94	3.76	3.41	3.35	3.47
Financial and insurance activities	6.02	6.30	7.15	7.10	7.24	8.01
Real estate and ownership of dwellings	13.58	13.22	12.06	12.26	10.94	10.62
Professional and business services	1.62	1.46	1.28	1.27	1.15	1.11
Public administration and defense; compulsory social activities	0.76	0.68	0.80	0.83	0.83	0.81
Education	1.24	1.31	1.20	1.24	1.28	1.23
Human health and social work activities	1.39	1.40	1.27	1.27	1.28	1.29
Other services	0.35	0.31	0.23	0.21	0.25	0.27

Source: PSA



## Real wages

We now look at real wages since these are closely related to labor productivity. Table 4 shows average daily basic pay in constant 2018 prices, based on the data from the LFS across various years. We use this as a proxy for real wages. Based mainly on wage information from wage and salary workers, this is at best an imperfect measure of workers' income as it excludes those of the self-employed in agriculture as well as in other non-wage employment. Nevertheless, real wages have evidently risen across all the major industry groups between 2012 and 2023 by an annual average of 13 percent. Over the same period, overall labor productivity rose annually by 2.9 percent.<sup>9</sup>

**Table 4. Real Wages, Selected Years 2012-2023**

MAJOR INDUSTRY GROUP	AVERAGE DAILY BASIC PAY (IN CONSTANT 2018 PRICES)						
	2012	2016	2019	2020	2021	2022	2023
Agriculture, forestry, and fishing	150.3	193.9	221.7	283.7	310.7	347.3	389.0
Mining and quarrying	248.7	328.5	373.6	421.8	484.5	600.2	618.8
Manufacturing	282.4	353.7	378.8	478.4	508.1	559.2	623.9
Electricity, steam, water, and waste management	459.5	572.6	561.9	660.4	663.4	742.8	833.5
Construction	280.5	331.9	366.3	460.0	499.3	564.1	625.1
Wholesale and retail trade; repair of motor vehicles and motorcycles	241.5	304.2	329.5	414.8	441.1	482.0	545.1
Transportation and storage	302.9	404.8	437.2	544.3	556.7	624.8	719.3
Accommodation and food service activities	247.1	311.8	342.7	438.5	458.9	497.6	555.9
Information and communication	489.5	608.9	670.3	846.9	915.2	1089.2	1168.1
Financial and insurance activities	482.9	625.2	607.2	752.0	812.3	892.8	989.0
Real estate and ownership of dwellings	409.0	677.5	609.9	608.1	720.9	792.0	936.2
Professional and business services	425.9	551.1	570.1	704.6	743.6	828.3	936.0
Public administration and defense; compulsory social activities	463.0	562.1	626.4	824.3	806.2	875.5	959.4
Education	597.8	722.8	721.1	945.2	1002.6	1138.0	1244.2
Human health and social work activities	420.9	550.3	604.3	741.8	816.1	919.7	1020.7
Other services	149.1	204.2	244.8	308.6	339.2	375.6	431.4
<b>All</b>	<b>284.6</b>	<b>369.5</b>	<b>411.4</b>	<b>527.8</b>	<b>563.5</b>	<b>626.4</b>	<b>701.8</b>

Source: PSA

In 2023, workers in education, information and communication, human health and social work activities, and finance received the highest basic pay. While workers in agriculture, other services, wholesale and retail trade, repair of motor vehicles and motorcycles received the lowest.

<sup>9</sup> This merits further examination. Indeed, a common argument against wage increases is that labor productivity is not rising fast enough. However, this may all be due to the period under consideration. The years 2012-2023 include the pandemic years when labor productivity took a hit. In the pre-pandemic years 2010-2019, labor productivity grew faster at 5.7 percent annually than real wages which grew 3.9 percent. Much earlier in 2000-2010, labor productivity grew annually by 2.2 percent while real wages declined -0.3 percent (World Bank 2018).

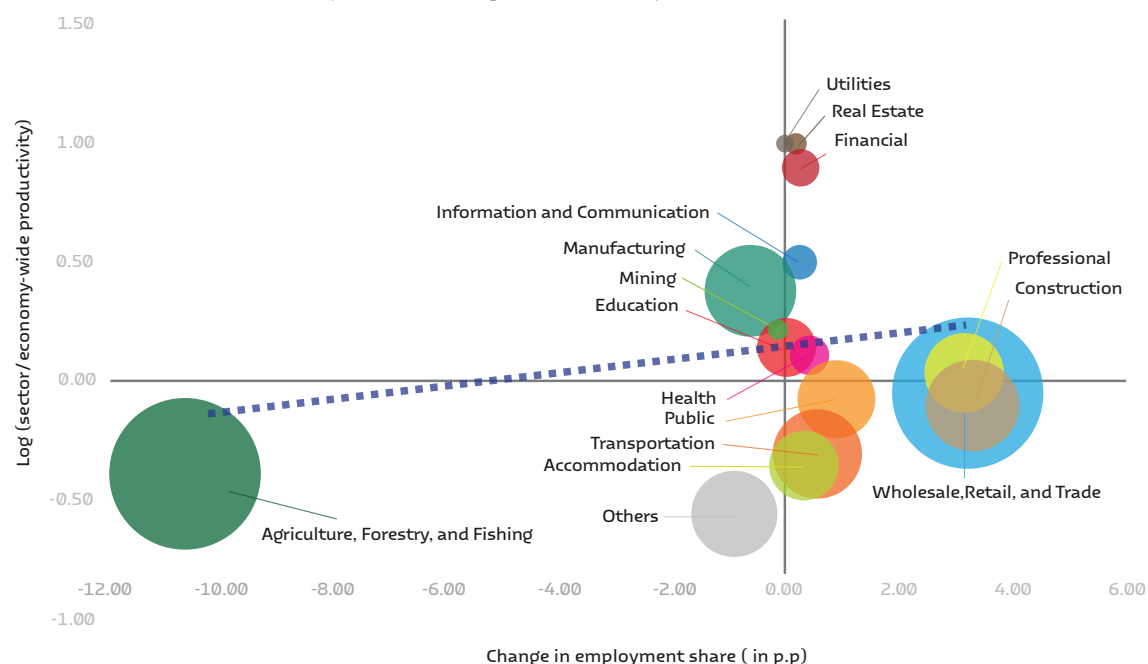


## Pattern of employment creation

Figure 8 puts together the information in Tables 3 and 4 and shows the pattern of employment creation during the period 2012-2023.<sup>10</sup> The desired outcome is a movement of labor from the low productivity sectors to the high productivity sectors.

The horizontal axis shows the percentage point change in the employment share of each major industry group between 2012 and 2023, where a negative (positive) number denotes a(n) decrease (increase) in the share of the sector during the period regardless of whether actual employment fell or rose. The vertical axis shows relative labor productivity in 2023.<sup>11</sup> The size of the circle denotes the share of the sector in total employment in 2023, where a larger circle means a larger share. The location of the sectors in the four quadrants indicates what happened to their employment shares during the period 2012-2023, whether these expanded or contracted, and whether they are high- or low-productivity sectors. The ideal scenario is more sectors of high productivity, increasing their employment share, i.e., in the upper-right quadrant.

**Figure 8. Direction of Employment Growth:  
Relative Labor Productivity and Change in Employment Share, 2012-2023**



Source: PSA

Figure 8 also shows that agriculture, which still employs a substantial number of the workforce, continued to lose share. The positive upward sloped trendline indicates that the movement of labor has been shifting toward sectors with higher productivity relative to agriculture. However, these are mostly the sectors with lower than the economy wide labor productivity even as they currently account for more than 40 percent of employment: wholesale and retail trade, repair of motor vehicles and motorcycles, construction, transport and storage, accommodation and food service activities. Meanwhile, the employment shares of the high-productivity sectors (utilities, real estate, finance, information and communication, and mining), already small to start with, changed little during the period (i.e., small circles above the horizontal axis but very close to the vertical). Manufacturing, the more significant of these sectors in terms of employment size, even lost employment share. In summary, employment moved generally towards sectors with low labor productivity.<sup>12</sup>

<sup>10</sup> Note: The interpretation of data is limited to explaining relative labor productivity and change in employment share.

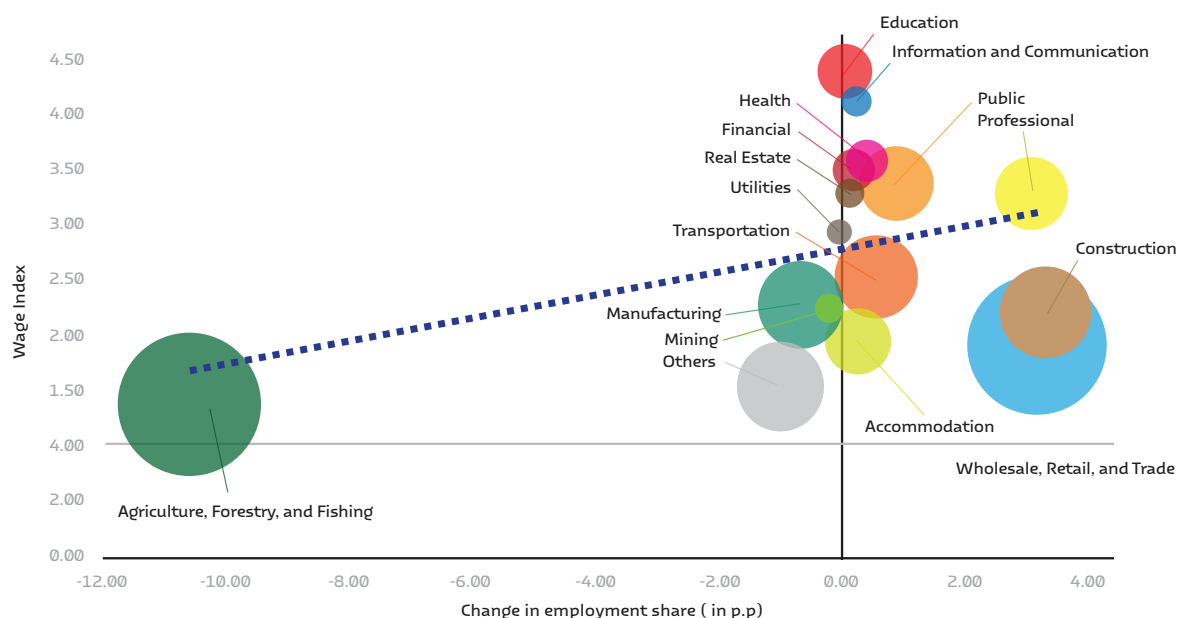
<sup>11</sup> Productivity is expressed in logarithms, so a positive (negative) number indicates sector labor productivity higher (lower) than that for the entire economy.

<sup>12</sup> Esguerra and Jandoc (2023) show that in 2020 the pandemic caused a significant decline in overall labor productivity as labor displaced by the lockdown and mobility restrictions went mainly to agriculture reversing previous gains in labor productivity.

Figure 9 shows the movement of employment during 2012-2023 in terms of whether it went to low- or high-paying sectors. Again, similar to Figure 8, the horizontal axis indicates the percentage point change in the sector's share of total employment. The vertical axis is a real wage index. It compares the real wage in a sector in 2023 with the economy-wide real wage in 2012, which is indicated by the horizontal line at 1 in the figure. The size of the circle indicates the share of a sector in employment in 2023. The distance of a circle from the horizontal line indicates by how much the real wage in a sector has risen relative to the average real wage in 2012.

The figure shows that real wages in all sectors rose as all circles are above the horizontal line at 1. It also shows the movement of employment out of agriculture towards the non-agriculture sectors, all of which pay higher wages than agriculture. The position of the circles relative to the positively sloped trend line indicates whether the sectors are high- or low-paying. Most employment has gone into wholesale and retail trade, construction, transport and storage, and accommodation and food services which are relatively low-paying. Note that these are also sectors of relatively low labor productivity. High-paying sectors are those above the trendline. Of these, the biggest gainer in terms of employment share during the period is professional and business services. Other high-paying sectors are education, information and communication, health, finance, and real estate, and public administration. However, their employment shares did not increase as much during the period. The share of manufacturing, a potentially high-paying sector, contracted. In summary, employment in the recent past has been moving largely towards sectors of relatively low pay. This is consistent with the earlier observation that the direction of employment growth has been towards sectors of low labor productivity.

**Figure 9. Direction of Employment Growth:  
Average Daily Basic Pay and Change in Employment Share, 2012-2023**



Source: PSA

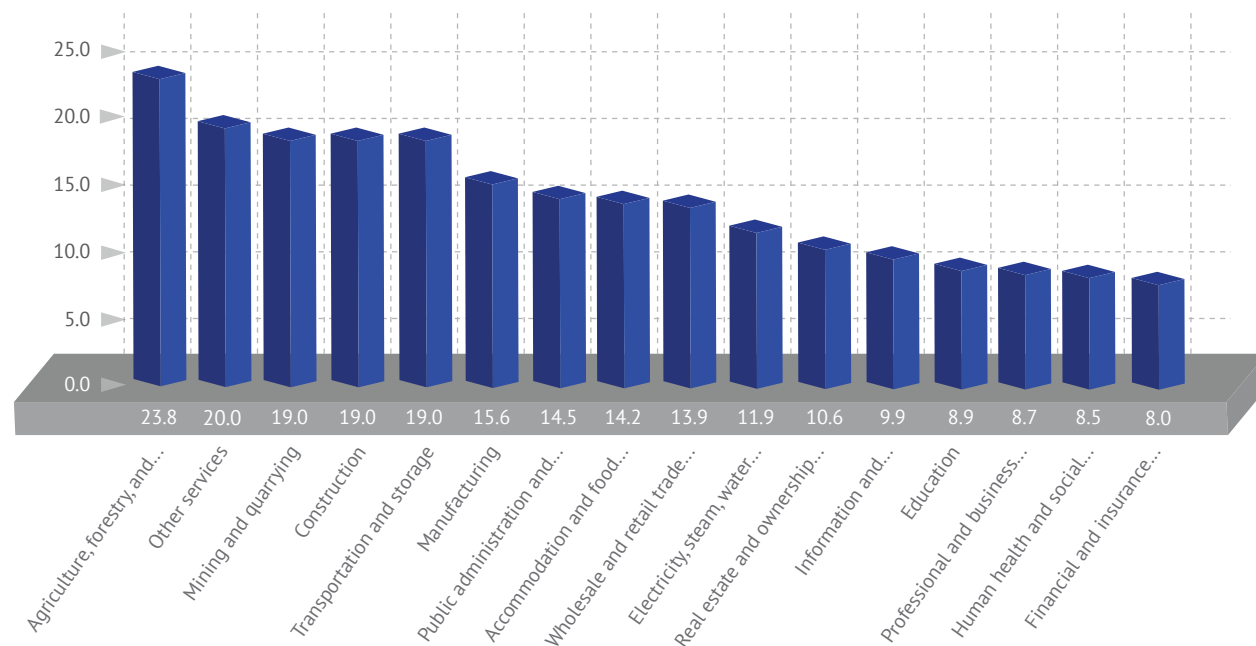


## Underemployment

Labor statistics distinguish between visible and invisible underemployment. Both categories include individuals who are employed but are still seeking additional work. The distinction lies in the number of hours worked per week; visible underemployment refers to those working less than 40 hours a week, while invisible underemployment refers to those working at least 40 hours a week. For FY 2024, the underemployment rate was 13.3 percent, with 60 percent considered visible underemployment and 40 percent considered invisible underemployment. And as expected, the top reason for seeking additional work is to have additional earnings.

It should be emphasized that poverty in the Philippines is more a problem of underemployment, rather than unemployment. Figure 10 shows the average underemployment in 2019-2023 in the various sectors. Note that it is highest in the low-productivity, low-wage sectors.

**Figure 10. Underemployment Rate in the Sectors, 2023**



Source: PSA

We may say that underemployment is due to job dissatisfaction or the lack of job satisfaction, which may include dissatisfaction over salaries and wages received. There have been several theories that explain job satisfaction and job dissatisfaction.<sup>13</sup> In general, it results from unmet expectations about the job or position assigned to the employee. This unwanted situation reflects the inefficiency of both the labor market and the education sector. Literature refers to this as the lack of job fit, which can be further broken down into person-organization fit, person-group fit, and person-job fit.<sup>14</sup>

Asian Development Bank's (ADB) study in 2021 (as cited by the Second Congressional Commission on Education, 2025) revealed that nearly two-thirds of technical and vocational education and training (TVET) graduates were employed in occupations unrelated to the trainings they have acquired.<sup>15</sup> This condition contributes to lower wages, job dissatisfaction, lower productivity, and higher business turnover rates. While the study observed an increased matching rates from 32.3 percent in 2013 to 36 percent.<sup>16</sup>

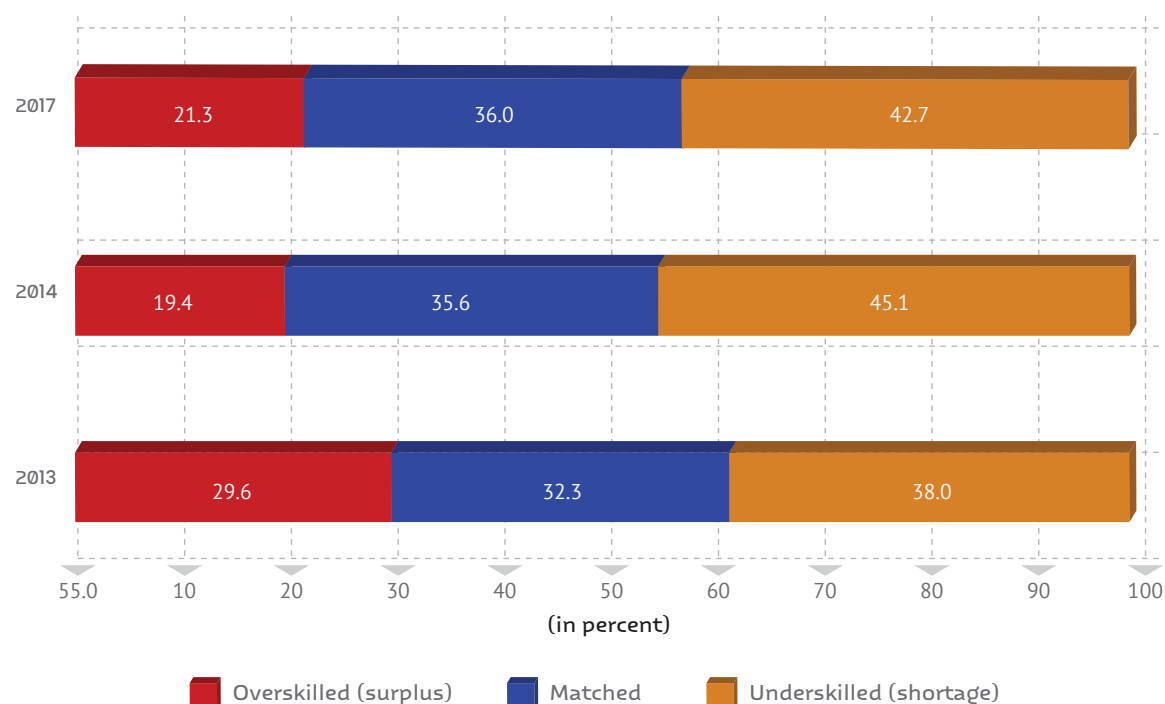
<sup>13</sup> The construct is based on the theories of motivation, of which the most popular are Maslow (1954), Herzberg et.al. (1959), and McClelland (1985).

<sup>14</sup> Person-organization fit is defined as "the compatibility between people and organizations that occurs when: (a) at least one entity provides what the other needs, or (b) they share similar fundamental characteristics, or (c) both" (Kristof, 1996, p. 4).

<sup>15</sup> Second Congressional Commission on Education (2025). *FIXING THE FOUNDATIONS: A Matter of National Survival*, EDCOM II year two report. Second Congressional Commission on Education. Retrieved from EDCOM-2-Year-2-Report-Fixing-the-Foundations-2025.pdf

<sup>16</sup> Asian Development Bank (2021). *TECHNICAL AND VOCATIONAL EDUCATION AND TRAINING IN THE PHILIPPINES IN THE AGE OF INDUSTRY 4.0*. Retrieved from <https://www.adb.org/sites/default/files/publication/679041/tvet-philippines-age-industry.pdf>



**Figure 11. Share of Trainees Matched, Overskilled, or Underskilled, 2013, 2014, 2017**

Source: ADB, 2021



## Education-job mismatch

Education-job mismatch is one example of the lack of individual-job fit. The table below from Melchor (2022) maps out the general level of education required corresponding to each major occupational grouping.

**Table 5. Major Occupational Grouping and General Level of Required Education**

MAJOR OCCUPATIONAL GROUPING	REQUIRED YEARS OF EDUCATION
1. Managers	14
2. Professionals	14
3. Technicians and Associate Professionals	12
4. Clerical Support Workers	10
5. Service and Sales Workers	10
6. Skilled Agricultural, Forestry, and Fishery Workers	10
7. Craft and Related Trades Workers	10
8. Plant and Machine Operators and Assemblers	10
9. Elementary Occupations	6

Using job analysis method applied to data from the LFS 2006 and 2012, Melchor (2022)<sup>17</sup> finds that about 38 percent of employed Filipino workers are over-educated. She further notes that while each year of schooling up to the required years yields a wage premium of about 15 percent, each additional year of schooling only yields a return of about 5 percent. This situation reflects the inefficiency of the job-seeking process in the labor market.

<sup>17</sup> Melchor (2022). Surveying the Extent and Wage Consequences of Education-Job Mismatches in the Philippine Labor Market. Retrieved from <https://pidswebs.pids.gov.ph/CDN/PUBLICATIONS/pidspj46-2022-1d.pdf>



The 2023 LFS further revealed that TVET graduates had the highest underemployment rate across educational cohort, suggesting that many of them take on jobs that fail to utilize their full skill set or fail to satisfy their income expectations. This resulted in many TVET graduates working in the informal sector, compromising job and income stability.

