New college grads ‘mismatched’ to their jobs

ABOUT 3 IN 10 graduates of higher education institutions (HEIs) in the country feel they end up mismatched to the jobs they find after university.

This was based on the Philippine Graduate Tracer Survey (GTS) jointly conducted by state think tank Philippine Institute or Development Studies (PIDS) and the Commission on Higher Education (CHED) that looked into the college learning experience, as well as the experiences of graduates after college graduation.

The GTS, which surveyed 11,547 graduates of public and private colleges and universities in the country from academic year 2009 to 2011, aims to find out the impact of college education and training on employment outcomes to further improve the Philippine higher education system.

In her presentation at a PIDS public seminar, Melba Tutor, PIDS consultant and one of the authors of the study, pointed out that many graduates feel they were lacking the important skills required to perform their jobs better—communication, critical thinking, and problem-solving skills.
In fact, 1 in every 4 graduates thinks that the outdated skills he or she learned in college is keeping him or her from getting a good job, she noted.

Even for graduates of courses requiring a Professional Regulation Commission (PRC) license, only half of them are in jobs that match their degree.

This was observed in graduates of nursing and elementary education courses where only 52.8 percent and 62.8 percent, respectively, are in jobs that match their degrees.

A separate PIDS study also identified the field of data science and analytics (DSA) where mismatch rates are high. This is despite the country’s rising demand for DSA professionals.

PIDS consultants Brenda Quismorio, Maria Antonette Pasquin, and Claire Tayco blamed this on the existing school-industry gap, or the mismatch between the skills that the industry demands and the skills that HEIs supply.

Outdated curricula blamed

Quismorio, Pasquin, and Tayco revealed that this school-industry gap can be attributed to the “country’s outdated higher education curriculum, weakness in STEM education, insufficient collaboration between the academe and the industry, inadequate instructional facilities, and poor teaching quality”.

STEM stands for science and technology, engineering, and mathematics.

As such, HEIs face difficulties in equipping their graduates with all the needed DSA competencies, with 21st century skills as the most difficult skills to teach students.

The 2016 Glossary of Education Forum defines 21st century skills as a broad set of 16 knowledge, skills, habits, and character traits, otherwise known as soft skills.

These skills exhibit cross-cutting skills essential for analytics at all levels, including, but not limited to, decisionmaking, planning and organizing, ethical mindset, problem-solving skills, entrepreneurship, and professional networking.

The varying DSA competency standards between the academe and the industry further intensify the school-industry gap.

For instance, existing DSA programs only equip their graduates with basic competencies set by the Commission on Higher Education (CHED). Employers, however, expect a higher level of DSA competency and proficiency to fill in DSA job roles.

This further leads to job mismatch, as companies often end up hiring wrong candidates based on incorrect expectations.

Nonetheless, the GTS noted that the new graduates’ labor force participation rate (LFPR) remains high, with almost 9 in 10 graduates in the labor force and about 8 in 10 of them employed.

This was particularly evident in graduates of secondary education and accountancy courses, the survey revealed.
The LFPR of secondary education and accountancy graduates stand at 91.3 percent and 90.9 percent, respectively.

The LFPR is computed as the percentage of the total number of persons in the labor force to the total population 15 years old and over, and employment rates.

**Are students taking the wrong courses?**

The GTS study further revealed that while graduates were highly motivated by future earnings and career advancement in choosing their degree programs, the median wage per day of those surveyed is at only at PHP 460, which is slightly higher for males.

According to Tutor, college graduates are only concentrated in a few courses, and except for nursing and information technology-related courses, these courses are not the high-paying ones.

“More than 70 percent of graduates are concentrated in the top 15 courses. The top three for women are BS Nursing, Bachelor of Elementary Education, and BS in Business Administration; for men, it is BS Nursing, BS in Criminal Justice/Criminology, and BS in Information Technology,” she explained.

The survey further revealed that only 52 percent of graduates are professionals or associate professionals, while some hold elementary occupations as housekeeping staff, manufacturing laborers, and building construction laborers, among others.

In addition, the PIDS researcher also noted that it takes some time for graduates to land their first job.

“For graduates of courses without professional license requirements, the median length of getting a job after graduation is 5 months and 12 months for those who are required to take PRC licenses,” she added.

### Policy recommendations

Addressing job mismatch after college requires the joint efforts of the academe, government, and the industry.

According to Tutor, labor market information must reach students in the earlier stages of secondary education for them to better assess their alternative career paths vis-à-vis their preferences.

In addition, she recommended that college instruction must focus on substantially developing the communication, critical thinking, and problem-solving skills of students to further improve their employability.

“CHED and HEIs should formulate improvements to a student’s college life that will have desirable effects beyond employment,” she argued.