**Figure 12. Labor Force Indicators by Educational Attainment, Philippines, October 2022 (in percentage)**

INDICATOR	Total	No Formal Schooling	Elem and Highschool	Senior HS Graduate	TVET Graduate	College Units	College Graduate	Post-college
Labor Force Participation	70.3	72.9	71.1	41.9	85.8	53.0	85.8	96.2
Employed	95.5	98.6	96.8	84.1	93.0	94.8	93.0	96.7
Unemployed	4.5	1.4	3.2	15.9	7.0	5.2	7.0	3.3
Underemployed	15.2	19.0	17.6	13.4	20.5	12.1	8.6	7.9






Abbreviations: Elem = Elementary, HS = High School, TVET = Technical-Vocational Education and Training  
Source: Bersales (2024)



## Job-skills mismatch

Job-skills mismatch is another example of the lack of individual-job fit. The International Labor Organization (2013, 2014) defines skills mismatch as the “imbalance [sic] between skills supplied and skills needed in the labor market.” Job-skills mismatch has been identified as the main reason for unemployment and underemployment. The table below is adapted from Dacuycuy (2021)<sup>18</sup> which lists down the broad skills categories with their corresponding components. The broad skills categories are: (a) basic, (b) social, (c) analytical, (d) management, and (e) mechanical skills.

**Table 6. Broad Skills Categories and Skills Components**

BROAD SKILLS	COMPONENTS
 <b>Basic Skills</b>	Critical thinking, active learning, active listening, reading comprehension, speaking, writing, and learning strategies
 <b>Social Skills</b>	Coordination, monitoring, instructing, negotiation, persuasion, service orientation and social perceptiveness
 <b>Analytical Skills</b>	Science, Mathematics, complex problem solving, systems analysis, systems evaluation, judgement and decision making, operations analysis, programming, and technology and design
 <b>Management Skills</b>	Management of financial resources, material resources, personnel resources, and time, and quality control
 <b>Mechanical Skills</b>	Equipment maintenance, equipment selection, installation, operation and control, operation monitoring, repairing, and troubleshooting

Source: Dacuycuy (2021)

<sup>18</sup> Bayudan-Dacuycuy, C. and Dacuycuy, L. (2021). Labor Market Structures, Pay Gap, and Skills in the Philippines. Retrieved from <https://pidswebs.pids.gov.ph/CDN/PUBLICATIONS/pidsdps2128.pdf>

The Department of Labor and Employment (DOLE) has also been using the concepts of core and soft skills and technical skills in the implementation of various youth employability programs, where Core/Soft Skills account for: (a) basic Skills (i.e., communication and cognitive); (b) social and interpersonal skills; (c) management skills (people-focused), and technical skills account for: (a) analytical and technical skills; (b) management skills (resource-focused); and (c) mechanical skills.

A recent report by DOLE listed the following soft skills employers look for when hiring potential workers:<sup>19</sup>



The same report noted that there are similarities in the above list with the previous JobsFit report published in 2020.<sup>20</sup> We note that a number of these skills can be learned in a formal education setting, but some are best achieved at work like teamwork, decision making, workplace ethics, etc. On the other hand, mechanical and technical skills need to be regularly updated given changes in the economy, industry shifts, or technology advancements.

Another initiative of DOLE is the National Skills Registry Program (NSRP) under the Public Employment Information System (PEIS). NSRP Form 1 requires jobseekers to indicate five skills (from a list of fifteen) that they possess, as well as any technical skills acquired without formal training. A snippet of the form is shown in Figure 13.

<sup>19</sup> Jobs and Labor Market Forecast 2022-2025, preliminary report.

<sup>20</sup> JobsFit LABOR MARKET INFORMATION REPORT How the Pandemic is Reshaping the Philippine Labor Market, accessed January 07, 2025, <https://ble.dole.gov.ph/wp-content/uploads/2022/06/JobsFit-Covid-19-LMI-Report.pdf>

**Figure 13. Part of NSRP Form 1**

VII. 21 <sup>st</sup> CENTURY SKILLS - Check five (5) skills you possess (self-assessment)			
<input type="checkbox"/> Innovation	<input type="checkbox"/> Creative Problem Solving	<input type="checkbox"/> Planning and Organizing	
<input type="checkbox"/> Team Work	<input type="checkbox"/> Problem Solving	<input type="checkbox"/> Social Perceptiveness	
<input type="checkbox"/> Multitasking	<input type="checkbox"/> Critical Thinking	<input type="checkbox"/> English Functional Skills	
<input type="checkbox"/> Work Ethics	<input type="checkbox"/> Decision Making	<input type="checkbox"/> English Comprehension	
<input type="checkbox"/> Self Motivation	<input type="checkbox"/> Stress Tolerance	<input type="checkbox"/> Math Functional Skill	
IX. TECHNICAL SKILLS ACQUIRED WITHOUT FORMAL TRAINING			
<input type="checkbox"/> Carpentry	<input type="checkbox"/> Plumbing	<input type="checkbox"/> Photography	<input type="checkbox"/> Others: _____
<input type="checkbox"/> Masonry	<input type="checkbox"/> Driving	<input type="checkbox"/> Hairdressing	
<input type="checkbox"/> Welding	<input type="checkbox"/> Gardening	<input type="checkbox"/> Cooking	
<input type="checkbox"/> Auto Mechanic	<input type="checkbox"/> Tailoring	<input type="checkbox"/> Baking	

The form, however, has some limitations. First, the form uses self-assessment as a data collection method, which an implied assumption that the applicant is able to correctly define the skills enumerated. Second, there is selection bias, as the form is being filled up only by individuals using the public employment service. This bias can perhaps explain the choice of pre-identified technical skills indicated in the form.

## CHAPTER 3

# DRIVERS AND SIGNALS OF CHANGE



Original artwork contributed by TPB Regional Consultation participants.

# Drivers and Signals of Change

In this chapter, we discuss some likely scenarios over the medium-term that could affect the Philippine labor market. Being prepared for these scenarios will help us avoid the unwanted futures we have described previously.



## Political trends



## Escalating geopolitical tensions

Recent years have seen the rise of interstate conflicts in various parts of the world. A mix of persistent social, cultural, and economic factors mostly motivate these conflicts.<sup>21</sup> Most firms see these protracted conflicts as a top downside risk to economic growth in the next few years.<sup>22</sup>

The ongoing Russia-Ukraine war may continue to unsettle global economic activities, mainly through supply chain disruptions as both Russia and Ukraine serve as international suppliers of food and other key commodities. Likewise, over 2.4 million overseas Filipinos in the Middle East will continue to be at risk of job displacement if conflicts in the region further intensify and spread.<sup>23</sup>

In Asian regions near the Philippines, disputes over the West Philippine Sea, conflicts within the Korean peninsula, and tensions between China and Taiwan also continue to pose risks.



## Persisting governance issues

While the Mandanas-Garcia ruling offers significant potential for LGUs to drive local development and job creation, its full potential remains untapped. Many LGUs lack the technical expertise, planning capacity, and efficient systems to effectively utilize the increased resources. This limits the impact of the ruling on generating meaningful employment opportunities at the local level. In addition, certain provisions of the Local Government Code as well as some administrative issuances may also be drivers of informality.

Improving governance conditions and enhancing national security play a crucial role in attracting businesses, boosting investments, and stimulating economic growth, ultimately leading to increased employment opportunities and higher labor productivity. In 2024, a record-high 714 LGUs (41.63%) were awarded the Seal of Good Local Governance (SGLG), demonstrating a significant improvement in transparency, accountability, and service delivery, reflecting a stronger commitment to good governance.<sup>24</sup> Additionally, the 61.87 percent decrease in the index crime rate from 2022 to 2024, as reported by the Philippine National Police (PNP), highlights a safer and more secure environment for businesses and workers alike.<sup>25</sup> These positive developments create a more stable economic landscape, encouraging both local and foreign investments, fostering business expansion, and ultimately generating more jobs and improving overall labor market conditions.

However, the recent SGLG results do not seem to be a widespread perception. During the TPB regional consultations, stakeholders consistently raised concerns on governance issues, especially at the local level. This is consistent with the World Bank's 2019 diagnostic report stating that the Philippines lags behind among its regional peers in terms of government effectiveness, control of corruption, and rule of law. Such governance concerns tend to raise the cost of doing business and create barriers to market entry, thus hampering investments and job creation.

21 Robert Powell, "War as a Commitment Problem," *International Organization* Vol. 60 No. 1 (2006), as cited in A. Charaniya, "The Territorial Roots of Interstate Conflict," *SAIS Review of International Affairs* (2024), accessed November 14, 2024, [https://saisreview.sais.jhu.edu/the-territorial-roots-of-interstate-conflict/#\\_edn4](https://saisreview.sais.jhu.edu/the-territorial-roots-of-interstate-conflict/#_edn4).

22 Jamie Thompson, "Global: Risk Survey Confirms Businesses' Geopolitical Fears," *Oxford Economics*, accessed February 23, 2024, <https://my.oxfordeconomics.com/reportaction/FF6Ed3b6dBB34C7A9A8E7a/Toc?SearchTerms=global%20geopolitical%20risk>.

23 Based on the data on overseas Filipinos of the Department of Foreign Affairs (as of 2022 Semester 2)

24 Christopher Lloyd Calihan 2024. 714 LGUs to get 2024 Seal of Good Local Governance. Retrieved from <https://www.pna.gov.ph/articles/1238244>

25 Priam Nepomuceno 2024. PNP logs 'remarkable' drop in PH crime rate. Retrieved from <https://www.pna.gov.ph/articles/1236671>



## Economic trends

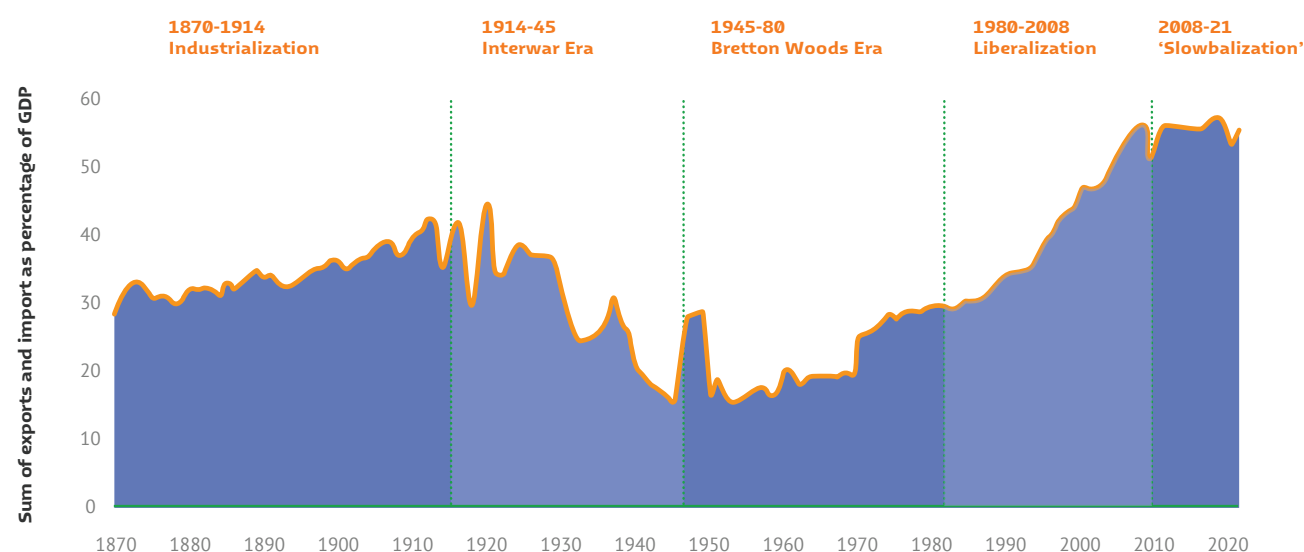


### Rising economic nationalism

Rivalry among major economic powers and the rise of populist governments have fueled the rise of economic nationalism. Against this backdrop, countries or economies are implementing protectionist immigration and industrial policies ostensibly to protect their local workers and industries.

Despite recent improvements, the past 15 years have seen a steady increase in the stockpile of import restrictions in force. As of 2024, import restrictions in force were estimated to affect 9.7 percent of total world imports, valued at USD2.3 trillion.<sup>26</sup> Other international developments such as the recent tariff policies of the US, creates global economic uncertainty, potentially slowing multinational expansions and thus limiting job creation in the Philippines. This trade disruption, coupled with reduced demand for Philippine exports and potential job losses for OFWs could significantly impact the Philippine economy and its employment landscape. Figure 14 illustrates the rapid rise of global trade from 1970-2021. We also observed a marked decline in global trade during times of global crisis, like the Second World War, start of the Cold War, Global Financial Crisis, and then the COVID-19 pandemic.

**Figure 14. Global Trade from 1970-2021**



Source: Aiyar & Ilyina, 2023. Jordà -Schularick-Taylor Macrohistory Database; Penn World Data (10.0); Peterson Institute for International Economics; World Bank; and IMF staff calculations.  
Note: Sample composition changes over time.

This general trend against globalization can also be seen with the shift from multilateral trade towards bilateral and regional trade agreements. The Philippines now has 11 active free trade agreements (FTAs), most of which are through its membership in the Association of Southeast Asian Nations (ASEAN).<sup>27</sup> Recently, the country has signed an FTA with South Korea in 2023 and is negotiating with the United Arab Emirates and the European Union.

These shifts in policies are reconfiguring global value chains, presenting both challenges and opportunities in attracting investments and creating jobs in the Philippines. The Philippines is in a good position to be an attractive alternative investment destination for those who want to diversify their investments, provided that Filipino workers and industries can keep up with global standards.

<sup>26</sup> WTO, Trade Monitoring Update, July 2024.

<sup>27</sup> World Trade Organization, \*Regional Trade Agreements Database\*, accessed November 18, 2024, [https://www.wto.org/english/tratop\\_e/region\\_e/region\\_e.htm](https://www.wto.org/english/tratop_e/region_e/region_e.htm).



## Increasing scrutiny of environmental, social, and governance (ESG) practices

Pressures from consumers, investors and more recently, regulators have prompted businesses to consider ESG impacts in investment and business decisions. ESG practices can directly impact workers as social considerations typically include working conditions, compensation, and inclusion, while governance considerations may include regulatory compliance.<sup>28</sup> It has also spurred demand for workers who can help manage firms' ESG risks and opportunities.



## Social trends



## Re-emergence of infectious diseases

Rapid international travel and mass migrations, reduced vaccination coverage, and drug resistance among others have contributed to the re-emergence of infectious diseases worldwide in recent years.<sup>29</sup> In the Philippines, several diseases including monkeypox, measles, and pertussis, among others saw a sudden re-emergence in 2024.<sup>30</sup> These underscore the urgent need for healthcare workers who have specialized skills and competencies in infectious diseases, such as epidemiology, biostatistics, and disease surveillance.<sup>31</sup>



## Growing concerns for mental health

Employees with strong mental health tend to exhibit higher levels of engagement, focus, and efficiency in the workplace.<sup>32</sup> Yet, the high cost of programs, exclusion from private health maintenance organization (HMO) packages, and the pervasive fear of stigma and discrimination discourage workers from seeking mental health care. Instead of seeking assistance, workers are more inclined to demand workplace policies that prioritize mental health, such as those affording employees the right to take necessary leave days.<sup>33</sup>

If a worker does decide to seek assistance, they may face difficulties in finding a provider as there are not enough qualified mental health professionals in the country, with only one psychiatrist and one psychiatric nurse for every 200,000 people, and only one psychologist for every 1 million Filipinos.<sup>34</sup> This gap underscores the urgent need for additional mental health workers, particularly psychiatrists, psychiatric nurses, and psychologists.

<sup>28</sup> ISO, ESG Implementation Principles (IWA 48)

<sup>29</sup> R. E. Rohde, "Emerging Pathogens: A Look Toward 2024," Clinical Lab, January 2, 2024, accessed November 14, 2024, <https://www.clinicallab.com/emerging-pathogens-a-look-toward-2024-27676>.

<sup>30</sup> "Preparing Communities for Future Outbreaks: WHO, USAID Support Metro Manila City in Using the WHO Strategic Toolkit for Assessing Risks (STAR)," World Health Organization, September 7, 2024, accessed November 14, 2024, <https://www.who.int/westernpacific/news-room/feature-stories/item/metro-manila-city-uses-the-who-strategic-toolkit-for-assessing-risks>.

<sup>31</sup> Core Competencies for Infection Prevention and Control Professionals, no date, accessed November 27, 2024, <https://iris.who.int/bitstream/handle/10665/335821/9789240011656-eng.pdf>.

<sup>32</sup> C. de Oliveira, M. Saka, L. Bone, and R. Jacobs, "The Role of Mental Health on Workplace Productivity: A Critical Review of the Literature," Applied Health Economics and Health Policy 21, no. 2 (2022): 167–93, <https://doi.org/10.1007/s40258-022-00761-w>.

<sup>33</sup> DOH, Health Promotion and Literacy Longitudinal Study (Phase 1)

<sup>34</sup> Philippine Institute for Development Studies (PIDS), "Mental Health Issues," PIDS.gov.ph, accessed November 15, 2024, [https://serp-p.pids.gov.ph/feature/public/index-view?featureidtype\\_id=1&slug=Mental-Health-Issues#:~:text=Mental%20health%20has%20gained%20increasing,focused%2C%20and%20efficient%20at%20work](https://serp-p.pids.gov.ph/feature/public/index-view?featureidtype_id=1&slug=Mental-Health-Issues#:~:text=Mental%20health%20has%20gained%20increasing,focused%2C%20and%20efficient%20at%20work).



## Learning poverty resulting in a workforce with skills gaps

The Philippines' performance in reading, mathematics, and science, as measured by the Programme for International Student Assessment (PISA) in 2015, 2018, and 2022, consistently ranked among the lowest globally. This underperformance in functional literacy and numeracy is compounded by concerning trends in higher education.<sup>35</sup> Senior high school and college curricula often overlap, and the lack of robust industry-academia collaboration results in graduates who are ill-prepared to join the modern workforce.<sup>36</sup>

Low quality education limits workers to low-wage jobs, with even college graduates often finding themselves in lower-skilled positions. On a related note, a phenomenon that has become prevalent in recent years is overeducation, where individuals with high levels of educational attainment are working in jobs that do not require such qualifications.<sup>37</sup>

## Growing desire for work-life balance

The COVID-19 pandemic heightened the adoption of flexible work arrangements, such as remote work and the four-day workweek. Recent data indicates that employees working remotely or in hybrid setups often report higher levels of job satisfaction and improved work-life balance.<sup>38</sup> This trend is particularly pronounced among GenZ, as the DOLE reported that flexible work arrangements are a top priority for this demographic when seeking employment.

## Increasing adolescent pregnancy

An alarming trend has emerged among younger girls aged 10-14 years old. There has been an increase in the number of live births among girls in this age group, from 2,319 in 2020 to 3,135 in 2022. Cases of repeat pregnancies were also recorded showing that in 2022 alone, there were 25,358 second, third, fourth, and even fifth livebirths among girls aged 10-19.<sup>39</sup> Adolescents who have begun childbearing before the age of 18 are less likely to complete secondary education and delay their entry into the labor force, contributing to the Philippines' low female labor force participation rate. This, in turn, impacts employment opportunities in the future – with an estimated PHP33 billion worth of foregone earnings annually.<sup>40</sup>

## Aging population

By 2030, the global population aged 60 years or older is projected to reach 1.4 billion, and is expected to accelerate, with the number of older adults doubling to 2.1 billion by 2050. The share of older workers in the labor force is also expected to increase significantly by 2030 – 2.5 percent in developing nations and 76 percent in developed economies. As a result, global demand for migrant workers, especially in healthcare, will likely persist.

Currently, the Philippines is in the second phase of the demographic transition, marked by decreasing birth and death rates. This notable increase in the working-age population could trigger a surge in economic productivity. If the trend continues as projected between 2025 to 2035, dependency ratio will also decrease from 33 per 100 working-age population in 2025 to 31 in 2035.

35 Philippine Institute for Development Studies (PIDS), "Sustainable Development Goal 4 on Quality Education for All: How Does the Philippines Fare and What Needs to Be Done?" PIDS.gov.ph, accessed November 15, 2024, <https://www.pids.gov.ph/publication/discussion-papers/sustainable-development-goal-4-on-quality-education-for-all-how-does-the-philippines-fare-and-what-needs-to-be-done>.

36 "Philippine Students Are in Deep Trouble," BusinessWorld Online, last modified September 9, 2024, accessed November 14, 2024, <https://www.bworldonline.com/special-reports/2024/09/09/619447/philippine-students-are-in-deep-trouble/>.

37 Asian Development Bank, *A Smarter Future: Skills, Education, and Growth in Asia - Key Indicators for Asia and the Pacific: Special Chapter* (2015), <https://www.adb.org/sites/default/files/publication/175162/ki2015-special-chapter.pdf>.

38 Jobstreet by SEEK, *Jobstreet by SEEK's Employee Job Happiness Index 2024* (2024)

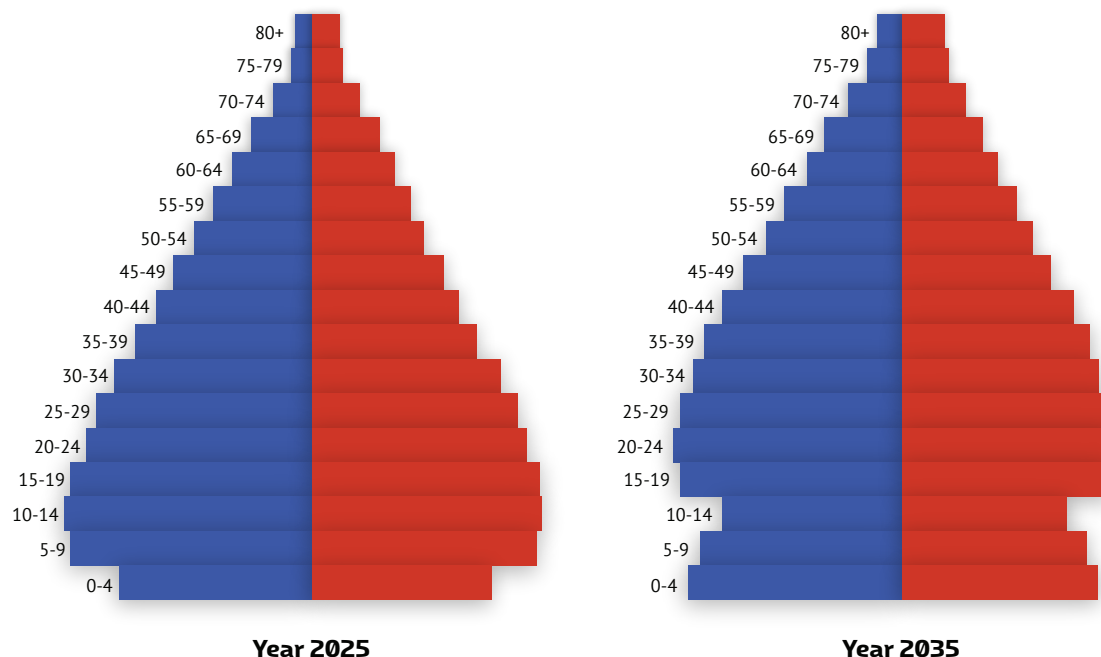
39 "Senate Urged Not to Stall Teen Pregnancy Prevention Bill," Philippine News Agency, last modified 2024, accessed November 14, 2024, <https://www.pna.gov.ph/articles/1233740>.