Establishing standards for degree programs that are common among stakeholders will also address the widening school-industry gap.

Citing the issues faced by the country’s DSA field, Quismorio, Pasquin, and Tayco pointed out that DSA readiness will only push forward if there is a common understanding of a DSA-ready workforce.

Higher education institutions are urged to focus on developing students’ soft skills, such as communication, critical thinking, and problem-solving skills, to improve their employability.
“A framework that can facilitate a common understanding among various stakeholders can help in aligning the demand and supply of DSA workforce in the country,” they said.

As such, they urged both HEIs and the industry to utilize the Professional Maturity Model devised by the Analytics Association of the Philippines (AAP).

The AAP model may serve as a basis for the industry in hiring DSA talents, as well as a guide for the HEIs in developing DSA-ready graduates.

The study further endorses stronger government-industry-academe linkages to expand the existing market for DSA workforce in the country.

Labor market information must reach students while they are still in school to improve their future employability, study says.

Poor still out of school despite Free Tuition law

ENROLLMENT OF THE poor in public higher education institutions (HEIs) remains low despite the implementation of the free tuition law.

This was revealed in a study by state think tank Philippine Institute for Development Studies (PIDS) evaluating Republic Act (RA) 10931, also known as the Universal Access to Quality Tertiary Education Act.

“Only 3 percent of the total enrollment in public HEIs come from the bottom income quintile,” said Aniceto Orbeta, PIDS senior research fellow and coauthor of the study, at a recent public seminar.

This share has barely changed with the poor comprising only 11 percent in 2011 and only slightly increasing to 17 percent in 2017.

The enrollment data are significantly lower in private institutions with only 5 percent of the poor enrolled in 2017.

Meanwhile, the richest quintile comprised 15 percent of the total enrollment in public
HEIs and nearly half (41%) of the total enrollment in private HEIs in 2017.

RA 10931 gives Filipino students access to college education by providing free tuition, miscellaneous fees, and other subsidies, such as allowances for books, transportation, board and lodging, and disability-related expenses, among others.

Specifically, it has four equally important programs—free higher education (FHE) in state universities and colleges (SUCs) and local universities and colleges recognized by the Commission on Higher Education (CHED), free technical-vocational education and training (TVET) in public and public institutions registered with the Technical Education and Skills Development Authority (TESDA), tertiary education subsidy (TES) or grants-in-aid for poor students in public and private institutions, and the student loan program (SLP) for tertiary students.

Despite the law, the PIDS study noted that there was only a meager change in the socioeconomic profile of student enrollment in HEIs, especially in the poorest quintile.

According to the study, the program implementers—CHED and the Unified Student Financial Assistance System for Tertiary Education (UniFAST)—failed to come up with clear and timely guidelines, which affected service delivery and utilization.

For instance, detailed guidelines for the TES component were released past the deadline for first semester enrollment in most HEIs.

Under the TES component, priority beneficiaries are students who belong to households included in the Listahanan or are considered to be among the poor in society. As such, students who could potentially benefit from the program have missed the opportunity.

“Students from lower income classes may be at a disadvantage, since they need to pass competitive examinations to benefit from the tuition subsidy in public HEIs,” Orbeta furthered.

Likewise, due to different interpretations of the guidelines, various issues arise, including problems in reimbursement of miscellaneous fees.

In fact, “some schools had to engage with talks with the UNiFAST to request for the reimbursement of some of the fees that were not included in the law nor in the implementing rules and regulations,” Orbeta emphasized.

Sudden changes in the documentary requirements also resulted in delayed processing of reimbursements and payments.

Moreover, there is a lingering question on the “government’s capacity to ensure that the public HEIs conform with CHED’s standards, especially with the expected influx of students to these institutions”, he said.

Orbeta, however, explained that these issues and challenges are part of the program’s early years.

Many still trust that the overall objective of the law, which is to provide greater access to quality tertiary education, is achievable.

He further said that these objectives are highly “dependent on important factors, such as budget, targeting, and support provided to the program”.

As much as PHP 16 billion was allotted for the implementation of the Free Higher Education component of the program for academic year 2018–2019.

The study also noted that available slots under the TES component are dependent on the budget and not on the actual demand for it.

Budget is a critical input in achieving the law’s intended outcomes, particularly to operationalize its four components. “A good balance allotted for each component is important,” said Orbeta.

To increase the chances of low-income household students of getting into college or finishing high school at the very least, the authors of the study highlighted the need to “improve and invest in public basic education”.

The government can likewise consider “amending the law to exclude those who are economically qualified to pay for their tuition and fees,” Orbeta concluded.
Some students lack basic SHS competency

A CONSULTANT OF state think tank Philippine Institute for Development Studies (PIDS) reveals that there are senior high school (SHS) students, especially in public schools, who lack the required basic competency needed for the SHS program.

Karen Brillantes shared this during the Public Seminar on Reforms in the Philippine Education Sector held at PIDS recently.

“Many of the teachers who responded to our study shared they have students who still lack the literacy and numeracy skills and English competencies required for SHS,” Brillantes explained.

Teachers primarily lamented that there are students who cannot even correctly construct basic sentences in English, making some subjects, particularly Practical Research, difficult for the latter.

“How do you make the students write a research paper if they do not even have the basics?” she asked.

The PIDS researcher revealed the students, particularly non-Academic track students, often end up submitting projects for mere compliance only, preventing them from maximizing the learning they should have been getting from SHS education.

Another problem she raised was regarding the design and content of the current SHS curricula, which some teachers described as “too ambitious” and primarily designed for advanced learners in the urban setting, such as science high schools in Metro Manila. This leads to another layer of problems, such as the difficulty in contextualizing activities further worsened by lack of resources.

For instance, while SHS curricula have computer literacy subjects, not all junior high schools have computers, which makes it difficult for students coming from these schools to adjust to the SHS level of discussion.

SHS teachers also face difficulties in delivering the curricula due to insufficient guidelines, inadequate materials, and preparation.

In fact, some SHS students are now decrying the “too much” reporting, which made them feel they teach each other more than their teachers do.

Sports, arts programs need attention, too

Brillantes saw that students under the Arts and Sports tracks face different challenges as they need to balance academic subjects and sports or arts classes.

“On top of their regular academic programs, the athletes, for instance, still need to join different activities, such as sports competitions, to expose them to opportunities outside SHS,” she added.

Unfortunately, students who chose the Sports and Arts tracks have already developed sentiments that their teachers and other students look down on them.

“They feel that people think they are not smart enough because they are in the Sports or Arts track,” the PIDS researcher revealed.
There are not enough institutions that offer the Sports and Arts tracks, according to Philippine Institute for Development Studies (PIDS) Consultant Karen Brillantes during the Public Seminar on Reforms in the Philippine Education Sector held at PIDS recently.

She said here is where the role of the Department of Education (DepEd) should come in.

“DepEd should help them understand why there has to be different SHS tracks, as it is currently unclear to both the students and the teachers, leading to bias against those pursuing Sports and Arts tracks,” she added.

To date, Sports and Arts tracks are the least offered tracks under the SHS program of DepEd.

Brillantes revealed that at least 98 percent of SHS institutions, including public and private high schools, as well as state universities and colleges, do not offer these tracks.

In real numbers, this figure translates to no less than 10,883 out of the total 11,087 SHS institutions that fail to offer either Sports or Arts track.

In terms of region, CALABARZON has the largest number of SHS institutions not offering the said tracks, followed by Central Luzon and Central Visayas regions.

CALABARZON covers the provinces of Cavite, Laguna, Batangas, Rizal, and Quezon.

The situation of these tracks is in direct contrast to the number of schools offering other tracks, such as the academic track, which is being offered by 85 percent of SHS institutions.

Meanwhile, 62 percent of SHS institutions offer the technical-vocational livelihood tracks.

“Many students fail to enter the strands they like simply because of the unavailability of tracks at provincial and regional levels,” Brillantes claimed.

In real numbers, this figure translates to no less than 10,883 out of the total 11,087 SHS institutions that fail to offer either Sports or Arts track.

Apparenty, “the choice should be aligned with the interest of the student given that the SHS program was supposed to put a premium on the student’s choice,” she added.

‘Mere birthing pains’

The problem faced by the SHS program, however, goes beyond the lack of preparedness on the part of the students.

At the time of the interviews, Brillantes revealed that there are still inadequacies in program inputs, such as human and learning resources, school buildings, facilities, tools, and equipment.

“DepEd’s human resources, especially teachers, have been its biggest asset in the implementation of SHS, hence they should be better equipped and supported in delivering the curriculum,” she said.

Brillantes also called for improved coordination between DepEd and other agencies, such as the Commission on Higher Education and the Technical Education and Skills Development Authority, to iron out policies related to SHS and to address stakeholders’ confusion with these policies.

The PIDS researcher, however, asserted these challenges are “mere birthing pains,” which, she said, are usual in the implementation of new nationwide public programs.

“Certainly, the SHS program is facing many challenges, which hopefully are mostly mere birthing pains that can be addressed as soon as implementation procedures continue to stabilize and take root,” she concluded. RGV
Filipinos tap social networks when moving for jobs

Many Filipinos tap social networks when they migrate for employment reasons, according to a study released by state think tank Philippine Institute for Development Studies (PIDS).