40 UNFPA, *Eliminating Teenage Pregnancy in the Philippines* (2020), [https://philippines.unfpa.org/sites/default/files/pub-pdf/UNFPA\\_Policy\\_Brief\\_Teenage\\_Pregnancy\\_%282020-01-24%29.pdf](https://philippines.unfpa.org/sites/default/files/pub-pdf/UNFPA_Policy_Brief_Teenage_Pregnancy_%282020-01-24%29.pdf).



However, to fully realize these potential benefits, continued investments in education, continuous development of workforce (e.g., lifelong learning), and healthcare are essential to ensure equitable access to economic opportunities and to support a healthy, skilled workforce.

**Figure 15. Population Pyramid, CY 2025 and CY 2035**



Source: PSA

The Philippine workforce is also evolving very fast in terms of generational structure, where GenZ and Gen Alpha represent a significant and growing segment.<sup>41</sup> These generations possess unique characteristics, skills, and expectations that require tailored strategies to maximize their potential. Labor policies will need to be enhanced and updated to allow for these tailored strategies and increase the labor force participation of these young generations.

At the same time, the country is also experiencing a rapidly increasing older population. Those aged 60 years old and above are projected to comprise 10 percent of the entire population by 2025, and 12 percent in 2035. The improvements in longevity call for more relevant services focused on health and lifelong learning to enable the active participation of the elderly in society.

While an aging population may lead to labor shortages, it also presents opportunities for employment and service development. The key is to promote a healthy lifestyle. Healthy and productive Filipino seniors aged 60-75 will not rely as much on financial aid and also reduce healthcare expenditure.



## Technological trends

The labor market is adopting new emerging digital technologies as they become more accessible. Overall, this benefits those with the skills and resources to adapt to the rise of these technologies. However, this also means that those who are unable to access or adapt to these new technologies risk being left further behind.

<sup>41</sup> Generation Z refer to those who were born between 1997-2012.  
Generation Alpha refer to those who were born between 2013-2025.



## Increasing access to the Internet

The share of Filipinos using the internet increased from about 43 percent of individuals in 2019 to 75 percent in 2022.<sup>42</sup> This has allowed more Filipinos to benefit from digitalization and rapid technological advancement. However, it is important to note that access remains uneven. A World Bank study reports that the share of households with access to broadband internet increased from 43.2 percent in 2019 to 60.3 percent in 2022 for the richest 20 percent of households. In contrast, it only increased from 1.9 percent to 4.8 percent for the poorest 20 percent of households, with a similar disparity also being shown between NCR versus other regions.<sup>43</sup>



## Adoption of digital technologies across different sectors

Notwithstanding the digital divide, increased access to the internet will boost demand for digitalized services and will likely continue to increase and support the growth of e-commerce. Based on data from the PSA, employment in the e-commerce industry increased to 8.5 million in 2023 from 4.5 million in 2018.

Government units have started to leverage online platforms and digital technologies to make government transactions more accessible, efficient, and less prone to corruption. Digital technologies have also supported the adoption of flexible work arrangements, especially remote work arrangements.



## Rise of AI and increased use of robot powered services

Artificial Intelligence (AI) and robotic technologies are developing rapidly and are being adopted by businesses to improve efficiency, reduce costs, and add value to their products and services. According to World Economic Forum (WEF), AI is the top technological trend driving business transformation in the Philippines.<sup>44</sup>

AI skills have already become the norm for work involving information and data. In the Philippines, 86 percent of knowledge workers were reported using AI tools regularly according to a study by Microsoft and LinkedIn.<sup>45</sup> The demand for AI skills will continue to grow as new AI applications continue to be developed. From 2020 to 2024, the Philippine Industrial Robotics' market has expanded at an average annual rate of around 10 percent.<sup>46</sup> The adoption of AI and robotics is projected to affect around 26 percent of jobs in the Philippines. The WEF projects job growth most significantly for Data Analysts and Scientists (95% net growth) and AI and Machine Learning Specialists (60%); and job losses most significantly for Accounting, Bookkeeping and Payroll Clerks (26% net loss) by 2029.<sup>47</sup> Should the Filipino workforce be able to upskill and reskill accordingly, this could translate into a net gain in jobs.

Nonetheless, AI's potential risks to workers arising from algorithmic biases, privacy risks, and lack of transparency needs to be addressed.

42 World Bank. "Philippines." World Bank Data. Accessed November 16, 2024. <https://data.worldbank.org/country/PH>.

43 World Bank, "BETTER INTERNET FOR ALL FILIPINOS: Reforms Promoting Competition and Increasing Investment for Broad-Band Infrastructure," January 2024.

44 Future of Jobs Report 2025.

45 Microsoft and LinkedIn. *2024 Work Trend Index Annual Report*. May 23, 2024. Accessed November 16, 2024. <https://www.linkedin.com>.

46 6Wresearch. *Philippines Industrial Robotics Market Outlook*. Accessed November 17, 2024. <https://www.6wresearch.com/industry-report/philippines-industrial-robotics-market-outlook>.

47 World Economic Forum, "Future of Jobs Report 2025" (Geneva: World Economic Forum, 2025), <https://www.weforum.org/publications/the-future-of-jobs-report-2025/digest/>.



## Prevalence of cybersecurity threats

Increased digitalization has been accompanied by an increase in cybersecurity threats as well. In the first quarter of 2024, the number of reported cybercrime cases increased by 21.84 percent compared to the same period of 2023.<sup>48</sup> As a result, demand for cybersecurity skills will likely continue to increase. This is supported by a WEF report where 78 percent of respondents reported that their organizations currently do not have the in-house skills to fully achieve their cybersecurity objectives.<sup>49</sup>



## Environmental trends



### Worsening impact and disruptions caused by climate change

The Philippines will likely face more extreme weather events and climatic conditions, and rising sea levels. Food security, infrastructure, productivity, as well as health and educational outcomes may be at risk as global temperatures rise.

The WB projects that climate change could reduce the Philippines' GDP by up to 7.6 percent by 2030 (PHP1.4 trillion) and up to 13.6 percent by 2040.<sup>50</sup> Climate analytics estimate significant infrastructure damage (up to PHP365 billion), productivity losses from extreme heat (up to PHP466 billion), business disruptions (up to PHP527 billion), and relocation costs (up to PHP8.9 billion) due to climate-related disasters.<sup>51</sup>

Investing in a human-centered sustainable development offers a powerful solution to address the challenge of climate change. By aligning with global climate frameworks like the Baku Guiding Principles, the Philippines can leverage international best practices and resources while contributing meaningfully to global climate action. Prioritizing human development ensures that the benefits of the green transition are shared equitably, leaving no one behind. Focusing on emerging economies (e.g., digital economy, green economy, and care economy) allows the Philippines to capitalize on new opportunities for growth and innovation, creating future-proof jobs and enhancing the country's competitiveness in the global market.



### Increasing sustainable behavior, consumption, and production

Growing eco-consciousness among consumers, new regulations, and incentives for sustainable production is driving up demand for sustainable products and services. For instance, policymakers have identified clean energy transition initiatives as crucial in meeting decarbonization commitments, with countries like China and those in the EU leading efforts in renewable energy (RE) production, electric vehicle (EV) adoption, and energy efficiency. Similarly, the Philippines is aiming to increase the share of RE in power generation to 35 percent by 2030 and 50 percent, and a 10 percent EV penetration rate by 2040.<sup>52</sup>

This shift is attracting investments in green technology and infrastructure, incentivizing local assembly and manufacturing within the Philippines. This creates green jobs in manufacturing, research, and maintenance, including sustainability specialists, renewable energy engineers, solar energy installation, and system engineers.<sup>53</sup>

<sup>48</sup> Philstar.com. "Cybercrime Cases Continue to Rise, Up 21.84 Percent in Q1." *Philstar*. Accessed November 16, 2024. <https://www.philstar.com>.

<sup>49</sup> World Economic Forum. *Global Cybersecurity Outlook 2024*. Geneva: World Economic Forum, 2024. Accessed November 16, 2024. <https://www.weforum.org>.

<sup>50</sup> World Bank, *Philippines Country Climate and Development Report 2022* (Washington, DC: World Bank, 2022).

<sup>51</sup> Government of the Republic of the Philippines. *National Adaptation Plan of the Philippines 2023-2050*, citing World Bank, *Philippine Country Climate and Development Report* (2022).

<sup>52</sup> Philippine Energy Plan (PEP) 2023-2050

<sup>53</sup> World Economic Forum, *The Future of Jobs Report 2023* (2023), <https://www.weforum.org/publications/the-future-of-jobs-report-2023/>.



## Legal trends



### Trending towards devolution

The Mandanas-Garcia ruling in 2018 institutionalized the devolution of most public services from the national to local government. The ruling meant that the internal revenue allotments (IRA) of local governments would increase by about 23 percent, leading to a “re-devolution” of programs and functions to local government units (LGU) as national agencies would face smaller budget allocations.

To be able to maintain and expand the provision of quality services, more skilled government personnel will be required, increasing upskilling and employment opportunities at the local level.

The continued efforts to improve the absorptive capacity of LGUs in implementing the Mandanas-Garcia ruling will also contribute to enhancing labor market governance and the timely delivery of employment programs in the country. For instance, as LGUs now directly implement various active labor market programs (e.g., PhilJobNet, Public Employment Services, Career Development Support Services), they can tailor-fit its implementation to the specific needs of their local labor market. At the same time, LGUs will be better equipped with the resources to upgrade and tailor-fit existing employment and training programs according to the needs of the local workforce.



### Wave of legislation improving the regulatory environment

Various landmark policies, which aim to improve the regulatory environment in the country, are likewise expected to induce investments and boost job creation:

- ♦ **Public Service Act and Foreign Investments Act** - facilitate the growth of job-generating sectors (e.g., transport, communication, energy, water).
- ♦ **Innovation Act and Digital Workforce Competitiveness Act** – foster an innovation ecosystem for long-term growth while equipping the workforce with in-demand/digital skills.
- ♦ **Corporate Recovery and Tax Incentives for Enterprises to Maximize Opportunities for Reinvigorating the Economy Act** - attracts more high-impact investments both from international investors and domestic enterprises that will enable the creation of more high-quality jobs.
- ♦ **Tatak Pinoy Act** – aims to strengthen Philippine industries by promoting high-quality, locally-made products and streamlining regulations, which in turn is intended to attract investments and generate more employment opportunities.



# CHAPTER 4

## PRIORITY STRATEGIES



**HOLISTIC**



**PRODUCTIVITY**



**WELL-PAYING**



**FLEXIBLE**



**INSPIRING**



**WORK LIFE**

# Priority Strategies



## *TPB plan strategy framework*

The TPB Plan aims to create more opportunities for productive and remunerative employment by: (a) stimulating national and local economic growth; (b) promoting employability of the workforce through skills training and development; (c) supporting businesses, particularly, micro, small, and medium enterprises (MSMEs), and (d) encouraging investments in the upskilling and reskilling of the workforce.

The TPB Plan contributes to the achievement of *AmBisyon Natin* 2040 by promoting an inclusive, efficient, and dynamic labor market environment that generates quality jobs while enhancing business resilience, fostering industry competitiveness, and encouraging innovation toward a *matatag, maginhawa, at panatag na buhay para sa lahat*.

Inclusivity means that every Filipino of working age is guaranteed an equal opportunity to engage in work and income generating activities and be compensated according to their contribution. This requires an efficient labor market and supportive policies that bar no one from participating, minimizes job search costs, and matches workers with jobs according to their skill sets and aspirations. Moreover, the labor market must be dynamic to keep pace with the rapidly evolving social and environmental landscape, which continuously reshapes the economy. This involves a business sector (labor demand) that can quickly adopt technology and innovation in order to quickly adapt to changing consumer preferences. Simultaneously, a dynamic labor market facilitates access to opportunities for upskilling and reskilling so that labor supply can respond to the demands of the business sector.



## *Outcomes and strategies*

To develop a labor market environment that is conducive to quality job generation, the government will endeavor to improve the conditions on both the demand and supply sides of the labor market, as well as address the concerns of workers and employers regarding the terms of job fit, working conditions, industrial relations, and inclusive social protection.

The priority strategies of the TPB Plan are organized according to the Strategy Framework shown in Figure 16.

Figure 16. TPB Plan Strategy Framework



The strategies are first grouped into two – the first directly involves the current players of the labor market (i.e., employers, potential labor supply, jobseekers, and job search administrators); the second group are policies and programs to future-proof the labor market amid likely threats and opportunities over the medium- to long-term.

A number of the strategies are already included in the Philippine Development Plan (PDP) 2023-2028 and the Philippine Labor and Employment Plan (PLEP) 2023-2028. In the following discussion, the plan will cross-refer to the corresponding PDP chapter or sub-chapter. More importantly, there will be greater emphasis on the priority sectors, which will be defined in the next chapter.

The headline outcome indicators to be monitored under the TPB Plan are: quality jobs, labor productivity, and competitiveness of goods and services. Since “quality job” is defined as employment that provides a pathway out of poverty, the suggested indicators are: unemployment rate, underemployment rate, the percentage of wage and salaried workers, and the proportion of employed poor; labor productivity will be proxied by overall labor productivity and sectoral labor productivity; competitiveness of goods and services will be proxied by the country’s rankings in domestic industry diversification and production, and export complexity under the Global Innovation Index (GII). Labor force participation rate, overall, and among women, will also be monitored to proxy for inclusivity of the labor markets. Table 7 provides the TPB Plan Headline Indicators.



**Table 7. TPB Plan Headline Indicators**

INDICATOR	BASELINE (YEAR)	TARGET (2028)	TARGET (2034)
Labor force participation rate	64.4 (2024)	TBD	68.2
Female labor force participation rate	53.8 (2024)	54	59
Unemployment rate	3.8 (2024)	4.0-5.0	3
Underemployment rate	13.3 (2024)	10-12	7-9
Percentage of wage and salaried workers	50.7 (2024)	TBD	TBD
Proportion of employed poor	16.9 (2023)	10-12	6-8
Labor productivity (Overall)	4.5 (2024)	5.0	6.8
Labor productivity (Agriculture)	9.7 (2024)	2.3-5.5	TBD
Labor productivity (Industry)	0.2 (2024)	0.80-0.83	TBD
Labor productivity (Services)	2.2 (2024)	5.0-8.5	TBD
Domestic industry diversification	Rank 39 (2024)	Rank 35 or better	Rank 30 or better
Production and export complexity	Rank 33 (2024)	Rank 30 or better	Rank 25 or better



## Priority strategies



### Labor demand

*To promote a healthy business environment that expands business and employment opportunities, encourages innovation and fosters competition*

## Expand and facilitate access to markets

Recognizing that demand for labor is a derived demand, the demand for goods and services needs to be increased to increase labor demand. The key strategies include establishing vigilant market surveillance, expanding trade relations, and improving the business climate.

**Strengthen existing and forge new FTA relations.** Chapter 9 of the PDP enumerates the various strategies to expand markets. These include strengthening existing and forging new free trade agreements (FTA). Recently, (DTI) launched the FTA Portal,<sup>54</sup> a web platform designed to guide exporters and importers wanting to make use of the various FTAs. The government needs to ramp up dissemination efforts and roll out training modules to increase utilization.

**Accelerate infrastructure development.** The implementation of the *Build Better More* program will be accelerated in order to facilitate access to markets across the country. This includes projects on physical and digital connectivity.

<sup>54</sup> <https://philippineftas.dti.gov.ph/>

**Access to financial capital** is an important strategy to enable solopreneurs and MSMEs to gain access to markets. We note, however, that there are existing financial assistance programs that have long been implemented. A comprehensive evaluation will be undertaken to enhance the design of these programs.

**Position the Philippines as an attractive investment destination.** Government will develop a detailed action plan to improve the ranking of the Philippines in key global indices. Among these are the World Competitiveness Ranking, GII, corruption perception index, credit rating, and other indices considered important by the business community.

**Launch an aggressive “Make It Happen in the Philippines” campaign** and raise awareness of the new business climate created by the recent structural reforms. The government will continuously conduct local and international information dissemination programs and coordinated communication campaigns in collaboration with the private sector and social partners for legislation and issuances, which are intended to attract foreign and local investments in the TPB priority sectors. The campaign should also highlight the initiatives on improving the quality of the Filipino workforce.

## Encourage investments in the priority sectors

The priority sectors correspond to the industries needed to achieve the life we want, avoid the life we do not want, and then guided by drivers and signals of change discussed previously. The criteria and scoring system that can be used to determine the priority sectors is discussed in the next section. The following are the planned strategies to increase investments in the priority sectors, in addition to the cross-cutting measures discussed above.

**Maximize synergy and decisively align national and local government investment promotion strategies.** DTI and the other national agencies will work closely with LGUs and the Department of the Interior and Local Government (DILG) to encourage investors in the priority sectors. This encompasses the creation of an agglomeration economy centered around key industries, bolstered by robust infrastructure and facilities that deliver essential human and social development services.

**Leverage the Strategic Investment Priority Plan (SIPP).** The government will continuously promote the SIPP through the conduct of sector-focused and firm-specific promotion in target markets. The SIPP contains priority projects or activities that are included in the PDP and TPB or its equivalent, and other government programs. Projects in the SIPP are eligible for tax incentives under CREATE MORE Act (Republic Act No. 12066). Incentives provided to qualified investment activities can be in the form of a 20 percent corporate income tax rate for Registered Business Enterprises (RBEs), enhanced deductions regime (EDR) incentives (e.g., deduction for power expenses to 100%), expansion of duty exemptions, income tax holidays, special corporate income tax, enhanced deductions, enhanced zero-rating on local purchases, among others.

## Ensure ease of doing business (EODB)

**Streamline and digitalize business to government (B2G) processes.** PDP Chapter 10 discusses the various initiatives to ease regulatory burden and reduce the cost of doing business. Given the expected volatility in global and domestic market conditions, business is expected to implement changes in production processes, technology, product offering, and business model. The government will support these strategic moves by streamlining procedures related to hiring in whatever mode, business expansion, continuation of business, and entry of new and exit of old businesses.

To ensure efficiency, government agencies and LGUs will adopt standardized and efficient processes for business registration, permits, and licenses, minimizing bureaucratic delays. Alongside streamlining B2G processes, also highlighted are various digitalization efforts of these processes. This initiative will lead to enhanced tracking systems, increased transparency, and an improved overall business experience.

## Establish a dynamic innovation ecosystem

**Foster innovation for inclusive economic growth through Philippine Innovation Act.** The Philippine Innovation Act (Republic Act No. 11293), recognizes innovation as a primary driver of inclusive economic growth. The NIASD 2023-2032 outlines the policies, programs, and projects that are intended to establish a dynamic innovation ecosystem

**Promote intellectual property rights (IPR) culture and intensify IP registration.** One of the building blocks of a dynamic innovation ecosystem is a strong IPR culture. We need to encourage scientists, researchers and product developers to register their intellectual property. At the same time, we need to demonstrate appreciation and respect for IPR. To this end, the government will intensify information campaigns on IP registration and provide a venue or platform for scientists and innovators to showcase their product.

## Promote technology adoption

**Leveraging on the incentives under CREATE MORE.** PDP Chapter 8 discusses various strategies to promote technology adoption. We will encourage the use of technologies that increase labor productivity in the priority sectors by leveraging on the incentives already included in CREATE MORE.

**Verify, curate, and promote technologies for MSMEs.** Several technologies have already been developed by the various research centers of the Department of Science and Technology (DOST) and state universities and colleges (SUCs). These will need to be verified by competent authorities (as may be needed), curated according to their possible use by the priority sectors, and introduced to the market. MSMEs will be encouraged to utilize the various financial assistance programs to procure and utilize the technology.

**Accelerate the digitalization and innovation of solopreneurs and MSMEs, including the adoption of e-commerce and Science, Technology, and Innovation initiatives.** Thus, solopreneurs and MSMEs will be provided with resources and training to adopt e-commerce platforms and digital tools, expanding their market reach and operational efficiency. Integration of STI into MSME operations will also be promoted to foster product development and process improvement.

## Promote and encourage enterprise-based education and training (EBET)

**Streamline EBET tax incentives for industry participation.** Simplify and streamline documentation processes to attract more industry players, especially for EBET modalities. Orbeta, Jr. and Esguerra (2016) highlighted several challenges in implementing enterprise-based training programs, including misaligned incentives.<sup>55</sup> While the EBET Framework Law enables tax incentives for industries that offer industry-based training, there is a need to simplify and streamline the process of availing the tax incentives (e.g., digitizing government forms and submissions, reducing paperwork, and setting clear timelines). This can also be achieved through collaboration among TESDA, the Bureau of Internal Revenue (BIR), and representatives from the employers' sector, to develop guidelines for availing tax incentives for industries participating in EBET programs.



## Future-proofing labor demand

## Improve market intelligence systems

**Provide grants to students who will undertake primary data collection** for their thesis, subject to data quality and data sharing conditions. The grant will also cover fees on training for data collection and data analysis to be conducted by the Philippine Statistical Research and Training Institute or other competent SUCs.

<sup>55</sup> Orbeta, A. Jr. and Esguerra, E. (2016). The National System of Technical Vocational Education and Training in the Philippines: Review and Reform Ideas. PIDS Discussion Paper Series No. 2016-07. pidsdps1607\_rev.pdf

**Strengthen the role of labor and trade attachés** in providing timely information of market developments in the rest of the world that may impact the Philippine labor market.

**Develop a framework on data sharing among government instrumentalities** subject to the provisions of the Data Privacy Act. Foster a strong collaboration and data sharing among government agencies, industry associations, and research institutions involved in labor market information (LMI) generation and utilization. The government will establish clear protocols for data exchange and ensure data privacy and security. This includes linking data from different sources to provide a more holistic picture of the labor market.

**Promote the utilization of labor market information.** Conduct training and awareness campaigns to promote the effective utilization of LMI by stakeholders. This includes educating job seekers on how to use LMI to identify in-demand skills and career pathways, and assist employers in using LMI for workforce planning and recruitment. It also includes training government officials on how to use LMI for policy development and program design.

## Intensify R&D efforts

**Promote R&D by granting and streamlining the claims process for tax incentives.** The CREATE MORE Act maintained the 100 percent additional deduction on R&D expense under the Enhanced Deduction Regime incentive. The 100 percent tax rate effectively reduces the overall tax liabilities of firms from registered projects or activities during the taxable year, while enjoying significant deductions in R&D, training and other qualifying expenses

We note, however, that such an incentive was already available before but there was not much take-up. Similar to issues observed with the low participation of industry in enterprise-based training, we need to simplify the requirements for availing the incentive. Moreover, there needs to be an intensified information campaign regarding this.