In her paper titled “Migrant Networks in the Context of Temporary Labor Migration”, PIDS Research Fellow Aubrey Tabuga said that social networks boost migration probability among Filipino workers because of the financial resources they provide.

Tabuga further noted that being closely connected to current and former migrants has greater advantages.

“The mechanism by which closer migrant relations enhance migration likelihood is through their provision of not only financial resources but also migration-related information and job referrals,” Tabuga said.

“People need accessible monetary and informational resources, not to mention trustworthy and customized information,” she added.

The author noted that it is from their immediate migrant networks that individuals gather employment prospects and social support.

These networks, according to the author, often include the family members of a potential migrant, as well as friends and former migrants whom he or she trusts.

“The significance of very close blood relations suggests that migration is a costly endeavor and people often rely on their networks that have greater altruistic motives to provide support for the migration decision,” Tabuga explained.

Insights from pioneer migrants

The author pointed out that individuals who have a link with former migrants within their social networks are more likely to pursue migration particularly from one country to another.

“We found some empirical evidence that strength of ties matters as shown by the significance of very close ties with pioneer and other more recent migrants,” Tabuga said.

Close ties between recent migrants and pioneer migrants is also a manifestation...
of the intergenerational tendency of international migration.

According to the PIDS researcher, the earlier a household participates in international migration, the greater the possibility that the following generations will partake in similar activities.

"Migration is perpetuated by households with migration norm as their past migration engagement is significantly correlated with their current migration behavior", she further explained.

Likewise, the author also noted that households that have been exposed to migration earlier may have accumulated some expertise, say, in dealing with recruiters and other aspects of the migration process.

**Filipino migration culture**

In a separate paper on Filipino migration culture, Tabuga revealed that the individuals' social networks affect not only their decision but also their intention to migrate.

The majority of study participants, composed of 300 households from Camachile, a rural fishing village in Orion, Bataan, who were planning to migrate at the time admitted that their ultimate migration intention was to improve their families' living conditions.

"Many [of the respondents] mentioned that they were aware of the high earnings that migrants obtained from overseas work and they understand that labor migration can be lucrative", the author said.

"Of the 248 prospective migrants who responded to the survey question, 32 percent perceived that working abroad has improved people’s living conditions", she added.

Camachile has the highest migration incidence among the villages in Orion, based on the municipality’s community-based monitoring system. Among the collected information from the respondents are their migration behavior, history, intentions, social networks, and socioeconomic profile.

**Lifetime migrants**

Putting social network above one’s financial readiness may be evident in many ‘lifetime migrants’ in the country.

Lifetime migrants refer to individuals who are currently residing in a place different from the usual residence of their mother at the time of their birth, according to the Philippine Statistics Authority (PSA).

"The change in residence most commonly involved movement from one region to another, followed by movement from one city or municipality to another within the same province," the agency said.

According to the 2018 National Migration Survey (NMS), Metro Manila and CALABARZON (Cavite, Laguna, Batangas, Rizal, and Quezon) are the most preferred destinations for lifetime migrants. About 13 percent of 100.9 million Filipinos have been migrating internally in the past five years, PSA added.

**Taking overseas roles from home**

On the other hand, about 2.3 million overseas Filipino workers (OFWs) worked abroad from April to September 2018—with remittances estimated at PHP 236 billion, based on the 2018 NMS survey released by the PSA in early 2020.

The survey further revealed that remittances from OFWs have been supporting about 12 percent of Filipino households.

The PSA, however, said that internal remittances are "just as significant as international remittances".

Higher pay is a primary reason behind Filipino workers’ desire to look for jobs outside the country.

But while international migration requires the strategic preparation of workers, many of them would rather heed personal recommendations from family members, distant relatives, or acquaintances who are connected with individuals or companies that have the power to employ.

In some cases, such networks become an important aspect of lowering the costs of migration and even affect the locational choice of workers.

Despite the availability of assistance from the Philippine government and legitimate recruitment agencies, in the eyes of many Filipino workers, establishing social networks is the key to finding jobs in places far from home. EGR
JPEPA effect on PH exports, limited—PIDS study

THE JAPAN-PHILIPPINES Economic Partnership Agreement (JPEPA) had limited effects to the Philippine export sector.

This is according to a study authored by Francis Quimba and Mark Anthony Barral, senior research fellow and supervising research specialist, respectively, at state think tank Philippine Institute for Development Studies (PIDS).

In their study titled, “JPEPA, a decade after: Evaluating the effects in Philippine exports using the Synthetic Control Method”, the authors revealed that JPEPA had varying effects on local export industries.

Considered one of the “new age” foreign trade agreements, JPEPA enabled trade agreements that facilitated free transborder flow of goods and services between Japan and the Philippines while addressing the pressures of regionalism, globalization, and technological progress.

Signed in 2006 and enforced in 2008, the bilateral agreement also ensured fair competition and improved business environment for exporting micro, small, and medium enterprises (MSMEs) in Japan and the Philippines.

The JPEPA effect

Using the Synthetic Control Method estimation, Quimba and Barral found that JPEPA did not immediately bring improvements to the country’s agriculture and nonmetal industries.

While annual exports in agriculture grew from about 15 percent, based on 2010–2012 average, to about 18 percent, based on 2016-2018 average, the SCM model, however, revealed that the increase was slower compared to the estimated potential increase in the sector before the agreement was entered into. Annual export growth based on 2006–2008 average was about 33 percent.

Expected benefits were also delayed for nonmetal products which experienced a 107-percent annual growth (based on 2006–2008 average) prior to the agreement but declined to a staggering 0.35 percent (based on 2010–2012 average) after the agreement took effect.

“The machinery and mechanical appliances also seem to have not benefited from JPEPA as shown by counterfactual exports consistently being higher than actual exports to Japan,” the authors added.

Positive outcomes, on the other hand, were observed in export industries related to food manufacturing and those exporting minerals, chemicals, wood, leather, and metal products.

From about 2 percent in 2006–2008, on average, annual export growth for vehicles increased to an average of 40.43 percent in 2010 to 2012.

“Vehicles sector had the largest leap from being the 10th export (based on 2006–2008 average) to becoming the 4th export (based 2016–2018 average) sector. This was followed by plastic and rubber, which jumped from 12th to the 7th place,” the study further noted.
Nevertheless, the positive growth in some sectors is not entirely due to the strengthened trading partnership between Japan and the Philippines through JPEPA.

The PIDS researchers also claimed that the area and distance between the two countries were important trade factors in export growth.

This was further verified with Japan’s varying export outcomes with its other bilateral partners.

“For Indonesia, improvements were realized immediately after its agreement with Japan was entered into force. Chile’s and Switzerland’s export, on the other hand, seemed to suffer,” the authors highlighted.

**Ways forward**

While some local exporting industries gained from the expansion of the Philippine market to Japan, others have failed to expand their exports even after trade agreements are put in place.

The authors suggest looking beyond tariff and nontariff barriers to identify the other factors influencing the market access of Philippine exports to Japan.

For instance, the country may work on addressing its domestic issues such as deficient technological know-how, high labor and power costs, lack of credit facilities, and insufficient infrastructure, to expand access to the Japanese market.

The country also needs to reduce the impact of distance by improving its logistics and reducing the cost of doing business.

“To reduce the cost of doing business for the MSME sector, the business permit and licensing procedures can be streamlined further,” the authors added.

Emphasizing the potential of the country’s manufactured goods to enter the Japanese market through JPEPA, the authors also recommend providing further support to these key sectors. JJOA

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**Diversification of products key to improving PH export basket**

The country’s export basket may potentially evolve despite barely improving from 1995 to 2014, a study published by state think tank Philippine Institute for Development Studies (PIDS) showed.

In a public seminar organized by PIDS, Connie Bayudan-Dacuycuy, senior research fellow at PIDS and coauthor of the study, emphasized that in order to improve its export basket, the Philippines must undergo structural transformation or the transition from agricultural to industrial, and eventually, to the services sector—a process that richer and developed countries went through.

“The problem with the Philippine case is that we seem to have skipped a step. We moved from agriculture to services without even industrializing,” Bayudan-Dacuycuy pointed out, emphasizing that the industry sector is where learning and innovation of products take place.

She also noted that the agriculture sector’s employment share is still high at 26 percent in 2016. However, its contribution to the country’s gross domestic product is declining, saying “there is an issue of productivity” in the sector.
‘Barely improved’

The study found that from 1995 to 2014, the average sophistication of the country’s export basket barely improved.

For instance, from 2005 to 2014, a large portion of its export portfolio belonged to the same product—integrated circuits—whose sophistication content “is very low compared to the average in the world market”, Bayudan-Dacuycuy said.

Results of the study also showed that developing countries like the Philippines “need to undertake significant transformation in their production structure” as there are only “few sophisticated products that these economies can potentially diversify into”.

Among the Southeast Asian countries, the Philippines’ overall export basket has a sophistication level similar to Indonesia and Viet Nam—lower than its neighbors like Thailand, Singapore, and Malaysia.

In 2014, relatively sophisticated products such as static converters, semiconductor devices, telegraph equipment, electric capacitors, and ferry boats were included in the export portfolio but they accounted only for a small portion of the country’s total export. Some of these, according to the study, “have forward linkages to goods with higher sophistication content”.