## Encourage graduation of Informal Sector Workers (ISW) and solopreneurs, Micro and Small Enterprises (MSE)

**Encourage LGUs to support ISWs** by offering dedicated spaces where they can safely sell their goods and services, thus enabling ISWs to sustain and increase their earnings. Further, these spaces can aid in maintaining or improving the quality of products, address health and safety standards, and ease market access, among other benefits.

**Increase capacity of ISWs to become competitive and adaptive** to the changing work environment. As technological changes may lead to increased demand for technical skills in the future, the government will re-skill and upskill ISWs. These skill training programs will cover mentorship, and access to financial services, addressing specific barriers faced by informal businesses and enabling them to thrive in competitive markets. This may be complemented by introducing and providing training on the use of digital platforms such as Shopee, Lazada, Tiktok, where ISWs can market and sell their products.

**Implement graduation and/or progressive formalization strategies for solopreneurs and MSE.** While micro enterprises benefit from agility due to their small size, they lack the scale necessary for efficient operations. Additionally, micro enterprises in the Philippines employ, on average, fewer than three workers. These disadvantages highlight the need for graduation strategies to help micro enterprises transition to small, and small enterprises to medium. These strategies will include fostering collaboration and encouraging incorporation among micro and small enterprises. The government will also review factors that hinder such transitions, including regulatory frameworks that unintentionally encourage businesses to remain micro enterprises.

**Encourage progressive formalization of MSE, Solopreneurs, and ISW.** The LGUs will be encouraged to adopt an incentivized permit and taxation system for the MSEs, solopreneurs and ISWs from the marginalized and informal sector for a reasonable period of business incubation towards improved access to productive resources.<sup>56</sup>

<sup>56</sup> Solopreneurs are entrepreneurs who run their businesses alone (Belt et al., 2015)



## Labor supply

*To expand and facilitate access to opportunities for training, skills development, and employment*

### Expand lifelong learning opportunities

**Continuously create and maintain an educated and trained workforce by expanding lifelong learning opportunities.** The learning programs should include knowledge transfer, skills training, awareness about the latest technology and consumer trends, information about new consumer and business regulations, etc. Basic education, TVET, higher education, and worker training must better align with current market trends. Workers must be equipped with the skills demanded in the sectors and sub-sectors expected to grow fast under the government's STI-driven industrial policy. All training must include digital literacy and learners and workers must have access to digital infrastructure as digitalization opens the door to more economic opportunities in the modern economy. As the nature and organization of work evolve, so do the skill sets demanded to perform various tasks. The education and training system must be flexible and forward-looking to adequately respond to workers' changing needs regarding curricular content, instructional modalities, and pathways to earning job market credentials. Institutionalizing lifelong learning programs informed by the latest market trends and guided by a fully operational Philippine Qualifications Framework will encourage workers to develop their skill sets and align them with employers' requirements.

**Training modules on economic and financial literacy** literacy should also be introduced and continuously upgraded. Particularly for informal sector workers, solopreneurs and MSEs, whose cash flow is volatile, it is important to learn the basics of economics and finance, and then, develop the discipline for building assets for financial security.

**Develop and implement accelerated learning pathways including shorter, and more intensive training programs.** The rapidly growing demand for specialized skills has led various stakeholders (government, academe, and industries) to recognize the value of compact and stackable credentials in addressing skills and knowledge gaps. Micro-credentials are therefore essential in providing learners and skilled workers with industry-recognized certifications that immediately address skills shortages and meet global workforce standards.<sup>57</sup> Thus, developing micro-credentials needs to be a collaborative effort between industry stakeholders and training providers so that there will be a shared understanding of required competencies and assessment framework. This ensures consistent standards across training providers and learning contexts, facilitating quality assurance and enhancing portability and recognition by different employers.

### Upgrade design of skills training programs

**Foster a flexible education system to meet evolving needs** of the workforce. While increasing access and improving the quality of education are critical for enhancing individuals' long-term capability and productivity, the education system must also be adaptable to the changing needs of society and the labor market. A flexible education system allows education institutions to implement different learning modalities (i.e., online, blended), adjust instruction and content based on students' needs, and offer new programs based on emerging trends including different learning pathways (i.e., degree courses, diploma, or micro-credentials).<sup>58</sup>

**Enhance modern and responsive TVET, apprenticeships, basic and higher education and professional development aligning them with workers and industry needs.** As the use of technology becomes more prevalent, TVET institutions can develop digital learning platforms to make training courses available any time and maximize the use of virtual simulations and laboratories to provide "practical" experiences to

<sup>57</sup> TESDA Circular No. 077-2024 Omnibus Guidelines on TVET Micro-Credentialing for the Skilling, Upskilling, and Reskilling of the Workforce

<sup>58</sup> UNESCO (2024). Flexible learning pathways: A more relevant future for all. <https://www.unesco.org/en/articles/flexible-learning-pathways-more-relevant-future-all>

Wessling, K., & van der Velden, R. (2021). Flexibility in educational systems - Concept, indicators, and directions for future research. Maastricht University, Graduate School of Business and Economics. GSBE Research Memoranda No. 006. Retrieved from <https://cris.maastrichtuniversity.nl/ws/files/63806654/RM21006.pdf>



learners. Competencies earned through modular learning must be stackable to enable learners/trainees to acquire a certification or degree in the future. Further, there is a need to increase investments in TVET human resources, basic and higher education, entrepreneurship, digitization initiatives, and innovation centers in response to the Future of Work, Artificial Intelligence, and Fourth/Fifth Industrial Revolution.

**Focus on developing higher-level qualifications.** Basic training programs can equip low-skilled workers with fundamental skills, improving their productivity, entrepreneurial, and employment prospects.<sup>59</sup> However, it is also crucial that individuals, particularly those in the informal sector gain higher-level skills to improve their employability or income-earning ability. Polytechnic colleges play a crucial role in developing advanced skills training by offering a diverse array of technical courses that provide practical and hands-on learning experiences. Further, polytechnics can confer various credentials, such as certificates, diplomas, and bachelor's degrees.

**Create value for training offerings.** By fostering close collaboration with industries, training programs can be customized to address specific skill requirements, making them more relevant and appealing to both employers and job seekers. To boost the demand for reskilling and upskilling initiatives, industries should be encouraged to prioritize and reward applicants who have successfully obtained certifications.

## Enhance OF reintegration programs

**Conduct comprehensive study to design effective reintegration pathways for overseas Filipino workers (OFWs).** A comprehensive study will be conducted to determine the optimal mix of policies and programs for the reintegration of returning OFWs. This will be followed by the implementation of the necessary policies and programs to provide effective reintegration pathways. To facilitate reintegration, OFWs should develop a long-term family development and financial plan that clearly specifies their aspirations for themselves and their families, financial targets and milestones, and human and family development milestones. This plan should also include a timeline for their reintegration back to the Philippines.

## Increase program take-up especially among disadvantaged sectors

Concerning the labor market, the sectors who may be left behind are the persons with disabilities, the youth who are currently not in employment, education nor training, and individuals returning to the workforce after a long period of hiatus. To facilitate successful social reintegration, there is a need to address public stigma, restrictive work opportunities, and other economic constraints faced by former persons deprived of liberty (PDLs), former drug users, and former rebels who have undergone rehabilitation programs.

**Ensure the inclusivity of TVET Programs.** This can be done by ensuring that training centers are compliant with the Batas Pambansa 344 or Accessibility Law, which mandates investing in assistive technology, implementing flexible training schedules (e.g., after planting or harvesting season; during periods of the day when workload is easy), providing boarding facilities at reasonable cost, and promoting recognition of prior learning as an alternative certification and assessment system.<sup>60</sup> DOLE may assist employers in designing workplace accommodation for persons with disabilities through provision of specialized training programs, assistive devices, adjustments in workplace accessibility, flexible work arrangements, among others.

**Enhance the capabilities of personnel and training materials that are engaged in the training of disadvantaged sectors.** The government will invest in skills development of trainers to equip them to address the unique challenges faced by persons coming from the disadvantaged sectors. Transition programs will be established in interactive learning resource centers to enable students with disabilities to gain vocational skills and participate in work-based learning or school-based enterprises.<sup>61</sup> Technical-vocational institutions need to redesign training programs using training methodologies that appeal to younger generation (e.g., gamification, use of new technologies) and develop their soft skills (i.e., creativity, problem-solving, critical thinking).

59 World Bank, et. al. (2023). An Evaluation Report on the Technical Education and Skills Development Authority's National Technical Education and Skills Development Plan (NTESDP) 2018-2022.

60 Ibid.

61 Lindstrom, L. and Beno, C. (2020) Promoting successful transitions for students with disabilities. Retrieved from [https://edpolicyinca.org/sites/default/files/2020-02/pb\\_lindstrom\\_feb20.pdf](https://edpolicyinca.org/sites/default/files/2020-02/pb_lindstrom_feb20.pdf)

**Strengthen the role of Community Training and Employment Coordinators (CTECs).** CTECs play a crucial role in the planning, organizing, managing, and monitoring of community-based training and enterprise development programs. These coordinators are key to the successful implementation of skills training initiatives, as they ensure that local communities have access to the necessary resources, guidance, and support to develop critical skills. To enhance the effectiveness of CTECs, the government will prioritize strengthening their capacities through targeted training and professional development initiatives.



## Future-proofing labor supply

### Improve government-industry-academe collaboration

Assuming that demand-side strategies have led to enterprises strategically utilizing vigilant market surveillance and being willing and able to adopt new technology, assigning a larger role for industry in academic affairs is crucial. This ensures that education and training institutions are always prepared to equip the workers of the future.

**Foster private and public partnerships.** To effectively plan for future jobs, it is crucial to consult and collaborate with the private sector to be aware of the direction in which the private sector is steering its industries and businesses.

**Strengthen the role of industry boards in reviewing and updating training programs** to ensure industry relevance. Most industries are undergoing rapid transformation, demanding new skill sets and competencies from workers; thus, individuals must continually acquire new skills and knowledge to remain relevant in the changing job market.<sup>62</sup> Re-evaluating the training requirements with industry experts can lead to improvements in training methodology and delivery, making it more effective in equipping the potential labor supply with skills needed in the job market.

**Creation of sectoral skills councils** that will conduct assessments and review of relevant jobs and skills industry demand to aid the enhancement of curriculum and training programs. This can be patterned from existing efforts by the A Future That Works (AFW) Program, a workforce development program supported by the Australian Department of Foreign Affairs and Trade (DFAT) and implemented by the Philippine Business for Education (PBed) which seeks to address job-skills mismatch and ensure industry competitiveness. To date, four Sector Skills Councils exist: Health, Green Building, Analytics and Artificial Intelligence, Fruit and Vegetable Processing, Circular Economy, and Semiconductor, Electronics, and Mechatronics.

### Improve curriculum design to embed skills development

**Fast-track implementation of existing skills development policies.** The Joint Memorandum Circular on integration of TVET into all Senior High School tracks has been operationalized and implemented. This equips students with industry-relevant skills and knowledge, thereby enhancing their employability and workforce readiness. By aligning the education system with labor market demands, the existing policy ensures that students gain practical competencies for their career advancement.

### Improve protocols for upgrading the design of curriculum and training programs

**Collaborate with industry experts.** To ensure that curricula and training programs remain relevant, responsive, and effective in addressing the needs of a rapidly evolving global landscape, active collaboration with the private sector is crucial. Industry experts, being at the forefront of technological advancements and labor market trends, will be tapped to provide valuable insights in developing training regulations for emerging skills. The industry-developed programs can also be used as a basis in developing the training regulations. Furthermore, industry-developed certifications may be recognized as an alternative method for skills recognition, subject to existing quality assurance standards set by

<sup>62</sup> ADB. (2021). Technical and Vocational Education and Training in the Philippines in the Age of Industry 4.0. <http://dx.doi.org/10.22617/TCS210084>

TESDA. Protocols may also be developed to enhance the convergence of integrated service providers in the provision of livelihood programs.

**Improve the relevance of livelihood training programs to address emerging issues.** Develop protocol on the convergence of integrated service providers in the provision of livelihood programs that are responsive to the needs of the time and new regulations (e.g., ESG regulations).

## Encourage higher labor force participation (LFPR)

As discussed in the previous chapter, the average LFPR among Filipino women over the period 2012 to 2019 stands at 48.8 percent. This is the lowest among the ASEAN-6.<sup>63</sup> In addition, starting 2025, the cohort of those born between 1997 and 2012 (Generation Z) and 1981 and 1996 (Millennials or Generation Y) will comprise most of the workforce, at 73 percent. By 2035, when Generation Alpha (those aged 15 to 25 years old) enters the workforce, these three generations will comprise the Philippine labor market. While Flexible Work Arrangements (FWA) may address the need for work-life balance of these cohorts, they may not be sufficient to sustain or increase workforce numbers and longevity.

To increase female labor force participation, policy can focus on supporting the expanded adoption of flexible work arrangements, support systems for women, mothers, including remote work, part-time work, and e-commerce. These measures would need to be complemented by efforts to equip women entrepreneurs with the necessary skills (e.g., information communication technology, financial literacy, etc.) and increased access to credit. In addition, we need to expand and improve the quality of childcare services. Additionally, enhancing the quality and regulation of housekeeping work is essential. HR practitioners should develop a comprehensive package of monetary and non-monetary incentives to encourage employee retention. The government can support this effort by conducting a comprehensive study on the preferred work environment of Gen Z and Gen Alpha. The results of the study will be made available to all stakeholders.

To encourage older workers to remain in the workforce, policies should focus on identifying and addressing the factors that limit their participation. This includes offering age-appropriate training opportunities and implementing targeted livelihood programs that enhance their skills and provide support for continued employment.

**Improve digital workforce competitiveness.** The Philippine Digital Workforce Competitiveness Act of 2022 (Republic Act No. 11927) recognizes the transformation of the world of work due to digitalization and advances in technologies. It mandates the State to ensure that Filipino workers are provided with digital skills and competencies that conform to global standards. To this end, digital technology and digital skills mapping nationwide will be conducted to identify skills and competencies of the current workforce vis-à-vis current and future digital skills needs. Further, consultations with academic and training institutions will be conducted to determine the skills and competencies embedded in school curricula and training programs. High-quality and accessible training programs will be provided to equip workers with the skills needed for success in the digital economy.

**Develop a Human Resources Master Plan (HRMP) for essential sectors.** For essential services like health and education, and where there are standards of provision (e.g., teacher-pupil ratio, physician-population ratio), having an HRMP would be helpful. The 2020-2040 Human Resources for Health can serve as the template. This can serve as the basis for scholarships and investment incentive programs.

**Implement employment forecasting protocols for the priority sectors.** Analyze trends in labor demand focusing on the priority sectors, while assessing the skills needed for these industries.<sup>64</sup> It is also essential to consider the impact of overseas employment. On the supply side, forecasting involves examining workforce profiles, including skills and demographics, and the role of foreign nationals. To address labor market gaps, government interventions such as youth employability programs and skills development through TESDA and Professional Regulation Commission should be strengthened.

<sup>63</sup> ASEAN-6 includes Brunei Darussalam, Indonesia, Malaysia, Philippines, Singapore, and Thailand

<sup>64</sup> An initial list is proposed in the next chapter.





## Labor market governance

*To continuously enhance labor market governance to improve jobs fit, work-life balance, and protect workers' welfare*

Labor market governance is a set of institutions, policies, and programs that arbitrate the divergent needs of the business sector (labor demand) and the employees (labor supply) in order to achieve an optimal equilibrium. Labor markets given free rein will lead to neither efficient nor equitable outcomes is an acknowledged fact. Underinvestment in training and worker-job mismatches that cause labor underutilization are clear examples of where active labor market programs (ALMPs) can improve labor market efficiency. Additionally, since any product or service in a market economy is the joint output of labor and capital, fairness in distributing the fruits of production between workers and employers is of elemental concern. Given the unequal bargaining power between workers and employers, balancing the right of laborers to their fair share of the gains from production with the employer's right to a reasonable return on investments warrants state intervention. Laws that protect the rights of laborers to organize, bargain collectively, participate in decision-making, and be free from arbitrary termination help workers achieve parity with their employers and advance their welfare. In addition, setting minimum standards for compensation, working time, leave entitlements, employment age, and occupational safety and health, among others, ensures humane working conditions, reduce labor turnover, and increase labor productivity.

For the informal sector and MSMEs which generate jobs in communities, labor market governance is also instrumental in helping them comply with national and local regulations (i.e., occupational safety and health) as they formalize and grow.

## Facilitate school-to-work transition

***Expand coverage of government programs that facilitate school-to-work transitions***, such as the Government Internship Program (GIP), JobStart, and Special Program for Employment of Students (SPES). These programs introduce graduating students to the world of work. To further enhance these initiatives, DOLE and Department of Education (DepEd) can forge a Memorandum of Agreement with recipient agencies that will ensure students will develop 21st century skills that are best learned in a work environment.

Establishing a robust connection between internships and training programs will also ensure that students and interns receive certification upon completion. Additionally, aligning technical training with industry-recognized certification levels will guarantee its equivalency, relevance, and alignment with current industry standards.

Improve the content of GIP, JobStart, and SPES through the rigorous evaluation of these programs and ensuring that these are responsive to the youth's qualifications and the requirements of the labor market.

## Reduce the cost of job search

***Enhance the role of the Public Employment Service Office (PESOs) in LGUs and Job Placement Offices (JPOs) in the Higher Education Institutions (HEIs)*** through capacity-building and the institutionalization of systems to optimize their role in job facilitation. The government shall increase the capacity of PESOs and JPOs in both physical infrastructure and job search platforms, including the comprehensive capacity-building and training of PESO Managers and Staff to expand the coverage of both employer and jobseeker reach. Furthermore, the strict implementation of the First Time Jobseekers Act (Republic Act No. 11261) among government agencies will help reduce the financial burden of fresh graduates and those seeking employment for the first time by waiving fees for government-issued documents.

Moreover, collaboration with PESOs will be strengthened to support persons with disabilities and youth who are seeking employment. In coordination with the National Council on Disability Affairs and private sector partners such as Project Inclusion, Resources for the Blind, Inc., and the Philippine Business and Disability Network, DOLE may assist employers in designing workplace accommodation for persons with disabilities through provision of specialized training programs, assistive devices, adjustments in workplace accessibility, flexible work arrangements, among others.

**Enhance wage-setting mechanism**, the Wage Rationalization Act (Republic Act No. 6727), provides the mechanisms for setting minimum wages. It created the National Wages and Productivity Commission (NWPC) and the Regional Tripartite Wages and Productivity Boards (RTWPB), and specified their corresponding mandates. More importantly, Article 124 of the Act prescribes the ten factors to be considered in setting the minimum wage. Each of the ten factors exert a different pressure on wages – some are positive, some negative, some positive in the short-run but negative in the medium to long run, and some exert negative pressure in the short-run but positive in the medium to long-run. In other words, determination entails intense bargaining. To be effective, each representative of the NWPC and RTWPB needs to have the broad mandate of the sector he/she is representing, the competence to interpret data, and the skill in negotiating a position that, at the very least, does not disadvantage his/her sector. The government, for its part, needs to provide timely disaggregated and accurate data, and to regularly conduct roundtable briefings and discussions on the economic performance at the national, sub-national and provincial levels; development plan and the major priority programs and projects (PAPs) to be implemented at the national and sub-national levels. In turn, these can be integrated into the local development plans.

**Strengthen tripartism at national, regional, and industry levels** and ensure genuine and competency-based representation of workers and employers in tripartite consultative and decision-making bodies. Achieving this requires enhancing knowledge and common understanding of tripartite partners on the substantive and technical aspects of freedom of association, the rights to organize and to bargain, bipartism, and tripartism, and shared responsibility in regulating labor-management relations. The informal sector shall also be encouraged to organize as a step towards meaningful tripartism.



## Future-proofing labor market governance

### Expand social protection programs

Social protection programs must be strengthened and expanded to reduce vulnerability, lessen people's exposure to risk, and increase their capacity to deal with risks and income shocks. Social protection in the Philippines is particularly inadequate concerning the third. Pension coverage for the labor force and elderly remains low, many informal sector and gig economy workers lack access to social safety nets, and there is limited social representation in the management of pension schemes.

**Enhance enrolment, premium payment and claim systems of Social Security Systems** to expand its coverage. Pension coverage of both the labor force and the elderly remains low, primarily due to the large informal sector, high poverty incidence, and high compliance costs. Further, despite improvements in efficiency using technology, administrative costs remain high. Thus, the government shall broaden the coverage of the Social Security System (SSS) to include informal sector and gig economy workers who typically lack social safety nets. The reforms will include flexible contribution schemes and more user-friendly procedures for part-time, freelancers, and self-employed individuals to ensure comprehensive coverage. Partnering with cooperatives or microfinance institutions in integrating pension contributions into their savings schemes may also be explored. It is also important to strengthen advocacy campaigns by focusing on benefits and features of the pension scheme that align with the need of the informal sector (e.g., flexible payment arrangements, portability of benefits, sickness benefits).<sup>65</sup>

**Introduce reforms in the pension system to encourage older workers to stay in the workforce.** According to PSA's 2020 Census-Based National Population Projections, the percentage share of population aged 60 years and over is expected to increase to about 19.6 percent of the projected midyear population in 2055,

<sup>65</sup> Barca, V. and Alfars, L. (2021). Including informal workers within social protection systems – a summary of options,' Social Protection Approaches to COVID-19 Expert Advice Service (SPACE), DAI Global UK Ltd, United Kingdom. Retrieved from [https://socialprotection.org/sites/default/files/publications\\_files/SPACE\\_Including%20informal%20workers%20within%20social%20protection%20systems\\_A%20summary%20of%20options\\_0.pdf](https://socialprotection.org/sites/default/files/publications_files/SPACE_Including%20informal%20workers%20within%20social%20protection%20systems_A%20summary%20of%20options_0.pdf)

under the scenario of a slow decline in total fertility rate.<sup>66</sup> Given this projection, the government will review the pension programs to address systemic challenges and ensure that pensions remain adequate and sustainable. Radical changes like flexible retirement age and adjustment of pension benefits, similar to the approach used by Nordic countries, will be based on consultations to ensure that pensions remain adequate and sustainable.