In terms of market, the country’s top destinations for its export products including agricultural products, are mostly Asian countries, with China and Japan as its biggest markets.

Diversify, industrialize

To improve the sophistication level of the country’s exports, the study emphasized the importance of diversifying its products.

Using product space, Bayudan-Dacuycuy and coauthor Ramonette Serafica, another PIDS senior research fellow, identified potential commodities that the country can produce to improve the sophistication of its export basket.

Product space shows a visual representation of how close goods are to each other to identify which goods have the same production requisites, hence, less costly to produce and will make diversifying into other products easier.

Through this, the authors have come up with short-run diversification strategies, which identified products that can be produced with little adjustments in the production structures.

These are mostly manufactured goods that are already close to the country’s 2014 export basket, but have higher sophistication levels, such as circuits, equipment/devices/parts of electrical nature, parts/accessories of electronics, counters and speed measuring equipment, minerals, and products related to plastics and textiles, among others.

In terms of agricultural products, only coconut/copra oil-cake made it in the list of products for short-run diversification.

Meanwhile, the authors said “the agriculture sector need not be left behind,” as it can also move to agroprocessing and producing goods with higher sophistication content, such as processed meat like swine belly and poultry cuts.

However, they noted that these products “do not lead to the most sophisticated among the agricultural products in the world” such as offal and cheese.

“The idea here is that if we’re able to improve our production structure now, then there is a possibility for new products to come along that can lead us to products with high sophistication content,” Bayudan-Dacuycuy said, stressing that the study does not recommend focusing only on the identified products.

These opportunities, she emphasized, mean having to “lay out well-thought-out policies, plans, or priorities” as “structural transformation does not happen overnight.”

The authors encouraged the government to create an enabling environment by promoting competition, innovation, and research. They also mentioned the need to enhance industrial policies and implement the measures outlined in the Philippine Export Development Plan.

More importantly, they suggested harnessing the potential of the agriculture sector even as productivity issues hound it.

“There is a possibility for us to build on the production structures of cereals, fruit mixtures, glycerol, and oils for us to produce agroprocessed goods,” Bayudan-Dacuycuy said. GBDC
Outdated dev’t plans, common in PH municipalities—study

MUNICIPALITIES ALL OVER the country registered low compliance in updating their development plans and investment programs, a joint study between the Philippine Institute for Development Studies (PIDS) and the Department of the Interior and Local Government (DILG) revealed.

Based on the “Baseline study on policy and governance gaps for the Local Government Support Fund Assistance to Municipalities (LGSF-AM) Program”, majority of the 1,373 municipalities in the country possessed the required local plans, however, these documents were not updated.

Under the Local Government Code (LGC) of 1991, local government units (LGUs) are required to draft and regularly update their respective multiyear development plans and investment programs to ensure the efficient delivery of basic services (e.g., agriculture, health, social welfare, and local infrastructure) to people at the grassroots. These plans include the Comprehensive Land Use Plan (CLUP), Comprehensive Development Plan (CDP), and the Local Development Investment Program (LDIP), among others.

According to the DILG, the CLUP, which aims to rationalize the allocation and proper use of land resources, should be updated every nine years. Similarly, the CDP, a multisectoral development plan that contains the LGU’s vision, sectoral goals, ecological profile, development strategies, and programs, has to be updated after every medium term, i.e., six years. The LDIP, which identifies investment programs, projects, and activities, and is the implementing tool of the CDP, is intended to be reviewed after the third year.

The LDIP also serves as the source of prioritized programs, projects, and activities (PPAs) included in an LGU’s Annual Investment Plan which, in turn, should be implemented in the annual budget.

While majority of the municipalities surveyed by the authors, claimed to have CLUPs (91.3%), CDPs (89.1%), and LDIPs (97.7%), a large number of these plans were outdated. The study found that only about 1 in 20 of these municipal CLUPs was within the correct nine-year coverage while only 4 in 10 of these municipal CDPs were within the required six-year coverage. Finally, only about 3 in 10 of these municipal LDIPs had the correct three-year coverage.

In terms of identifying PPAs in the LDIP, only half of municipalities claim to “always” prepare project briefs and about 70 percent use non-DILG recommended prioritization methods.

Meanwhile, the Commission on Audit (COA) also reported poor planning as one of the reasons behind the insufficient expenditures in LGUs based on its 2017 Annual Financial Report for Local Governments.

In a related PIDS study titled, “Assessment of the Philippine Local Government Planning and Budgeting Framework”, the authors also identified the National Economic and Development Authority (NEDA) and the Department of Budget and Management (DBM) as agencies with direct oversight over provincial government planning and budgeting, aside from the DILG.
For its part, NEDA, through its Regional Development Council (RDC), ensures that provincial plans are integrated at the regional level. Meanwhile, DBM regional offices are mandated to review the proposed budgets of provinces, highly urbanized cities, and independent component cities within its jurisdiction and within the Metro Manila area.

Both agencies, however, cannot monitor if plans and budgets at the city and municipal level are in line with the provincial oversight functions as these are the roles of the DILG, the authors pointed out.

**Recommendations**

To address these setbacks, the studies urged the DILG to revisit and recalibrate its guidelines to help improve the planning and budgeting process of LGUs.

According to the authors, LGUs must strictly comply with its LGC-mandated function of drafting and regularly updating multisectoral development plans and land use plans.

Currently prescribed tools and methods must also be reviewed to ensure efficient and improved local development planning.

As such, LGUs are also urged to strengthen the capacity development programs of municipalities and improve their instruments for monitoring and evaluating projects.

The assessment study also emphasized the importance of aligning local with national plans. Particularly, it recommended the DILG to strengthen its supervisory function, especially in ensuring that municipal and city development plans and investment programs are incorporated at the provincial level.

Further, it stressed the importance of improving asset management of municipalities, and therefore all LGUs, in all stages—from creation, documentation, and maintenance of real property assets to possible generation of alternative income from these assets—to improve financial capacities and fiscal stability of LGUs.

The PIDS study team was composed of PIDS Research Fellow Charlotte Justine D. Sicat, PIDS former Senior Research Specialist Maria Alma Mariano, PIDS former Supervising Research Specialist Catharine Adaro, and PIDS Research Analysts Angel Faye Castillo and Ricxie Maddawin. RTT

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**PIDS book spotlights gender as PH ranking dims**

STATE THINK TANK Philippine Institute for Development Studies (PIDS) has published a book analyzing gender issues in the Philippines amid the country’s recent drop in global rankings for gender equality.

The PIDS book, *Outside looking in: Gendered perspectives in work and education*, covers studies done by PIDS researchers headed by Dr. Connie Bayudan-Dacuyuy, PIDS senior research fellow and the Institute’s gender and development (GAD) focal person.

It was officially launched on March 9 in line with the country’s celebration of the International Women’s Day and National Women’s Month this year.
The book zeroes in on two major topics, namely, work and education.

In terms of education, Bayudan-Dacuycuy revealed that girls are better educated than boys.

“It is actually boys who have problems when it comes to education. They experience higher dropout rates, lower enrolment rates, and lower test scores,” she said as she spearheaded the launch of PIDS’ first book on GAD.

Sadly, this performance does not translate to labor force participation.

“One of the challenges faced by today’s women is their low labor participation rate, which has seen a meager 3-percent increase since 1990,” the PIDS researcher said.

Apparently, women continue to face work-life tensions generated by their productive and reproductive roles.

“This has substantial implication because women constitute 50 percent of the country’s population, which means the country is missing out on the skills, knowledge, and expertise that women can offer,” she added.

Bayudan-Dacuycuy explained that while women’s contribution does not have to be in market work, the country needs to recognize the value of empowering women through economic independence.

In the agriculture sector alone, “women are confronted by pay gap, such that they suffer from pay differential even for exactly the same activity that does not require physical strength,” she explained.

For Albay Representative Joey Salceda, this problem can be addressed by compensating women for their housework.

Salceda, during his keynote speech, said that one cannot separate the problem of education from the weak financial footing of their mothers.

“During the critical period of mental and physical growth in children, they are already deprived of proper nutrition because women are poor and cannot work,” he explained.

As such, “if you want to solve nonreaders, we have to help the housewives,” he added.

He explained that the assistance generated by families from the Pantawid Pamilyang Pilipino Program is already “too late”, such that “when children reach the school, they are already stunted”.

Early last year, Salceda authored House Bill 8875, or the Housewives Compensation Act, which aims to “make payment for housework and give [women] wages for the work they continue to bear out at home”.

The proposal stresses the need to recognize the job of women “as a valuable economic activity”, highlighting the worth of housework in nation building.

“We have to recognize the relevance of gender equality in advancing inclusive growth in the Philippines,” Salceda emphasized.

PH slips in global rankings

The release of the book came amid the recent decline of the Philippines in the latest Global Gender Gap Report, falling out of the top 10 most gender-equal countries.

Still, the country, now at 16th place, has remained the most gender-equal country in Asia, according to the World Economic Forum (WEF).

WEF ranked the countries based on four categories: economic participation and opportunity, educational attainment, health and survival, and political empowerment.

Among the four, the Philippines suffered the most in political empowerment, dropping to 29th from 13th in 2018.

WEF attributed this decline to lower female representation in the Cabinet under the current administration, dropping from 25 percent in 2017 to 10 percent in 2019.