**Improve quality of service and ease of access to social protection** and health care. The government should leverage the availability of Community-Based Monitoring System (CBMS) and administrative data in designing inclusive and adaptive social protection schemes especially covering those in vulnerable employment. Moreover, coverage of social protection and health care services will be strengthened through the progressive implementation of the Social Protection Floor and the Universal Health Care Act. There should also be adequate social protection coverage of specific sectors (rural workers, persons with disabilities, migrant workers, returning OFWs, women and youth, child laborers and families, etc.) and workers from new work arrangements (e.g., gig workers).

## Improve institutional arrangements on flexible working arrangements (FWA)

**Encourage flexible working arrangements (FWA)** to support diverse needs of employees and business. The country may explore adapting the practice of Singapore on allowing FWA through a formal request, following approved guidelines. Allowing FWA can increase the labor force participation (LFPR) of women and young professionals. This approach will also benefit solo parents, who face challenges in balancing work and caregiving responsibilities. Flexible work arrangements can provide necessary support to maintain stable employment while managing family obligations, contributing to greater economic inclusion and resilience.

**Improve part-time work policy** to support individuals with unpaid care and domestic work responsibilities. The country can learn from the experience of Australia and Netherlands in developing and implementing a part-time work policy, which includes access to fair wages and benefits, right to request for reduced working hours, and protection from discrimination.<sup>67</sup>

**Promote side jobs and entrepreneurial opportunities for additional income/improved labor productivity.** Side jobs will be encouraged to provide individuals with additional income, an opportunity to gain experience in new sectors and acquire new skills, develop networking ability, and boost confidence.<sup>68</sup>

**Update Civil Service Commission (CSC) guidelines on qualification standards and FWA in the public sector.** To equip civil servants with the skills and competencies required to meet evolving demands, the government must advance and modernize qualification standards. This involves harmonizing capacity-building initiatives and developing new competency frameworks tailored to the public sector's needs. Learning and development (L&D) programs will also be expanded to include modules focused on strengthening employees' capabilities in using information and communications technology (ICT) tools effectively. This will enable civil servants to operate efficiently in a digitally driven environment.

In the public sector, improving FWA is critical to future-proofing the workforce. To ensure success, government agencies must set clear and measurable performance standards for remote and hybrid roles, invest in ICT infrastructure, and provide targeted training to empower public employees in flexible work setups, and strengthen policies on authorizations, data security, and audit processes to ensure transparency and accountability.

The government's rightsizing program provides an opportunity to redefine and elevate qualification standards. By eliminating redundant positions and merging overlapping roles, the program paves the

66 Philippine Statistics Authority. (2024). Philippine Population is Projected to be around 138.67 million by 2025 under scenario 2. Retrieved from <https://psa.gov.ph/sites/default/files/dhsd/Press%20Release%20CBPP.pdf>

67 Fair Work Act 2009. <https://webapps.ilo.org/static/english/inwork/cb-policy-guide/australiafairworkact2009section228.pdf>  
Visser, J., Wilthagen, T., Beltzer, R., & Koot-van der Putte, E. (2004). The Netherlands: from atypicality to typicality. In S. Sciarra, P. Davies, & M. Freedland (Eds.), *Employment policy and the regulation of part-time work in the European Union: a comparative analysis*. Retrieved from [https://pure.uva.nl/ws/files/4028002/143586\\_107\\_parttime\\_for\\_silvana.pdf](https://pure.uva.nl/ws/files/4028002/143586_107_parttime_for_silvana.pdf)  
Merdikawati, N., et. al (November 2024). *Comparative Study on Inclusive Part-time Work Policies: Advancing Equity and Empowerment in the Philippines' Labour Market*. Research Report. Retrieved from <https://investinginwomen.asia/knowledge/comparative-study-on-gender-inclusive-part-time-work-policies/>.

68 Castrillon, C. (2024). Why Side Hustles are becoming the new normal. Forbes. Retrieved from <https://www.forbes.com/sites/carolinecastrillon/2024/06/16/why-side-hustles-are-becoming-the-new-normal/>

way for positions that demand higher or more specialized skills. To attract and retain top talent for these roles, the government must adopt enhanced recruitment standards and offer competitive compensation packages. A leaner workforce also allows resources to be reallocated toward professional development and training, further ensuring employees are equipped to meet future demands.

## Promote industrial peace

The contractual nature of an employment relationship makes it susceptible to breakdown if the parties involved cannot agree on the terms and conditions of the employment contract. Failure to agree can result in prolonged work stoppages, lost productivity, and reduced income. Institutional mechanisms for resolving labor disputes – such as arbitration, conciliation, and mediation – minimize losses and promote industrial peace creating a climate hospitable to investment and employment growth.

**Improve labor administration capacity** to implement and enforce labor standards and social welfare legislation and eliminating all forms of unacceptable work. Given the changes in the nature and organization of work, the government must assess the effectiveness of existing institutional mechanisms for promoting and securing workers' rights and welfare to make them fit for purpose. One area of reform is the administration and enforcement of minimum labor standards where the Philippines has been noted to fall short of ILO standards for labor inspection.<sup>69</sup> Promoting greater awareness among the workforce about labor standards and using modern ICTs to facilitate information gathering and dissemination can effectively expand the coverage of inspections. To improve compliance, the current system of joint assessments under the Labor Laws Compliance System (LLCS), which targets establishments tagged as high priority, must be strengthened. Penalties for non-compliance may need readjustment and developing a competent inspectorate is key.

**Update the legal framework for protecting workers' rights to cover changes in the labor market environment.** According to law, free collective bargaining is the primary institution for regulating employment relations, which explains the various statutes and regulations guaranteeing workers' rights to organize and collectively bargain with employers. However, unions today account for less than ten percent of wage and salary workers. Moreover, union membership and collective bargaining presuppose the existence of an employment relationship. Indeed, the ambit of labor law excludes workers outside an employer-employee relationship. With the growth of alternative or non-standard employment arrangements, such as those in the gig and digital platform economies, an increasing proportion of the employed workforce could eventually cease to be protected by labor law. This calls for a major review of the country's labor laws and regulations.

**Integrate the framework of a "healthy workplace" in occupational safety and health standards.** The government, through the Department of Health, DOLE, and the CSC, will continue to provide capacity-building activities for stakeholders to implement the Healthy Workplace Framework. This follows the Joint Administrative Order issued by the three agencies in 2023, which sets the direction for the development and implementation of settings-based policies, plans, and programs on health promotion for the Filipino workforce. Interventions will focus on seven priority action areas: (1) diet and physical activity; (2) environmental health; (3) immunization; (4) substance use; (5) mental health; (6) sexual and reproductive health; and (7) violence and injury prevention. The government will also conduct information and advocacy campaigns for all relevant stakeholders, including human resource units and workers, to implement and understand mandatory occupational safety and health standards. Monitoring and evaluation activities will also be conducted to ensure adherence to the framework and identify possible updates on standards based on the evolution of the job market.

## Improve job transition programs

**Strengthen unemployment Insurance and invest in a dynamic labor market information system to enhance job transition.** Unemployment insurance softens the impact of adverse shocks by providing temporary financial assistance to individuals who have lost their jobs involuntarily. It helps reduce the immediate financial strain on unemployed workers, allowing them to continue meeting their basic needs while they search for new employment. This safety net also helps maintain consumer spending during economic downturns, which in turn supports local businesses and mitigates the broader economic impact.

69 Institute of Labor Studies (2016). Addressing the gaps in PH labor inspection system key in fulfilling requirements under ILO Convention No. 81. <https://ils.dole.gov.ph/policy-advocacies/media-resources/news/addressing-gaps-in-ph-labor-inspection-system-key-in-fulfilling-requirements-under-ilo-convention-no-81>



The government shall assess the current social security programs, including unemployment benefits, provided by the SSS and Government Service Insurance System (GSIS). This assessment will provide opportunities to increase both coverage and benefits.

Along with the assessment of SSS and GSIS, the government will also explore coordination of unemployment insurance schemes with ALMP to maximize its efficiency. For instance, according to the International Social Security Association (2022), Saudi Arabia's General Organization for Social Insurance works closely with other agencies to complement financial aid with training support to drive faster re-employment.<sup>70</sup> In addition to improving unemployment insurance schemes, the government will strengthen its financial literacy initiatives to increase the people's awareness of social protection and unemployment insurance.

Moreover, ALMPs will be enhanced by adopting a job-skills framework. This framework can guide career counsellors and PESOs in identifying a better job fit for jobseekers. Even the design of re-skilling and upskilling program can be informed by this framework. Furthermore, the government will invest in establishing a dynamic labor market information system (LMIS) to facilitate and enhance employment opportunities, forecast market trends, and address job-skills mismatches.

### Box 1. Skills Needs Anticipation Tool

The Skills Needs Anticipation (SNA) project is a skills-bundle based research initiative designed to develop an agile, data-driven, and practical methodology to align occupations with a common skills taxonomy to enhance capacity for forward-looking labor market planning. The tool utilizes a crosswalk methodology between the Philippine Standard Occupation Classification (PSOC) and the US Bureau of Labor Statistics' Occupational Information Network (O\*NET) to match Philippine occupations with skills-bundles.<sup>71</sup>

Through this cross-walk, the SNA leverages LMI to estimate **occupational specificity**—which assesses the uniqueness of each occupation's skills-bundle is—and **occupational distance** reflecting the similarity of an occupation's skills-bundle across occupations. These metrics enable policy makers, industry partners, and civil society to identify emerging skills pathways, facilitating smoother transitions for workers between and across occupations in response to evolving labor market trends and demands. The SNA framework is also designed to be both practical and agile, making it well-suited for integration into existing labor market information systems of governments using PSOC or similar systems.



## Enhance job forecasting protocols

**Develop a protocol for identifying specific labor demand corresponding to the PDP and the public investment program (PIP)** by leveraging existing job forecasting initiatives and incorporating best practices from other countries. Current efforts in the Philippines include the DOLE Labor Market Report, which highlights key employment generators, emerging industries, and hard-to-fill occupations through desk reviews and stakeholder consultations. TESDA's LMI report and skills map complement this by using surveys and job postings to identify labor trends, emerging skills, and training regulations, integrating data from sources like DOLE and PDP.

International approaches, such as Ukraine's modular-based quantitative model, Australia's macroeconomic-driven forecasts, Canada's labor market indicator analysis, and the US Bureau of Labor Statistics' comprehensive surveys, can inform and refine Philippine forecasting methods. By incorporating these strategies, the proposed protocol can ensure accurate identification of labor demand tailored to the country's development priorities outlined in PDP and PIP.

70 International Social Security Association. (2022). Managing unemployment risks in Asia and the Pacific. Retrieved from <https://www.issa.int/analysis/managing-unemployment-risks-asia-and-pacific>

71 The crosswalk approach is informed by the methodology outlined in Bayudan-Dacuycuy and Dacuycuy (2021)

## Anticipate and monitor future skills and labor market demand

**Inter-agency collaboration to monitor in-demand jobs and skills.** Synergizing different agencies' forecasting and labor market information systems, harmonizing occupational and skills taxonomy frameworks, and fostering productive partnerships with industry actors are important to keep up with rapidly evolving workforce requirements and respond to emerging skills needs. This allows for a more robust skills forecasting, delineates duplicative efforts, and streamline training program design. This also aids the country in preparing and adapting to changes in the labor market demand within the 10-year timeframe of the Plan.

**Conduct O\*NET assessments.** DOLE, through the Institute for Labor Studies (ILS), in collaboration with TESDA, with the provision of technical assistance from the PPSA, will conduct an industry survey akin to the initiative of the US O\*NET. This strategy aims to develop skills-based metrics for the labor market by collecting data on employers' perspectives regarding the importance of various skills within their industries. The insights gathered will serve as a valuable resource for shaping the country's workforce development strategies.

The following section summarizes the strategies above with the corresponding proposed timeline and lead agency.

**Table 8. Proposed Timeline for Strategies**

ACTIVITY	TIMEFRAME (YEAR)			LEAD AGENCY
	3	6	10	
LABOR DEMAND				
Expand and facilitate access to markets				
Strengthen existing and forge new free trade agreement (FTA) relations				DTI
Accelerate infrastructure development				Infrastructure agencies (DPWH)
Access to financial capital				DTI
Position the Philippines as an attractive investment destination				DTI
Launch an aggressive “Make It Happen in the Philippines” campaign and raise awareness of the new business climate created by the recent structural reforms				DTI
Encourage investments in the priority sectors				
Maximize synergy and decisively align national and local government investment promotion strategies.				DTI-BOI, LGUs/DILG
Leverage the Strategic Investment Priority Plan (SIPP) to attract strategic investments				IPAs
Ensure EODB				
Streamline and digitalize government to business (G2B) processes.				DICT, DILG
Establish a dynamic innovation ecosystem				
Foster innovation for inclusive economic growth through Philippine Innovation Act				NIC
Promote intellectual property rights (IPR) culture and intensify IP registration.				IPOPHL
Promote technology adoption				

ACTIVITY	TIMEFRAME (YEAR)			LEAD AGENCY
	3	6	10	
Leveraging on the incentives under CREATE MORE				DTI
Verify, curate, and promote technologies for MSMEs.				DOST, DOLE
Accelerate the digitalization and innovation of MSMEs, including the adoption of e-commerce and Science, Technology, and Innovation initiatives.				DTI
<b>Promote and encourage Enterprise Based Education and Training (EBET)</b>				
Streamline EBET tax incentives for industry participation				TESDA, BIR
<b>FUTURE-PROOFING LABOR DEMAND</b>				
<b>Improve institutional arrangements on flexible working arrangements (FWA)</b>				
Encourage FWA				DOLE, CSC, CHR
Improve part-time work policy				DOLE
Promote side jobs and entrepreneurial opportunities for additional income/ improved labor productivity				DOLE
Update CSC guidelines on Qualification Standards (QS) and FWA in the public sector.				CSC, DOLE
<b>Improve market intelligence systems</b>				
Provide grants to students who will undertake primary data collection				CHED, TESDA
Strengthen the role of labor and trade attaches				DMW, DOLE
Develop a framework on data sharing among government instrumentalities				DICT, DOLE, TESDA, DEPDev
Promote the utilization of Labor Market Information				DOLE
<b>Intensify research &amp; development (R&amp;D) efforts</b>				
Promote R&D by granting and streamlining the claims process for tax incentives.				DOF, CHED, DOST (lead), DTI
<b>Encourage graduation of Informal Sector Workers (ISW) and solopreneurs, and Micro and Small Enterprises (MSE)</b>				
Encourage LGUs to support ISWs				LGUs, DOLE
Increase capacity of ISWs to become competitive and adaptive				DTI, DOLE
Implement graduation and/or progressive formalization strategies for solopreneurs and MSE				DTI, DOLE
<b>LABOR SUPPLY</b>				
<b>Expand lifelong learning opportunities</b>				
Develop and implement accelerated learning pathways including shorter, and more intensive training programs				TESDA, DOLE
<b>Upgrade design of skills training programs</b>				



ACTIVITY	TIMEFRAME (YEAR)			LEAD AGENCY
	3	6	10	
Foster a flexible education system to meet evolving needs of the workforce.				DepEd, CHED, TESDA
Enhance modern and responsive TVET, apprenticeships, basic and higher education and professional development aligning them with workers and industry needs				TESDA
Focus on developing higher-level qualifications.				TESDA
Create value for training offerings.				CHED, TESDA
<b>Enhance OF reintegration programs</b>				
Conduct comprehensive study to design effective reintegration pathways for overseas Filipino workers (OFWs)				
<b>Increase program take-up especially from among the disadvantaged sectors</b>				
Ensure inclusivity of TVET Programs				TESDA
Enhance the capabilities of personnel and training materials that are engaged in the training of disadvantaged sectors.				LGU, PESO, DILG, DOLE
<b>FUTURE-PROOFING LABOR SUPPLY</b>				
<b>Improve government-industry-academe collaboration</b>				
Foster public-private partnership (PPPs)				DEPDev
Strengthen the role of industry boards in reviewing and updating training programs				TESDA, DOLE
Creation of sectoral skills councils				TESDA, DOLE
<b>Improve curriculum design to embed skills development</b>				
Fast-track implementation of existing skills development policies.				DEPED, CHED, TESDA
<b>Improve protocols for upgrading the design of curriculum and training programs</b>				
Collaborate with industry experts.				TESDA, DEPED, CHED
<b>Encourage higher labor force participation (LFPR)</b>				
Expand and improve the quality of childcare services.				DSWD, TESDA
Conduct a comprehensive study on the preferred work environment of Gen Z and Gen Alpha				DOLE
Improve digital workforce competitiveness				DICT, DOLE, DEPDev (lead), DTI, DICT, DOST, DILG, DepEd, CHED, and TESDA
Develop a Human Resources Master Plan for essential sectors				DOLE
Implement employment forecasting protocols for the priority sectors				TESDA, PRC

ACTIVITY	TIMEFRAME (YEAR)			LEAD AGENCY
	3	6	10	
LABOR MARKET GOVERNANCE				
Facilitate school-to-work transition				
Expand coverage of government programs that facilitate school-to-work transitions				DOLE, DEPED
Reduce the cost of job search				
Enhance the role of the Public Employment Service Office (PESOs) in LGUs and Job Placement Offices (JPOs) in the Higher Education Institutions (HEIs)				LGUs, PESO, DILG, DOLE
Enhance wage setting mechanism				DOLE
Strengthen tripartism at national, regional and industry levels				DOLE
FUTURE-PROOFING LABOR MARKET GOVERNANCE				
Improve institutional arrangements on FWA				DOLE, CSC
Expand social protection programs				
Enhance enrollment, premium payment and claim systems of Social Security Systems				DOF (lead), SSS, and GSIS
Introduce reforms in the pension system to encourage older workers to stay in the workforce.				DOF (lead), SSS, and GSIS
Improve quality of service and ease of access to social protection and health care				DSWD, DOH (co-leads), DOLE, DOF, SSS, GSIS
Promote industrial peace				
Improve labor administration capacity to implement and enforce labor standards and social welfare legislation and eliminating all forms of unacceptable work.				DOLE
Update the legal framework for protecting workers' rights to cover changes in the labor market environment.				DOLE
Integrate the framework of a “healthy workplace” in occupational safety and health standards.				DOLE, OSHC
Improve job transition programs				
Strengthen unemployment Insurance and invest in a dynamic labor market information system to enhance job transition				SSS, DOLE
Enhance job forecasting protocols				
Develop a protocol for identifying specific labor demand corresponding to the PDP and the public investment program				DEPDev
Anticipate and monitor future skills and labor market demand.				
Inter-agency collaboration to monitor in-demand jobs and skills				DOLE, DMW, TESDA, DTI, DEPED, CHED
Conduct O*NET assessments				DOLE, TESDA

Table 9 presents the baseline and targets for 2028 as indicated in the PDP 2023-2028 and PLEP 2023-2028 Results Matrix.

**Table 9. TPB Indicators and Targets**

CORE INDICATOR	BASELINE (YEAR)	TARGETS	
		2028	2034
LABOR DEMAND			
Green, Social, and Sustainability Bonds issued increased (USD billion)	15.04 (Sept. 2024)	6-8	TBD
Number of commodities with revealed comparative advantage increased	415 (2023)	680	TBD
Burden of government regulation, rank and score improved	Top 73% Score: 33.2 (2019)	Top 59% 38.9	TBD
Gross value-added growth rate in the services sector improved (%)	6.7 (2023-2024)	6.4-7.9	TBD
FUTURE-PROOFING LABOR DEMAND			
Placement rates of public employment services offices (PESOs) increased	91 (Sept. 2022)	91.5%	TBD
Gross expenditure on research and development (R&D) as proportion of gross domestic product	0.32 (2018)	0.8	1.21
Percentage of trained micro, small, and medium enterprises (%) that implemented productivity improvement program	61 (2024)	70-75	TBD
LABOR SUPPLY			
Number of training regulations, curricula and courses with green core competencies (%) increased	124 (2024)	144	TBD
TESDA certification rate in priority sectors (%) increased	93.73 (Nov. 2024)	94.5	TBD
FUTURE-PROOFING LABOR SUPPLY			
Proportion of employed college graduates in elementary occupations decreased (%)	3.12 (average for Jan, Apr, Jul, Oct 2024)	1.50-1.73	TBD



# CHAPTER 5

# PRIORITY INDUSTRIES





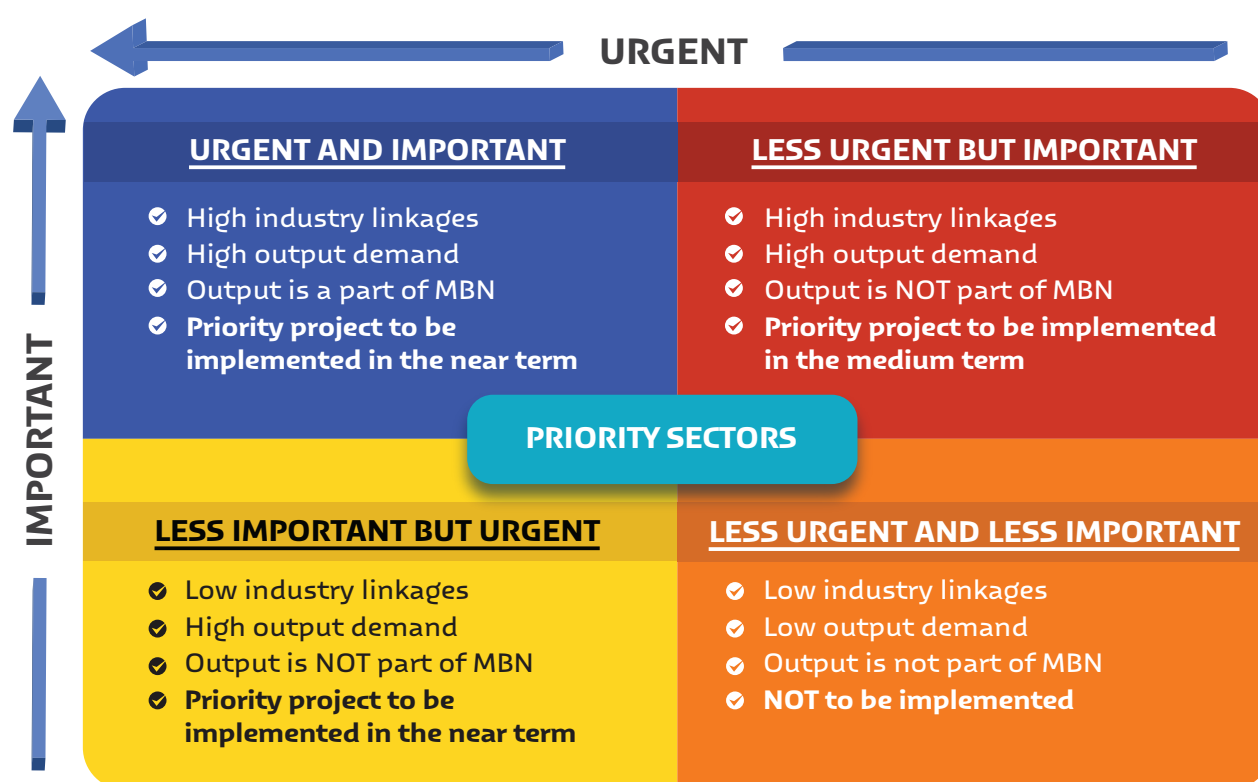
# Priority Industries

The strategies outlined in the TPB Plan are designed to benefit all industries and sectors. However, we aim to prioritize specific industries and sectors that are crucial for achieving our desired future and avoiding undesirable outcomes. In this chapter, we present the prioritization protocol, identify the priority industries, and discuss the current labor market situation for each priority industry.

## Prioritization Protocol

We adopted the Eisenhower Matrix to determine the priority industries. The matrix evaluates the priority industries based on two key dimensions: importance and urgency, which can be broken down into four quadrants. For clarity, we further characterize what is meant by urgent vs less urgent, and what is important vs. less important. This is illustrated in Figure 17.

Figure 17. Prioritization Matrix



The first quadrant consists of urgent and important industries. These industries have: (a) high industry linkages; (b) the industry produces an output that is in high demand and aligned with national plans (*AmBisyon Natin 2040* and global market needs); (c) outputs are part of Minimum Basic Needs (MBN); and (d) priority projects in the PIP that are scheduled for implementation in the near-term.

The second quadrant represents less urgent but important industries. These industries have high industry linkages and there is high demand for their output. While they align with national plans, they are not considered essential for fulfilling basic needs. Thus, programs and projects in these industries can be implemented over the medium term.

The third quadrant covers urgent but less important industries. These industries have low industry linkages and non-essential outputs. Programs and projects in these industries may still be implemented in the near term, provided that funds are available or through public-private partnerships (PPPs).

The fourth quadrant represents industries that are less important and less urgent and are generally not aligned with the key objectives. Programs and projects under these industries can be deferred.

Below are the definitions of the key concepts utilized in the criteria:

- ♦ **Industry Linkages.** Industries with strong backward and forward linkages are regarded as more critical due to their capacity to stimulate both upstream and downstream economic activity, thereby increasing labor demand. Industries characterized by either high backward linkage but low forward linkage, or vice versa, are still regarded as important. However, they do not hold the same level of significance as those with strong linkages in both directions.
- ♦ **Market Demand.** Domestic or local priorities in the Philippines are aligned with the long-term vision of AmBisyon Natin 2040 (AN2040), which supports the country's strategic development goals. While international or global market demand refers to priorities that present opportunities to expand the market and boost export revenues. The high demand in both markets underscore their capacity to drive economic growth through diverse revenue streams and labor market opportunities. Industries that cater to either local or international demand are considered vital but not as strategically significant as those with high overall demand.
- ♦ **Minimum Basic Needs (MBN).** As defined under the Social Reform and Poverty Alleviation Act (Republic Act No. 8425), MBN refers to the needs of a family pertaining to survival (food and nutrition; health; water and sanitation; clothing), security (shelter; peace and order; public safety; income and livelihood) and enabling (basic education and literacy; participation in community development; family and psycho-social care). Industries identified as providing MBN have a consistent and sustained demand, regardless of time, specific events, or geographical location. This consistent demand ensures a continuous need to produce their output, thereby guaranteeing sustained employment opportunities.
- ♦ **Unwanted Futures.** These pertain to the scenarios identified in the National Innovation Agenda Strategic Document (NIASD) as *Masakuna* (Distress and Disasters), *Langit Lupa* (Wider Inequalities), and *Mabagal* (Slow to Change). Chapter I describes these in more detail.

Based on these criteria, industries are categorized into their appropriate quadrants. A scoring system is applied to facilitate the assessment of each industry into the appropriate quadrant. The scoring system is outlined below:

**Table 10. Scoring System for Prioritization**

QUALIFIER	SCORE
<b>High Industry Linkage</b>	<b>1 point</b>
Backward Linkage	0.5
Forward Linkage	0.5
<b>High Demand</b>	<b>1 point</b>
Domestic	0.5
International	0.5
<b>Output is part of MBN</b>	<b>1 point</b>
<b>Output will prevent Unwanted Futures</b>	<b>1 point</b>
<b>TOTAL</b>	<b>4 points</b>

Figure 18. Priority Industries



The above list also benefitted from inputs obtained during the regional consultations for the TPB plan and the National Employment Summit (NES). The complete list of Key Employment Generators (KEGs) per region, as presented during the NES, is given in Annex 2.

## Current Labor Market Situation in Priority Industries

In this section, we characterize the current labor market situation in the priority industries. We also highlight the issues that need to be addressed in each industry

### Agriculture (AFF and Agribusiness)

***Ongoing challenges since 2023 have hindered previous employment gains in the agriculture sector.***

Despite the pandemic-related constraints, employment grew by over 1.1 million from 2020 to 2022. However, in 2023, setbacks such as the resurgence of African Swine Fever, an oil spill-related fishing ban<sup>72</sup>, severe weather disturbances, and escalating tensions in the West Philippine Sea led to the loss of more than 269,000 agricultural jobs.

<sup>72</sup> The fishing ban was implemented in Oriental Mindoro due to the oil spill from the sunken tanker Princess Empress.

In 2024<sup>73</sup>, generating employment in agriculture continues to be challenging, as the sector recorded a year-on-year loss of 222,000 jobs reflecting two consecutive quarters of contraction, with several typhoons inflicting agricultural damages during the period. Currently, agriculture accounts for about 21.0 percent of total employment, with the majority of jobs classified as vulnerable (62.5%), part-time (63.7%), and middle-skill (54.4%).<sup>74</sup> Approximately 19.5 percent of agricultural employment, equivalent to 2 million workers, are mostly visibly underemployed<sup>75</sup> (1.5 million), primarily due to the seasonal nature of most jobs in this sector. Moreover, labor productivity in agriculture remains below its pre-pandemic levels.

## Food and Advanced Manufacturing

***Amid growing interest in advanced manufacturing, continued global economic headwinds and uncertainties, particularly surrounding the chip sector, slowed down growth and employment in the manufacturing sector.*** In 2024, employment in the sector, equivalent to 3.6 million workers or 7.5 percent of the total employment, is lower by 35,800 compared to 2023. The proportion of the manufacturing industry to total employment stands at 7.5 percent. Meanwhile, around 9.3 percent of total employment in the manufacturing sector is in computer, electronic, and optical products. In 2024, employment in the computer and electronics sub-industry dropped by 31,000 relative to the same period last year. On the other hand, improving inflation resulted in an additional 19,000 employment in the food manufacturing sub-sector.

Around 26.3 percent, or 934,000 jobs, are in food manufacturing, mostly remunerative (82.9%), middle-skill (54.4%), and full-time (76.9%)<sup>76</sup> positions.

In recent years, advanced manufacturing has gained traction in the country due to government efforts to attract investment and create quality employment.<sup>77</sup> This sector relies on cutting-edge technologies and demands significant research and development (R&D).<sup>78</sup> Consequently, workers in the manufacturing sector, primarily in middle-skill positions, need upskilling to acquire high-tech competencies. In 2021, the Department of Science and Technology (DOST) launched the Advanced Manufacturing Center (AMCen) to transform the sector with services like Materials R&D, prototyping and fabrication, collaboration & partnership, technical services, training services, education formation, and policy standards.<sup>79</sup> In 2023, the Department of Trade and Industry (DTI) introduced the Advanced Manufacturing Workforce Development Alliance (AMDev) Program. This five-year public-private partnership, supported by USAID and implemented by the Unilab Foundation (ULF), aims to build a future-ready workforce through improved education and training systems.<sup>80</sup>

<sup>73</sup> Computed by averaging January, April, and July 2024 LFS results

<sup>74</sup> Followed by low-skill (45.0%) and high skill (0.7%) employment

<sup>75</sup> Working less than 40 hours per week.

<sup>76</sup> DEPDDev-NPPS estimates using PSA's latest LFS PUF (July 2023)

<sup>77</sup> No data is yet available for employment in advanced manufacturing, though this will likely cut across various subsectors, including ICT.

<sup>78</sup> Accessed from <https://www.twi-global.com/technical-knowledge/faqs/faq-what-is-advanced-manufacturing#WhatIsAdvancedManufacturing>

<sup>79</sup> Accessed from <https://amcen.dost.gov.ph/EventsAndNews?id=eSZcjNt5HjTQBng3>

<sup>80</sup> One of the key activities of AMDev is the establishment of the Advanced Manufacturing Institute (AMI) that will be operationalized by Alliance Core Partners, namely Amherst Laboratories, Inc, Belmont Softgel Pharma Corporation, Fastech Advanced Assembly, and Western Digital. Meanwhile, among its government partners are the Commission on Higher Education (CHED), Department of Finance (DOF), Department of Trade and Industry (DTI), Department of Science and Technology (DOST), and Technical Education and Skills Development Authority (TESDA).

## Construction

**Construction remains a major source of employment as the government accelerates its flagship infrastructure projects.** After swiftly rebounding in 2022 as mobility restrictions eased, employment in the industry declined by 89,000 in 2023 as private and public construction slowed down (-399,000).<sup>81</sup> Delays in project implementation, rising construction costs from inflation, and higher interest rates contributed to slower growth in 2023 (8.8% from 12.2% in 2022). Nonetheless, the sector continued to expand steadily, averaging a 6.8 percent growth rate in 2024.

Construction recorded an average of 4.7 million employment in 2024, mostly in full-time (84.5%), wage and salaried (98.9 %), and low-skilled (61.9%) employment. The industry makes up more than half (54.1%) of industry employment and about 9.8 percent of the total employment. The sector also generated a total of 297,000 jobs, most of which were remunerative employment. However, around 15 percent of the workers in construction (699,000) are either visibly (295,000) or invisibly (403,000) underemployed.

## Transportation

Transportation plays a crucial role in the Philippine economy by connecting people to economic hubs across the islands. As an archipelagic country, the transport sector faces several challenges that have significant implications for local growth and overall economic performance. These challenges include the lack of portside facilities in ports outside the National Capital Region (NCR) and the absence of coordination in multi-modal infrastructure planning and implementation.<sup>82</sup> Focusing on transportation is vital for national employment, as it provides essential services that support all sectors of the economy.

Recognized as a key employment-generating sector, the transport sector experienced a year-on-year employment growth rate of 5.3 percent, outpacing the average for all other sectors.<sup>83</sup> The transport sector also accounts for over 50 percent share of the wage employees within the sector.

## Digital Economy

**The growing adoption of digital technologies has expanded employment opportunities for Filipinos.** The digital economy contributed an average of 8.7 percent to the country's gross domestic product (GDP) from 2018 to 2023.<sup>84</sup> As the digital age progresses, the demand for information technology and services professionals increases.<sup>85</sup> Given this trend, the government aims to create one million digital jobs by 2028.<sup>86</sup> In 2023, approximately 9.7 million individuals are employed in the digital economy, with the majority working in e-commerce (87.3%) and digital-enabling infrastructure (11.6%).

## E-commerce

**The COVID-19 pandemic accelerated the adoption of online transactions as businesses and consumers adapted to mobility restrictions and changing social dynamics.** This transition led to an increase in employment opportunities in the e-commerce industry. In 2023, employment in this sector reached 8.5 million, a significant 69.1 percent increase from 5.0 million in 2019.<sup>87</sup> Furthermore, the Philippine e-commerce industry is projected to expand triple-fold from USD21 million in 2024 to USD60 million by 2030, creating more jobs in the sector.<sup>88</sup>

81 Total employment losses based on the January and April 2024 LFS rounds.

82 Kris Francisco & Neil Irwin Moreno & Aniceto Orbeta, Jr., 2024. "Improved Inter-Island Transport Connectivity, Local Employment and Job Quality," Department of Economics, Ateneo de Manila University, Working Paper Series. Retrieved from <https://ideas.repec.org/p/agey/dpaper/202408.html>

83 From Department of Labor and Employment (DOLE)'s Presentation on Global Accelerator on Jobs and Social Protection for Just Transitions at the Social Development Committee-Cabinet Level Meeting (February 28, 2024). Figures are from ILO's estimates based on PSA.

84 At current prices. Philippine Statistics Authority (PSA) Philippine Digital Economy Satellite Account. <https://psa.gov.ph/statistics/digital-economy>

85 LinkedIn Philippines, "2020 Emerging Jobs Report"

86 Darryl John Esguerra, "Gov't targets 1-M digital jobs by 2028", Philippine News Agency, April 21, 2024. <https://www.pna.gov.ph/articles/1223074>

87 PSA Philippine Digital Economy Satellite Account (Access PSA's technical notes here: <https://psa.gov.ph/statistics/digital-economy/technical-notes>)

88 In terms of gross merchandise value. Source: 2024 E-Economy SEA Report by Google, Temasek, and Bain & Company

## IT-BPM

**The Information Technology-Business Processing Management (IT-BPM) industry demonstrated resilience during the pandemic**, posting a double-digit growth (10.6%) in revenue (USD29.5 billion), further rising to USD32.5 billion in 2022 and USD35.5 billion in 2023. In 2023, the sector employed about 1.7 million, or an 8 percent increase year-on-year. The sector faces risks and opportunities from increasing integration of artificial intelligence in workplaces. To harness this potential, the DTI-Board of Investments (BOI) has launched the Philippine IT-PBM Industry Roadmap 2028 which aims to boost the sector to USD59 billion in revenue and increase employment to 2.5 million by 2028.<sup>89</sup>

## Financial Services (Enterprise Financing)

**The rise of advanced technologies, such as artificial intelligence (AI), is transforming the job market in the finance sector.** The finance sector continued to contribute significantly to economic growth, sustaining an average annual growth of 8 percent from 2022 to 2023.<sup>90</sup> Employment in the sector reached 679,000 in 2024, higher by 4.5 percent year-on-year.<sup>91</sup> Remunerative (97.7%), full-time (90.5%), and middle-skill (58.6%) employment also constitute most of the employment in the sector.

Meanwhile, the financial technology (FinTech) landscape in the Philippines is experiencing rapid growth, driving digital transformation in the finance sector and promoting greater financial inclusion. There are 335 FinTech companies in the country, most of which are for payment (116) and lending (73).<sup>92</sup> Further development in the FinTech ecosystem is also seen to help boost MSMEs, which collectively generates 6.4 million jobs in the country in 2023.<sup>93</sup>

## Tourism

**Employment in the tourism industry sustains recovery after significant losses during the pandemic.** The gross value added (GVA) of tourism has steadily increased, with the sector posting a year-on-year growth of 8.6 percent in 2023.<sup>94</sup> Likewise, employment increased by 6.4 percent, reaching 6.2 million in 2023. The sector contributes about 12.9 percent to total employment. Travel agents, tour operators, and tourism guides recorded the highest growth at 21.5 percent, followed by accommodation and food and beverage at 14.5 percent. However, tourism employment remains below 2019 levels, with Chinese tourists remaining at 20 to 30 percent of its 2019 levels.

## Creative Economy

**The Creative Economy is a promising income source, particularly for women and youth.** From 2021 to 2023, the GVA of the Philippine creative economy grew by an average of 8.7 percent, with over 7.26 million people employed in creative industries.<sup>95</sup> Although data and studies specific to the Philippine context are still limited, international research indicates that the creative economy can drive significant economic growth. Employment growth in creative and cultural sectors has often outpaced overall growth in many countries prior to the pandemic. These jobs foster innovation across various sectors and promote inclusion, providing better representation of women and youth in developing countries compared to other fields.<sup>96</sup> However, these jobs are often linked to non-traditional work arrangements, such as self-employment and part-time roles in online digital labor platforms, leading to job insecurity and limited access to social protection.<sup>97</sup>

89 Accessed from <https://www.philstar.com/business/2024/03/07/2338561/it-bpm-revenue-hits-355-billions>

90 At 2018 prices. PSA National Accounts of the Philippines.

91 PSA Labor Force Survey

92 2024 Philippines FinTech Report. Source: <https://fintechalliance.ph/wp-content/uploads/2024/08/Fintech-Report-V5.pdf>

93 Philippines Statistics Authority. 2023 Updated List of Establishments. Accessed from <https://www.dti.gov.ph/resources/msme-statistics/>

94 At current prices. Philippine Statistics Authority (PSA) Philippine Tourism Satellite Account

95 PSA Creative Economy Satellite Account

96 Namita Datta, Monica Melchor, and Jemi Laclé, "Five ways creative and cultural industries respond to youth job challenges," World Bank

97 LEED, "The Culture Fix: Creative People, Places and Industries."



## Health

Demand for health workers is projected to double by 2030, reaching 80 million globally, leaving a shortfall of 18 million workers in primarily low and lower-middle-income countries. Workforce shortages, maldistribution, unemployment, absenteeism, gender inequities, and performance issues remain prevalent in the health labor market.<sup>98</sup>

The Philippines' experience during recent public health emergencies, particularly the COVID-19 pandemic, exposed systemic gaps and weaknesses in the healthcare system, especially in the health workforce. Currently, the country has a mixed public-private health care system, where the private sector, despite having substantial financial resources and staffing than the public health system, catered only to about 30 percent of the population.<sup>99</sup> The public health sector is mainly financed through a tax-based budgeting system while private health care is largely market-oriented, with health services generally paid for at the point of service.<sup>100</sup>

Given the complexity of the health system, notwithstanding the recent public health emergency, the National Human Resources for Health (HRH) Master Plan was reformulated based on the analysis of the current HRH situation in the country. The Health Labor Market Analysis and the HRH situational analysis identified several core problems in HRH management: (a) lack of accurate information on the health workforce to guide planning and policy; (b) limited collaboration among stakeholders with multiple roles in the HRH sector; (c) fragmented HRH governance and unclear accountabilities; and (d) inadequate and poorly implemented policies. The core problems have resulted in an inadequate number of health workers in the health sector and inequitable distribution of HRH.<sup>101</sup> Additionally, the lack of job security and inconsistencies in granting benefits and incentives under the Magna Carta for Public Health Workers are significant factors driving high attrition rates in the sector.<sup>102</sup> As of December 2022, there are a total of 1,362,650 human resources for health employed in both private and public hospitals in the country.<sup>103</sup>

Closely linked to the inadequacy of workers in the health industry is their inequitable distribution across the country, across different levels of care, and between the private and public sector. For decades, the density of health workers, particularly doctors and nurses, has always been significantly higher in urban or economically developed areas. In 2020, data from various DOH information systems revealed that the NCR had the highest density of practicing professionals at 28.9 HRH per 10,000 population, while the Bangsamoro Autonomous Region in Muslim Mindanao had the lowest at 8.21 HRH per 10,000 population.<sup>104</sup>

## Housing

Urbanization in the Philippines continues to accelerate, with the level of urbanization rising from 45.3 percent in 2010 to 51.2 percent in 2015 and an estimated 84 percent of Filipinos expected to live in urban areas by 2050.<sup>105</sup> However, this rapid urbanization poses significant challenges. As of December 2022, the unmet housing needs reached 6.66 million units based on the data of the Department of Human Settlements and Urban Development.<sup>106</sup>

98 World Health Organization, (n.d.). Understanding the workforce situation through health labour market analysis. Retrieved from <https://www.who.int/activities/understanding-the-workforce-situation-through-health-labour-market-analysis>

99 Department of Health (2018). National Objectives for Health 2017-2020. Manila, Philippines. Retrieved from [https://www.doh.gov.ph/sites/default/files/health\\_magazine/NOH-2017-2022-030619-1\(1\)\\_0.pdf](https://www.doh.gov.ph/sites/default/files/health_magazine/NOH-2017-2022-030619-1(1)_0.pdf)

100 Dayrit MM, Lagrada LP, Picazo, O.F., Pons, M.C., Villaverde, M.C. (2018). The Philippines Health System Review. Vol. 8 No. 2. New Delhi: World Health Organization, Regional Office for SouthEast Asia. Retrieved from <https://apps.who.int/iris/bitstream/handle/10665/274579/9789290226734-eng.pdf?sequence=1&isAllowed=y>

101 DOH(2021). National Human Resource for Health Master Plan 2020-2040. Retrieved from: <http://bit.ly/NHRHMP>

102 University of the Philippines - Manila (2022). Retention of healthcare workers: Challenges and Interventions. Retrieved from [https://www.upm.edu.ph/cpt\\_news/retention-of-healthcare-workers-challenges-and-interventions/](https://www.upm.edu.ph/cpt_news/retention-of-healthcare-workers-challenges-and-interventions/)

103 DOH (2022). Human Resources for Health Statistics. Retrieved from <https://app.powerbi.com/view?r=eyJrIjoibWVudC90YjYtYjYyYzZC00YTALWjFjOTUtZGQ4NzY3NjQyNDYyIiwidCI6IjE5NWQzN2JlLTllMGEtNDIwNS1hZGY0LWEyNTk5ZTlIMWVjYSlmMi0jEwQ%3D%3D>

104 DOH (2021). National Human Resource for Health Master Plan 2020-2040. Retrieved from: <http://bit.ly/NHRHMP>

105 <https://unhabitat.org/philippines>

106 Congressional Policy and Budget Research Department (2024)

To address this, the government launched the *Pambansang Pabahay para sa Pilipino* (4PH) Program in 2022, aiming to provide affordable and decent housing for homeless Filipinos. As of October 2024, a total of 162,381 housing units are now under construction. The government aims for 3,288,000 housing units to be completed by the end of 2028.

Similar with other megatrends, urbanization has the potential to become a positive transformative force for every aspect of sustainable development, including the reduction of inequality. When properly planned and managed, urbanization can reduce poverty and inequality by improving employment opportunities and quality of life, including through better education and health.<sup>107</sup> Based on the PSA data, real estate and ownership of dwellings account grew by 4.0 percent in 2022-2023. On average, employment in this industry group grew by 45,000 in 2023.

## Education

The education sector is grappling with deep-seated problems, and its current labor market is being shaped by the ongoing policy reforms catalyzed by the establishment of the Second Congressional Commission on Education (EDCOM II). As the primary employer of the education workforce, the government is aligning education outcomes with national development goals. The industry is thus undergoing a significant transformation initiated by the approval of the Department of Education's (DepEd) Basic Education Development Plan (BEDP) 2022-2030 and the implementation of the MATATAG agenda.

Education is identified as one of the key employment growth industries by the DOLE, with the potential to drive job creation and absorb the bulk of the workforce in the years ahead. The industry has an estimated workforce of 1.542 million, marking steady growth since 2020 when it employed 1.286 million workers.<sup>108</sup>

The subsectors undergoing significant challenges in labor supply and demand are the Early Childhood Care and Development (ECCD) and Technical-Vocational Education and Training (TVET) subindustries. ECCD faces substantial woes, including an aging workforce and a lack of adequate training in early childhood education (ECE). According to the EDCOM II report, the country has produced only 3,993 ECE graduates since 2005. With an average of 80 graduates annually, this number falls far short of the demand for kindergarten teachers alone.<sup>109</sup>

With ECCD at the forefront of the government's reform efforts, initiatives are being introduced to address these gaps. The creation of a new TESDA course aims to upskill daycare workers, helping to bridge the supply shortage in the sector.<sup>110</sup> Additionally, proposed bills, including the Basic Education and Early Childhood Alignment Act (Senate Bill No. 2029 and House Bill 8393), seeks to establish permanent plantilla positions for child development workers and teachers (CDWs/CDTs) in every city and municipality, ensuring greater stability and support for ECCD programs across the country.

Meanwhile, the TVET subindustry grapples with a limited pool of instructors with the necessary certification to effectively deliver programs. The EDCOM II report identified a need for an additional 11,838 competency assessors to facilitate the assessment and certification of students enrolled in the Senior High School - Technical-Vocational-Livelihood (TVL) track. This gap affects the recognition and validation of skills acquired through TVET programs, hindering the mobility and recognition of individuals within the workforce.<sup>111</sup>

107 <https://unhabitat.org/philippines>

108 Department of Labor and Employment (2022). Preliminary Jobs and Labor Market Forecast 2022-2025. Retrieved from <https://ble.dole.gov.ph/wp-content/uploads/2023/04/Preliminary-Jobs-and-Labor-Market-Forecast-2022-2025-v1.3-with-cover-1.pdf>

109 Second Congressional Commission on Education (2024). Miseducation: The failed system of Philippine education, EDCOM II year one report. Second Congressional Commission on Education. Retrieved from <https://edcom2.gov.ph/media/2024/02/EDCOM-II-Year-One-Report-PDF-022924.pdf>

110 Philippine News Agency. (November 27, 2023). TESDA to upskill child development workers. Retrieved from <https://www.pna.gov.ph/articles/1214412>

111 Second Congressional Commission on Education (2024). Miseducation: The failed system of Philippine education, EDCOM II year one report. Second Congressional Commission on Education. Retrieved from <https://edcom2.gov.ph/media/2024/02/EDCOM-II-Year-One-Report-PDF-022924.pdf>

The recently passed EBET Framework Act (Republic Act No. 12063), is a new policy aimed at strengthening the industry to meet the country's economic demand for a highly skilled workforce and higher-value production activities.<sup>112</sup> The law streamlines various EBET delivery modalities and enhances tax incentives for participating enterprises. These incentives are designed to encourage more businesses to offer general EBET programs, such as on-the-job training for National Certificate Level (NC) II certification, apprenticeships for NC III certifications and above, and upskilling opportunities for workers. This comprehensive approach is expected to boost workforce development and better align training with industry needs.<sup>113</sup>

## Green Economy

Transition to renewable energy and nature-based solutions is critical for climate action. The Philippines, through the Department of Environment and Natural Resources (DENR), continues to promote a favorable investment climate for the renewable energy sector and nature-based solutions. As a key policy and program implementer, the Department of Energy (DOE) plays a crucial role in advancing the country's renewable energy transition. While the country has yet to establish a net zero goal, it aims to achieve 35 percent renewable energy by 2030 and a high ambition target of over 70 percent by 2050.<sup>114</sup> According to the International Labour Organization's World Employment and Social Outlook report, adopting sustainable practices in the energy sector, such as using electric vehicles and increasing energy efficiency in buildings, is projected to generate new jobs. However, an estimated six million jobs will be lost globally in petroleum extraction, coal mining, and coal-based electricity production as economies shift to greener practices.<sup>115</sup>

Guided by DENR Administrative Order No. 2017-08, the agency promotes a "green economy model" approach, empowering communities to create sustainable goods and services for ecosystem rehabilitation.<sup>116</sup> The DENR has also emphasized the importance of reskilling and upskilling the workforce in energy and transport sectors to support the transition to renewable and climate-friendly technologies.<sup>117</sup>

The Philippine Green Jobs Act (Republic Act No. 10771) defines green jobs as employment that contributes to preserving or restoring the quality of the environment. According to PIDS (2021), in 2016, the Philippine green sector contributed about PHP2.7 trillion, or 18.8 percent of the country's GDP. In terms of employment, about 7 million Filipinos or roughly 17 percent of all employed in 2016 are working in the green sector wherein majority or 4.3 million of the employed are in the services sector.<sup>118</sup> By 2030, PIDS projected that the green sector will contribute PHP3.4 trillion in the economy.<sup>119</sup>

112 Philippine Institute for Development Studies. (2023). Responding to the changing needs of the labor market: Overview of the country's TVET. Retrieved from <https://www.pids.gov.ph/publication/policy-notes/responding-to-the-changing-needs-of-the-labor-market-overview-of-the-country-s-tvet>

113 Technical Education and Skills Development Authority (TESDA). (2024, November 7). TESDA hails signing of new law on enterprise-based training. Retrieved from <https://www.tesda.gov.ph/Media/NewsDetail/20380>

114 Department of Environment and Natural Resources (2024). PH boosts renewable energy, nature -based solutions initiative to accelerate climate mitigation efforts. Retrieved from <https://denr.gov.ph/news-events/ph-boosts-renewable-energy-nature-based-solutions-initiatives-to-accelerate-climate-mitigation-efforts/>

115 6 Sustainable Development Goals (n.d.). Green economy could create 24 million new jobs. Retrieved from <https://www.un.org/sustainabledevelopment/blog/2019/04/green-economy-could-create-24-million-new-jobs/#>

116 DENR (2017). DENR All Set for Green Economy Shift. Retrieved from <https://denr.gov.ph/news-events/denr-all-set-for-green-economy-shift/>

117 DENR (2024). Sec. Loyzaga: Energy, transport sectors must prioritize workers, communities in shift to net-zero economy. Retrieved from <https://denr.gov.ph/news-events/sec-loyzaga-energy-transport-sectors-must-prioritize-workers-communities-in-shift-to-net-zero-economy/>

118 PIDS used a Green Philippine Employment Projection Model in estimating the contribution and employment of the green sector

119 Abrigo, M., Ortiz, D., Orbeta, A. & Llanto, G. (2021). Greening the Philippine Employment Projections Model: New Estimates and Policy Options. Retrieved from <https://pidswebs.pids.gov.ph/CDN/PUBLICATIONS/pidsdps2126.pdf>

## Blue Economy (Ocean-Based Industries)

The Philippines' archipelagic nature provides opportunities for livelihood and employment in the ocean economy such as fishing, aquaculture, and tourism. According to PSA, the ocean economy refers to economic activities that take place in the ocean, conducted near the ocean, receive outputs from the ocean, and provide inputs to the ocean.<sup>120</sup>

According to National Academy of Science and Technology (2021), strong growth is expected for the ocean-based industry wherein by 2030, 30 million full-time equivalent jobs will be generated annually – mostly coming from marine aquaculture, offshore wind turbines, fish processing, and shipbuilding and repair. With the ongoing digitalization, science, technology, and innovation will also play a role in harnessing ocean resources, while ensuring its sustainability.

In 2023, the ocean economy of the Philippines was estimated at PHP943.05 billion, accounting for 3.9 percent of the total economy.<sup>121</sup> Coastal recreation, coastal accommodation, and food and beverage activities recorded the fastest growth rates, with increases of 139.6 percent and 117.8 percent, respectively.

Employment in ocean-based industries reached 2.42 million individuals in 2023, a 20.8 percent increase compared to 2022. Ocean fishing registered the highest number of employed persons in ocean-based industries, with 1.04 million workers, representing 42.8 percent of the total ocean-based employment in 2023.

In relation to the ocean economy, the Philippines is known as a shipbuilding country with a total of 124 shipyards (as of 2022) registered with the Maritime Industry Authority. Supporting the manufacturing of ships, the partnership between the US' equity firm Cerberus and South Korea's HD Hyundai Heavy Industries last May 2024 will allow the Philippines to regain its footing in the global shipbuilding industry. HD Hyundai, recognized as one of the largest producers of ships in the world, is expected to invest approximately USD550 million over ten years and generate around 10,000 jobs within three to five years.<sup>122</sup>

120 Philippine Statistics Authority. (2021). 2020 Philippine Ocean Economy Satellite Accounts. Retrieved from [https://psa.gov.ph/sites/default/files/infographics/Infographics\\_POESA\\_2020.pdf](https://psa.gov.ph/sites/default/files/infographics/Infographics_POESA_2020.pdf)

121 PSA. (2024). 2023 Philippine Ocean Economy Satellite Account. Retrieved from <https://psa.gov.ph/statistics/ocean-economy>

122 [https://pco.gov.ph/news\\_releases/cerberus-hyundai-partnership-to-restore-glory-days-of-shipbuilding-in-ph-pbbm/](https://pco.gov.ph/news_releases/cerberus-hyundai-partnership-to-restore-glory-days-of-shipbuilding-in-ph-pbbm/)



# CHAPTER 6

# FUTURE-PROOFING THE LABOR MARKET





# Future-Proofing the Labor Market

As previously mentioned, many of the strategies under the TPB Plan have been included in the PDP and are, therefore, continuing programs of the various implementing agencies. Meanwhile, a number of studies will need to be conducted to determine the optimal mix of policies and programs that will future proof the country's labor market. Table 11 enumerates the various research agenda, while Table 12 presents the legislative agenda.

## Research Agenda

**Table 11. Research Agenda**

	RESEARCH AGENDA	RATIONALE/DESCRIPTION
<b>Labor Demand</b>	<ul style="list-style-type: none"> <li>Evaluation of Barangay Micro Business Enterprises Act of 2002 (RA 9178)</li> </ul>	Assess the impact of the Act on micro-enterprise growth, job creation, and community economic development
	<ul style="list-style-type: none"> <li>Evaluation of existing labor market intervention programs (TUPAD, Sustainable Livelihood Program, cash for work programs, etc.)</li> </ul>	Assess the effectiveness, efficiency, and impact of existing labor market intervention programs
	<ul style="list-style-type: none"> <li>Impact evaluation of Artificial Intelligence (AI) on labor demand</li> </ul>	Assess the impact AI on labor demand across various industries, job roles, and skill levels, and identify vulnerable occupations
	<ul style="list-style-type: none"> <li>Study on occupational structure of micro and small enterprises (MSE)</li> </ul>	Examine the roles, skills, and employment trends within MSEs to inform policymaking
	<ul style="list-style-type: none"> <li>Study on constraints to firm size growth</li> </ul>	Assess challenges faced by firms in expanding from micro to small to medium-sized enterprises
	<ul style="list-style-type: none"> <li>Study on the pay scale of TVET graduates</li> </ul>	Assess the relationship between qualifications and earnings, exploring how training type, industry sector, location, and certification level influence salary
<b>Labor Supply</b>	<ul style="list-style-type: none"> <li>Evaluation of work immersion program of Senior High School (SHS), Jobstart, Government Internship Program (GIP), SPES</li> </ul>	Assess the SHS program's effectiveness in preparing students for employment and/or further education
	<ul style="list-style-type: none"> <li>Understanding the ecosystem of micro-credentialing and its implication on workforce development</li> </ul>	Explore impact of micro-credentialing on workforce development, career mobility, and lifelong learning
	<ul style="list-style-type: none"> <li>Impact evaluation of Enterprise Based Education and Training (EBET)</li> </ul>	Assess the outcomes of EBET in enhancing workforce skills, competencies, and employability
	<ul style="list-style-type: none"> <li>Study on impact of SHS assessment on employability</li> </ul>	Analyze the impact of various assessment methods (academic and skills-based) on the career readiness of SHS learners

	RESEARCH AGENDA	RATIONALE/DESCRIPTION
	<ul style="list-style-type: none"> <li>Process evaluation on curriculum modifications in the Philippine Higher Education system</li> </ul>	Analyze the mechanisms and challenges in curriculum modification processes of CHED and HEIs (public and private) to identify bottlenecks and recommend areas for improvement
	<ul style="list-style-type: none"> <li>Study on optimal roles of public and private sector in technical-vocational education</li> </ul>	Review the role of TESDA given its multiple mandates of developing and updating standards and training regulations, regulating training institutions, and directly providing training programs
	<ul style="list-style-type: none"> <li>Evaluation of the Expanded Magna Carta for Persons with Disability</li> </ul>	Study the gaps and challenges in implementing the provision on reserving at least one percent of all positions in government agencies, offices, or corporations for persons with disability. Private corporations with more than 100 employees are also encouraged to reserve the same percentage of their positions
<b>Labor Market Governance</b>	<ul style="list-style-type: none"> <li>Latent demand for part-time working arrangements</li> </ul>	Investigate preferences for part-time work among employers and employees to align policies with labor market needs
	<ul style="list-style-type: none"> <li>Study on the economic consequences of work from home and alternative work location arrangements</li> </ul>	Investigate its impact on productivity and real GDP growth. Analyze shifts in productivity across sectors and industries, identifying any potential gains or losses in efficiency that may result from these arrangements
	<ul style="list-style-type: none"> <li>Evaluation of Unemployment Insurance Programs</li> </ul>	Measure the effectiveness of the unemployment insurance programs in SSS and GSIS in providing adequate support towards promoting re-employment
	<ul style="list-style-type: none"> <li>Evaluation of Public Employment Service Offices (PESOs) and Job Placement Offices (JPOs)</li> </ul>	Evaluate the effectiveness of operations of PESOs and JPOs in linking and assisting job seekers to employment opportunities
	<ul style="list-style-type: none"> <li>Enhancement of the Skills Needs Anticipation Methodology</li> </ul>	Incorporate innovative practices such as school leaver surveys, web vacancy analysis, enterprise skills surveys, and future skills assessments to improve labor market forecasting tools
	<ul style="list-style-type: none"> <li>Mapping Employment and Industry Dynamics for Enhanced Labor Market Facilitation</li> </ul>	Map the distribution of establishments and employment across sectors and regions to identify high-growth industries, employment patterns, and regional workforce dynamics towards providing insights to enhance job matching and labor market facilitation strategies
	<ul style="list-style-type: none"> <li>Study on the best practices in providing social protection for all workers, including part-time and gig economy workers</li> </ul>	Explore approaches adopted by other countries to provide safeguards for all workers while addressing gaps faced by part-time and gig economy workers
	<ul style="list-style-type: none"> <li>Study on the efficiency and efficacy of tax incentives and other subsidy programs granted for employment generation</li> </ul>	Understanding of the costs and benefits associated with tax incentives and subsidy programs designed for employment generation

	RESEARCH AGENDA	RATIONALE/DESCRIPTION
	<ul style="list-style-type: none"> <li>Evaluation of the impact of ayuda on income dynamics of middle class</li> </ul>	Revisit the whole business of minimum wage and assess the effects of government financial assistance or cash aid on the income dynamics of the middle class.
	<ul style="list-style-type: none"> <li>Evaluation of the impact of the increase of SSS and PhilHealth contribution in identifying the informal sector workers as direct contributory members</li> </ul>	Assess the impact of increased payment premiums to informal sector workers

## Legislative Agenda

Table 12 presents the bills that aim to advance the TPB Plan's vision of creating an inclusive and dynamic labor market environment.

**Table 12. Legislative Agenda to the TPB Plan**

	LEGISLATIVE AGENDA	RATIONALE/KEY FEATURES
<b>PENDING BILLS</b>		
<b>Labor Demand</b>	"Konektadong Pinoy" or the Open Access in Data Transmission Bill (Senate Bill No. 2699)	This bill seeks to expand market accessibility, upgrade physical and digital infrastructure, and enable full participation of individuals and businesses in the digital economy, ensuring that affordable internet is accessible to all Filipinos.
	Amendments to the Right-of Way Act (Senate Bill No. 2821)	This bill aims to streamline the process for acquiring right-of-way for infrastructure projects, enabling faster implementation. As infrastructure projects are expedited, the demand for workers may increase. Such construction activities can lead to construction-related employment.
	Blue Economy Act (Senate Bill No. 2450)	This bill focuses on harnessing the sustainable use of ocean resources for economic growth, environmental health, and improved livelihoods, and could create jobs in fisheries, marine conservation, and eco-tourism.
<b>Labor Supply</b>	Lifelong Learning Development Bill (Senate Bill No. 364)	This bill seeks to develop a Lifelong Learning Development Framework through the Philippine Qualification Framework-National Coordinating Council (PQF-NCC), implement the Philippine Credit Transfer System, and incentivize LGUs to become learning cities, towards being more active partners in implementing lifelong learning programs.

	LEGISLATIVE AGENDA	RATIONALE/KEY FEATURES
	Enterprise Productivity Act (Amendments to Productivity Incentives Act) (Senate Bill No. 1377)	This bill seeks to expand the coverage of the productivity incentives program; to include all branches, agencies and instrumentalities of the government and broaden its concept to include a productivity gainsharing program whereby employers and employees share in the fruits of improvement in productivity.
	Tax Incentives for Employees on a WFH/Telecommuting Program (Senate Bill No. 1706)	This bill amends the Tax Code to provide for additional deduction to the income of employees working from home, which lowers their taxes and increases their take-home pay. The bill also provides for a tax benefit to the employers granting allowances to cover employees' expenses necessary for telecommuting.
<b>Labor Market Governance</b>	Freelancers' Protection Act (Senate Bill No. 136)	This bill promotes gainful employment and decent work for all workers. It aims to provide a regulatory framework that guarantees full protection to all workers in new forms of work arrangements, such as freelance work, whether in-person or through online platforms or gig economy, which has grown exponentially with technological development.
	Day Care Services Act (Senate Bill No. 1636)	This bill seeks to direct all government agencies to provide daycare facilities for their employees' children aged five (5) years old and below to assist Filipino working parents in ensuring the welfare and development of their children without prejudicing their employment.
<b>PROPOSED LEGISLATION</b>		
<b>Labor Demand</b>	Harmonize the definition of Micro, Small, and Medium Enterprises (MSMEs)	This proposed law aims to clarify and harmonize the definitions of MSMEs under the Magna Carta for MSMEs and the Corporate Recovery and Tax Incentives for Enterprises (CREATE) Act to enable coherent policy-making and efficient targeting of incentives.
<b>Labor Supply</b>	Amend TESDA Act (Republic Act No. 7796)	This proposed amendment aims to revisit and clarify the role of TESDA, given its multiple mandates of developing and updating standards and training regulations, regulating training institutions, and directly providing training programs. The overlap may affect its capacity to adapt to evolving demands, including the timely updating of training regulations, and fostering internationalization or liberalization in the training sector.

	LEGISLATIVE AGENDA	RATIONALE/KEY FEATURES
	Institutionalization of Government Internship Program (GIP)	This proposed measure aims to strengthen the existing GIP of the DOLE and ensure its continuity. The program seeks to provide opportunities and engage young workers to serve the public in government agencies or entities.
<b>Labor Market Governance</b>	Amendments to the Telecommuting Act (Republic Act No. 11165)	This proposed amendment aims to include provisions in the Telecommuting Act, that would enable government employees to acquire the same benefits provided to workers in the private sector. The proposed amendment also seeks to institutionalize and expand the guidelines stipulated under the CSC Memorandum Circular No. 06, s. 2022 or the Adoption of Flexible Work Arrangements (FWAs) in the Government to Improve the Traffic Situation in Metro Manila.
	Legal Framework for Part-Time Work	This proposed law aims to ensure quality part-time employment, benefiting both the workforce and employers. This also intends to allocate resources for the enforcement, and evaluation of its implementation. For instance, the Netherlands' Part-Time Employment Act outlines the minimum entitlements for all employees, including those working part-time and gives employees the right to request for reduced working hours.
	Modernizing the Labor Code	Amend labor laws to address structural inflexibilities, promote adaptability in the workforce, and ensure alignment with evolving economic and employment landscapes
	Amendment of the Maternity Leave Law	This proposed amendment aims to Incorporate provisions for reduced working hours post-maternity leave, with flexible options to return to full-time work as circumstances allow. Include carers' leave (parental leave) for all genders to promote shared caregiving responsibilities.
	Establishment of Informal Sector Data Base	The proposed measure mandates a standard registration scheme at the local level for informal sector workers, economic units, and organizations or associations. This database will serve as the basis of the State in assessing the growth of the sector and in creating initiatives for the informal economy.
	Mandatory enrolment of all types of workers in the social security system	This proposed law ensures all workers, including those engaged in part-time and flexible work arrangements, are mandatorily enrolled in the social security system to provide comprehensive social protection.

	LEGISLATIVE AGENDA	RATIONALE/KEY FEATURES
	Amendment to Public Employment Service Office (PESO) Act of 1999	This proposed amendment aims to institutionalize PESO including Job Placement Office (JPO), which serves as a venue in promoting full employment and equality of employment opportunities for all by strengthening and expanding the existing employment facilitation.



# Annexes

## Annex 1. Employment in TPB Priority Sectors (in Thousands)

PSIC CODE	PRIORITY SECTOR	LOW-SKILLED <sup>h</sup>		MIDDLE-SKILLED <sup>i</sup>		HIGH-SKILLED <sup>j</sup>		TOTAL EMPLOYMENT	
		2023	2024 <sup>p</sup>	2023	2024 <sup>p</sup>	2023	2024 <sup>p</sup>	2023	2024 <sup>p</sup>
<b>ALL SECTORS</b>		<b>13,182</b>	<b>12,837</b>	<b>27,113</b>	<b>28,001</b>	<b>6,552</b>	<b>6,604</b>	<b>46,939</b>	<b>47,538</b>
<b>01-03</b>	<b>Agriculture<sup>a,b</sup> (AFF and agribusiness)</b>	4,858	4,490	5,255	5,424	87	65	10,200	9,979
01-02	<i>Agriculture, hunting and forestry</i>	4,376	4,012	4,420	4,572	62	44	8,858	8,628
03	<i>Fishing and aquaculture</i>	482	477	835	851	25	21	1,342	1,350
<b>10-33</b>	<b>Manufacturing<sup>a,b</sup></b>	674	634	2,395	2,424	516	492	3,585	3,549
10	<i>Food Manufacturing</i>	319	305	495	536	101	93	915	934
26	<i>Computer, electronics, and optical products</i>	5	8	272	243	84	79	361	330
No direct equivalent	<i>Advanced Manufacturing</i>								
<b>41-43</b>	<b>Construction<sup>a,b</sup></b>	2,588	2,888	1,512	1,507	270	272	4,370	4,667
42-43*	<i>Flood control</i>	186	201	409	433	85	81	681	715
	<i>Farm-to-market roads</i>								
	<i>Roads and bridges</i>								
	<i>Railways, subways, air and sea ports (efficient mass transport system)</i>								
Based on Digital Satellite Account methodology	<b>Digital Economy<sup>c</sup></b>							9,683	
	<i>E-commerce</i>							8,453	
	<i>Digital-enabling infrastructure (includes digital connectivity)</i>							1,121	
PSA's latest estimates (2021) uses ASPBI results	<i>IT-BPM<sup>d</sup></i>								
<b>49-53</b>	<b>Transportation and Storage</b>	531	525	2,872	3,062	103	104	3,507	3,691

PSIC CODE	PRIORITY SECTOR	LOW-SKILLED <sup>h</sup>		MIDDLE-SKILLED <sup>i</sup>		HIGH-SKILLED <sup>j</sup>		TOTAL EMPLOYMENT	
		2023	2024 <sup>p</sup>	2023	2024 <sup>p</sup>	2023	2024 <sup>p</sup>	2023	2024 <sup>p</sup>
49	Land transport and transport via pipelines	209	197	2,429	2,557	36	33	2,675	2,787
50	Water transport	10	9	40	38	7	11	57	58
51	Air transport	3	4	12	16	10	8	25	27
52	Warehousing and support activities for transportation	122	122	255	244	41	37	419	403
53	Postal and courier activities	188	192	136	207	8	16	332	415
64-66	Financial and Insurance Activities <sup>d</sup>	12	14	374	398	265	267	650	679
64	Financial Services excluding insurance and pension (Enterprise Financing)	10	12	319	350	168	179	498	541
Based on Tourism Satellite Accounts methodology	Tourism and Allied Services <sup>e</sup>								
No direct equivalent	Ecotourism								
Based on Creative Satellite Account methodology	Creative Industries <sup>f</sup>							7,265	
	Music, arts and entertainment activities; including Audio and audiovisual media activities (Entertainment and Media)							228	
	Digital interactive goods and service activities; Advertising, research and development, and other artistic service activities (Creative Digital Services)							1,591	
	Symbols and images and other related activities; Media publishing and printing activities; Visual arts activities (Creative goods)							2,592	

PSIC CODE	PRIORITY SECTOR	LOW-SKILLED <sup>h</sup>		MIDDLE-SKILLED <sup>i</sup>		HIGH-SKILLED <sup>j</sup>		TOTAL EMPLOYMENT	
		2023	2024 <sup>p</sup>	2023	2024 <sup>p</sup>	2023	2024 <sup>p</sup>	2023	2024 <sup>p</sup>
Based on Creative Satellite Account methodology	<i>Traditional cultural expression activities and Art galleries, museums, ballrooms, conventions and trade shows, and related activities (Creative tourism)</i>							2,854	
86-88	Human Health and Social Activities <sup>a</sup>	29	25	188	161	514	533	732	719
86-87	Human health activities (excluding social work) ( <b>Human Resources</b> )	29	25	184	158	504	524	717	708
68	Real Estate Activities (Housing and Urban Development)	9	11	64	70	201	174	273	255
No direct equivalent	<b>Utilities</b>								
85	Education <sup>a</sup>	22	22	147	144	1,367	1,396	1,536	1,563
No direct equivalent	<b>Green Economy</b>								
	Renewable energy								
	Green Transport								
Based on Ocean economy Satellite Account methodology	<b>Ocean-based activities (Blue Economy)<sup>g</sup></b>							2,417	
	Manufacture of ocean-based products ( <b>Ship building and ship repair</b> )							63	
	Ocean fishing ( <b>Marine Livelihood</b> )							1,035	

a/Source: LFS, PSA; b/Average of January, April, July, and October LFS rounds for FY 2023 and 2024; c/Source: Digital Satellite Account, PSA; d/Source: ASPBI, PSA; e/Source: Tourism Satellite Account, PSA; f/Source: Creative Economy Satellite Account, PSA; g/Source: Ocean Economy Satellite Account, PSA; h/Low-skill workers are those with jobs in elementary occupations (ISCO-08-88); i/Middle-skill workers hold jobs as clerical support, service and sales workers, skilled agricultural, forestry and fishery workers, craft workers, and plant and machine operators and assemblers (ISCO-08-88); j/High-skill workers are those who have jobs in managerial, professional, technical and associated professional occupations (ISCO-08-88); p/preliminary; \* PSIC code 42 – cover civil engineering works (construction of roads and railways, utility projects and others), PSIC code 43 – include demolition, site preparation, electrical installation, plumbing heat and air-conditioning installation, other construction installation, building completion and finishing and others. Further, building of stations is not included under 42-43 (part of 41 - construction of buildings); \*\* Employment data on public health (4-digit PSIC) overlap with data on human health services (2-digit PSIC); \*\*\* The employment from satellite accounts may have utilized monthly LFS data; while, tabulations from LFS presented in the table are based on the quarterly data only. TPB priority sector/subsector were identified during the writeshop in Laguna.

**Annex 2. Regional Key Employment Generators (KEGs)**

REGION	KEGS
<b>National Capital Region</b>	<ul style="list-style-type: none"> <li>• Broadcast</li> <li>• Logistics</li> <li>• Construction</li> <li>• Hospital</li> <li>• Manufacturing</li> <li>• Hotel and Restaurant</li> <li>• Logistics</li> </ul>
<b>CAR</b>	<ul style="list-style-type: none"> <li>• Wholesale, Retail, and Trade</li> <li>• Public Administration and Defense</li> <li>• Administrative and Support Service Activities</li> <li>• Manufacturing</li> <li>• Accommodation and Food Services</li> <li>• Human Health and Social work activities</li> <li>• Professional and Business Services</li> <li>• Mining and Quarrying</li> <li>• Transportation and Storage</li> <li>• Electricity, steam, water and waste management (Green and renewable technologies; Green jobs)</li> <li>• Financial and Insurance Activities</li> <li>• Professional and Business Services, Business Process Outsourcing [BPO]</li> <li>• Arts, Entertainment and Recreation (Creative Industry per PCIDA Law)</li> </ul>
<b>Region I</b>	<ul style="list-style-type: none"> <li>• Wholesale and Retail Trade</li> <li>• Manufacturing</li> <li>• Accommodation and Food Service Activities</li> <li>• Financial and Insurance Activities</li> <li>• Education</li> <li>• Construction</li> <li>• Agriculture, Forestry, and Fishing</li> <li>• Transportation and Storage</li> <li>• Other Service Activities</li> <li>• Electricity, steam, water and waste management</li> <li>• Salt Industry</li> <li>• Arts, Entertainment, And Recreation</li> <li>• Coffee and Cacao Industry</li> <li>• Information and Communication</li> <li>• Mining And Quarrying</li> </ul>
<b>Region II</b>	<ul style="list-style-type: none"> <li>• Wholesale and Retail Trade</li> <li>• Agriculture</li> <li>• IT-BPM</li> <li>• Health and Wellness</li> <li>• Construction</li> <li>• Hotel, Restaurant &amp; Tourism</li> <li>• Security</li> <li>• Manufacturing/ Energy</li> <li>• Transportation</li> </ul>
<b>Region III</b>	<ul style="list-style-type: none"> <li>• Agriculture</li> <li>• Manufacturing</li> <li>• Wholesale and Retail Trade</li> <li>• Transport and Logistics</li> <li>• Aviation, Maintenance, and Repair Overhaul</li> <li>• Hospitality (Hotel, Restaurant, and Tourism)</li> <li>• Information and Communication (IT-BPM)</li> <li>• Construction</li> </ul>
<b>Region IV-A CALABARZON</b>	<ul style="list-style-type: none"> <li>• Healthcare</li> <li>• Automotive/Transportation</li> <li>• IT-BPM</li> <li>• Agriculture</li> </ul>

REGION	KEGS
<b>Region IV-B MIMAROPA</b>	<ul style="list-style-type: none"> <li>• Agriculture</li> <li>• Tourism</li> <li>• Construction</li> <li>• IT-BPM</li> </ul>
<b>Region V</b>	<ul style="list-style-type: none"> <li>• Agriculture</li> <li>• Construction</li> <li>• Fishing</li> <li>• Tourism</li> </ul>
<b>Region VI</b>	<ul style="list-style-type: none"> <li>• IT-BPM (e.g., establishment of IT Parks in Bacolod and Iloilo)</li> <li>• Construction (e.g., roads and airports as enrolled in the Western Visayas Regional Development Plan and Investment Guide)</li> <li>• Health and Wellness (e.g., 30 Health Information Management Services [HIMS] corporation generating medical transcriptionist, encoding, and software developer jobs)</li> <li>• Manufacturing (e.g., around 40 MSMEs producing coffee, cacao, bamboo, processed food and nuts products)</li> <li>• Education (e.g., basic and higher education, including digital certification) sectors</li> </ul>
<b>Region VII</b>	<ul style="list-style-type: none"> <li>• IT-BPM (e.g., 1,200 BPOs in Cebu serving 170,000 employees; with 20% growth projection in the next three years)</li> <li>• Construction (aspiring a PHP130 trillion worth construction business)</li> <li>• Manufacturing</li> <li>• Agriculture (e.g., feed millers, farm-to-market roads, machinery and equipment operators)</li> <li>• Energy (renewable energy programs)</li> <li>• Creative Industries</li> <li>• Hotel, Restaurant, and Tourism Sectors</li> </ul>
<b>Region VIII</b>	<ul style="list-style-type: none"> <li>• IT-BPM (e.g., IT firms and tech parks in Leyte)</li> <li>• Construction (e.g., roads and bridges)</li> <li>• Manufacturing (e.g., copper and agricultural processing, food manufacturing, pulp production, coconut processing, and tuna development)</li> <li>• Mining (e.g., gold, silver, and chromite operations in Samar)</li> <li>• Agriculture (e.g., coconut production and agribusiness)</li> <li>• Renewable Energy (e.g. solar energy, hydroelectric power, geothermal energy, and tidal energy generation)</li> </ul>
<b>Region IX</b>	<ul style="list-style-type: none"> <li>• Fishing and Canning</li> <li>• Rubber</li> <li>• Seaweed</li> </ul>
<b>Region X</b>	<ul style="list-style-type: none"> <li>• Agriculture - implementation of the Rural Farm Schools Act</li> <li>• Transport and Logistics - resolution of Right of Way issues</li> <li>• Manufacturing - skills matching and development</li> <li>• Eco-tourism - focus on Strategic Development Areas</li> </ul>
<b>Region XI</b>	<ul style="list-style-type: none"> <li>• Agriculture</li> <li>• Tourism</li> <li>• Healthcare</li> </ul>
<b>Region XII</b>	<ul style="list-style-type: none"> <li>• Agriculture</li> <li>• Construction</li> <li>• Transportation and Tourism</li> <li>• Health Services</li> <li>• Manufacturing</li> <li>• Energy</li> </ul>
<b>Region XIII CARAGA</b>	<ul style="list-style-type: none"> <li>• Mining</li> <li>• Service Repair</li> <li>• Transportation</li> </ul>

### **Annex 3. TPB Act's Implementing Rules and Regulations (IRR)**

Under Section 7, Rule 2 of the TPB IRR, the TPB Plan shall have the following success measures, key performance indicators, and action components, including:

- a. Providing support for the establishment, business continuity, and growth of MSMEs, including start-ups, and cooperatives, through increased access to financing, capital, and other incentives, transition of informal/MSMEs to formality, and other support mechanisms;
- b. Skilling, upskilling, and reskilling the workforce, including industry-relevant skills and core skills, to improve their employability, productivity, wages and earning, working conditions, and competitiveness and to foster lifelong learning, taking into consideration the nuanced needs of workers from marginalized and vulnerable sectors, both in the formal and informal sectors;
- c. Ensuring recognition and establishing measures for diversity and inclusion in the workplace; reasonable accommodation; occupational health and safety; and promoting awareness and sensitivity on gender equality, equity, and disability inclusion as an integral part of human resources policies and strategies to increase productivity;
- d. Encouraging and providing incentives to employers and other private sector organizations, including industry stakeholders, that offer training, technology, knowledge and skills transfer, upskilling and reskilling, enterprise-based training, such as apprenticeship, work immersion, or on-the-job training, recognition of prior learning and experience, and other similar activities geared towards the improvement of the workforce pursuant to existing laws;
- e. Empowering the workforce on their rights and obligations under the Philippine Constitution, the Labor Code of the Philippines (Presidential Decree No. 442), as amended, and other rules and regulations, including the right to self-organization, freedom of association, and collective bargaining, through orientations, seminars, and similar modes of delivery and;
- f. Identifying priority sectors based on the Philippine Development Plan, Strategic Investment Priority Plan, tripartite consultation with employers and workers organizations, key and emerging industries, and other activities with high potential for employment creation and improvement in employment quality for various purposes, such as encouraging domestic and foreign direct investments, implementing targeted interventions and subsidies, and providing support to create value-adding supply chains;
- g. Expanding the implementation of active labor market policies, information, and programs, including employment facilitation and reintegration support for OFWs, and utilizing innovative means to improve accessibility and efficiency in delivering such services;
- h. Enhancing tripartism, and social dialogue among workers, employers, and the government, and ensuring the participation and representation of marginalized and vulnerable sectors in various labor issues and concerns;
- i. Addressing youth unemployment by, among others, identifying challenges in the school-to-work transition of new entrants in the labor market, including challenges in confronting youth not engaged in education, employment, or training (NEET);
- j. Providing standards for training and employment of apprentices, and formulating guidelines for the creation of apprenticeship programs and other enterprise-based education and training modalities to improve productivity and efficiency in the workforce;
- k. Establishing effective and inclusive grievance redress mechanisms to provide an accessible and credible channel for complaints and exact accountability to those liable for obligations and commitments in accordance with the Labor Code, as amended by RA 10396, Civil Service Rules and Regulations, and Rules and Regulations on Labor Dispute Resolution, and Conciliation and Mediation;
- l. Providing support to, and promoting the welfare of, all workers in new forms of work arrangements, such as freelance work, whether in-person or through online platforms or gig economy;



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- m. Formulating integrated plans and incentives to encourage and facilitate the transition of workers and enterprises from the informal to the formal economy through integrated and enabling interventions, such as, but not limited to, business registration, financial literacy programs, and enrollment in social protection programs, such as the Social Security System (SSS), Government Service Insurance System (GSIS), Philippine Health Insurance Corporation (PhilHealth), and the Home Development Mutual Fund (Pag-IBIG);
  - n. Promoting the adoption of ethical and fair recruitment standards and practices to protect the rights of migrant workers, promote decent work, and enhance the global competitiveness of Filipino workers;
  - o. Promoting access to and utilization of digital infrastructure in doing business among MSMEs and informal economic units to overcome the digital divide;
  - p. Contributing to the implementation of the full-cycle and comprehensive national reintegration program for documented and undocumented OFWs; and
  - q. Enjoining LGUs to formulate and/or update their respective Workforce Development Plans aligned with and contributory to the goals and objectives of the TPB Plan.

# Glossary of Terms

**Decent work** refers to productive work for women and men in conditions of freedom, equity, security, and human dignity.

**Employment** refers to work for which one has been engaged for at least an hour in the past week.

**Labor** refers to the work performed by the employee or worker for wages as opposed to profits.

**Informal Sector** consists of unregistered and small, unincorporated private enterprises engaged, at least partly, in producing goods and services for the market.

**Reintegration program** refers to a set of measures or projects intended for mainstreaming and sustainable return of OFWs back into Philippine society, including, but not limited to livelihood projects, wellness programs, financial literacy programs and other similar projects.

**Social and Solidarity economy** refers to enterprises, organizations and other entities that are engaged in economic, social, and environmental activities to serve the collective and/or general interest of society as a whole. Their activities are based on the principles of voluntary cooperation and mutual aid, democratic and/or participatory governance, autonomy and independence, and the primacy of people and social purpose over capital in the distribution and use of surpluses and/or profits as well as assets.

**Solopreneur** or nano businesses refers to self-employed individuals with a capitalization of less than PHP50,000. This new business category that fits beneath the microbusiness category.

**Workers in the informal sector** refers to poor individuals who operate businesses that are very small in scale and are not registered with any national government agency, and to the workers in such enterprises who sell their services in exchange for subsistence level wages or other forms of compensation.

# List of Acronyms

<b>4PH</b>	<i>Pambansang Pabahay Para sa Pilipino</i>
<b>ADB</b>	Asian Development Bank
<b>AFF</b>	Agriculture, Forestry, and Fishing
<b>AFW</b>	A Future That Works
<b>AI</b>	Artificial Intelligence
<b>ALMP</b>	Active labor market program
<b>AMCen</b>	Advanced Manufacturing Center
<b>AMDev</b>	Advanced Manufacturing Workforce Development Alliance
<b>AN2040</b>	<i>AmBisyon Natin 2040</i>
<b>ASEAN</b>	Association of Southeast Asian Nations
<b>ASPBI</b>	Annual Survey of Philippine Business and Industry
<b>B2G</b>	Business to Government
<b>BEDP</b>	Basic Education Development Plan
<b>BIR</b>	Bureau of Internal Revenue
<b>BOI</b>	Board of Investments
<b>CBMS</b>	Community-Based Monitoring System
<b>CHED</b>	Commission on Higher Education
<b>CREATE MORE</b>	Corporate Recovery and Tax Incentives for Enterprises to Maximize Opportunities for Reinvigorating the Economy
<b>CSC</b>	Civil Service Commission
<b>CSI</b>	Current Status Index
<b>CTEC</b>	Community Training and Employment Coordinators
<b>DENR</b>	Department of Environment and Natural Resources
<b>DEPDev</b>	Department of Economy, Planning, and Development
<b>DepEd</b>	Department of Education
<b>DILG</b>	Department of the Interior and Local Government
<b>DOE</b>	Department of Energy
<b>DOLE</b>	Department of Labor and Employment
<b>DOST</b>	Department of Science and Technology
<b>DTI</b>	Department of Trade and Industry
<b>DMW</b>	Department of Migrant Workers
<b>EBET</b>	Enterprise-Based Education and Training
<b>ECCD</b>	Early Childhood Care and Development
<b>EDCOM II</b>	Second Congressional Commission on Education
<b>EDR</b>	Enhanced Deductions Regime
<b>EODB</b>	Ease of doing business
<b>ESG</b>	Environmental, Social, and Governance
<b>EV</b>	Electric vehicle
<b>FTA</b>	Free trade agreement

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<b>FWA</b>	Flexible working arrangement
<b>FY</b>	Fiscal year
<b>GDP</b>	Gross Domestic Product
<b>GIP</b>	Government Internship Program
<b>GSIS</b>	Government Service Insurance System
<b>GVA</b>	Gross Value Added
<b>HEI</b>	Higher Education Institution
<b>HMO</b>	Health maintenance organization
<b>HR</b>	Human resources
<b>HRH</b>	Human Resources for Health
<b>HRMP</b>	Human Resources Master Plan
<b>ICT</b>	Information and communications technology
<b>ILO</b>	International Labour Organization
<b>ILS</b>	Institute for Labor Studies
<b>IP</b>	Intellectual property
<b>IPR</b>	Intellectual property rights
<b>IRA</b>	Internal revenue allotment
<b>ISCO</b>	International Standard Classification of Occupations
<b>ISW</b>	Informal Sector Workers
<b>IT-BPM</b>	Information Technology-Business Processing Management
<b>JLMF</b>	Jobs and Labor Market Forecast
<b>JPO</b>	Job Placement Office
<b>LFPR</b>	Labor Force Participation Rate
<b>LFS</b>	Labor Force Survey
<b>LGU</b>	Local Government Unit
<b>LLCS</b>	Labor Laws Compliance System
<b>LMI</b>	Labor market information
<b>LMIS</b>	Labor Market Information System
<b>MBN</b>	Minimum Basic Needs
<b>MSE</b>	Micro and small enterprises
<b>MSME</b>	Micro, small, and medium enterprises
<b>NC</b>	National Certificate
<b>NCR</b>	National Capital Region
<b>NGA</b>	National Government Agency
<b>NIASD</b>	National Innovation Agenda and Strategy Document
<b>NSRP</b>	National Skills Registry Program
<b>NTESDP</b>	National Technical Education and Skills Development Plan
<b>NWPC</b>	National Wages and Productivity Commission
<b>O*NET</b>	Occupational Information Network
<b>OF</b>	Overseas Filipino
<b>OFW</b>	Overseas Filipino Workers

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<b>PBEd</b>	Philippine Business for Education
<b>PDP</b>	Philippine Development Plan
<b>PDR</b>	Philippine Development Report
<b>PEIS</b>	Public Employment Information System
<b>PESO</b>	Public Employment Service Office
<b>PhilGUARANTEE</b>	Philippine Guarantee Corporation
<b>PIDS</b>	Philippine Institute for Development Studies
<b>PIP</b>	Public Investment Program
<b>PISA</b>	Programme for International Student Assessment
<b>PLEP</b>	Philippine Labor and Employment Plan
<b>PPP</b>	Public-Private Partnerships
<b>PQF</b>	Philippine Qualifications Framework
<b>PQF-NCC</b>	PQF-National Coordinating Council
<b>PRC</b>	Professional Regulation Commission
<b>PSA</b>	Philippine Statistics Authority
<b>PSIC</b>	Philippine Standard Industrial Classification
<b>PSOC</b>	Philippine Standard Occupation Classification
<b>PWD</b>	Persons with disabilities
<b>QS</b>	Qualification Standards
<b>R&amp;D</b>	Research and development
<b>RBE</b>	Registered business enterprises
<b>RE</b>	Renewable energy
<b>RTWPB</b>	Regional Tripartite Wages and Productivity Board
<b>SDG</b>	Sustainable Development Goals
<b>SGLG</b>	Seal of Good Local Governance
<b>SHS</b>	Senior high school
<b>SIPP</b>	Strategic Investment Priority Plan
<b>SNA</b>	Skills needs anticipation
<b>SPES</b>	Special Program for Employment of Students
<b>SSS</b>	Social Security System
<b>STI</b>	Science, Technology, and Innovation
<b>TESDA</b>	Technical Education and Skills Development Authority
<b>TPB</b>	Trabaho Para sa Bayan
<b>TVET</b>	Technical and Vocational Education and Training
<b>TVL</b>	Technical-Vocational-Livelihood
<b>ULF</b>	Unilab Foundation
<b>USAID</b>	United States Agency for International Development
<b>USD</b>	United States Dollar
<b>WB</b>	World Bank
<b>WEF</b>	World Economic Forum
<b>YOY</b>	Year-on-Year







## Trabaho Para Sa Bayan Plan 2025-2034

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