The book features various PIDS studies covering the apparent lag in the education of boys, the gender differences in educational mobility, the important roles of housework in the economy, the effects of nonmarket work, such as housework on labor market participation, and the gender pay gap in agriculture. RGV
THE PHILIPPINE INSTITUTE for Development Studies (PIDS) will soon have its own building in Quezon City.

PIDS President Celia Reyes led the groundbreaking ceremony on January 27 at Commonwealth Avenue in University of the Philippines (UP) Diliman to officially start the construction of the PIDS building this year.

The construction of the PIDS’ new office “is the realization of a long-time dream of the agency and its staff” and “is envisaged to help strengthen the Institute’s stature as a premier think tank of the Philippine government”.

According to Reyes, the new building will provide a more dignified workplace for everyone, which will encourage greater productivity, efficiency, and innovation in policy research.

“Having an ample space for work and interaction will promote the well-being of the staff and will foster a collegial relationship. It will help the Institute provide a cordial reception to its stakeholders as its way of upholding the highest level of professionalism and commitment to public service,” she said.

The building is part of a memorandum of understanding between PIDS and UP signed in July 2019. The land, owned by UP, is leased to PIDS for a period of 25 years, subject to renewal. Funds for the lease and construction will be sourced from the General Appropriations Act.

The seven-storey building has a total land area of 3,000 square meters. It will house the Institute’s research personnel and support departments, and various amenities such as meetings rooms, conference hall, library, and wellness room, among others. It will feature an eco-friendly modern design.

Based on the projection of the Department of Public Works and Highways, the PIDS building will be completed within a period of two years.

For 38 years, the PIDS, established in 1977, held office at the NEDA sa Makati Building before transferring to its current location at Eton Centris in Quezon City in 2015. RTT
How is the country faring in SDG achievement?

GOAL 8: Decent Work and Economic Growth

GOAL 8 of the United Nations (UN) Sustainable Development Goals (SDGs) aims to “promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all”. UN member-states, including the Philippines, committed to conduct regular and inclusive reviews of their progress at the national and subnational levels. This infographic aims to shed light on the progress the country is making to achieve Goal 8 by showing data on some indicators. It also outlines the challenges and constraints it is facing and provides some recommendations.

Sustain per capita economic growth in accordance with national circumstances and, in particular, at least 7 percent gross domestic product (GDP) growth per annum in the least developed countries

From 2012 to 2018, the Philippines has posted annual growth of above 6 percent.

The services sector had the greatest contribution to this growth.

48.3% contribution to GDP in 2018
6.8% growth rate in 2018

The industry sector had been posting the highest growth rates since 2016.

8.1% 2016
7.1% 2017
6.7% 2018

Meanwhile, growth of the agriculture sector continues to slow down.

4.0% growth rate in 2017
0.9% growth rate in 2018

Achieve higher levels of economic productivity through diversification, technological upgrading, and innovation, including focusing on high-value added and labor-intensive sectors

Labor productivity in the Philippines has been recording positive growth rates since 2010.

In 2018, the average output per worker was at PHP 223,687 (in 2000 prices)

In 2017, industry had the highest productivity in terms of PHP 399,878

Growth is highest in the agriculture sector at 12.1% (from PHP 504,244 in 2016 to PHP 726,283 in 2017)

Labor productivity is measured as output produced per employed person in constant 2000 prices.

TARGET 8.1
SUSTAINABLE ECONOMIC GROWTH

TARGET 8.2
DIVERSIFY, INNOVATE AND UPGRADE FOR ECONOMIC PRODUCTIVITY
By 2030, achieve full and productive employment and decent work for all women and men, including for young people and persons with disabilities, and equal pay for work of equal value.

In 2017, the Philippine labor force* is estimated at 42.8 million.

It is dominated by MALE WORKERS.

<table>
<thead>
<tr>
<th>Sector</th>
<th>Employment</th>
</tr>
</thead>
<tbody>
<tr>
<td>Industry</td>
<td>7.4 million</td>
</tr>
<tr>
<td>Agriculture</td>
<td>10.3 million</td>
</tr>
<tr>
<td>Other</td>
<td>22.7 million</td>
</tr>
</tbody>
</table>

*Labor force refers to people aged 15 years and over who contribute to the production of goods and services in the country and are either employed or unemployed. Those who are not in the labor force are those aged 15 years and over who are neither employed nor unemployed.

In 2017, underemployment rate* was at 16.1%.

The rate was higher for male than for female: 17.8% vs. 13.4%.

The agriculture sector persists in having the largest underemployment rate at 21.3%.

UNEMPLOYMENT

<table>
<thead>
<tr>
<th>Region</th>
<th>Unemployment rate%</th>
</tr>
</thead>
<tbody>
<tr>
<td>ILOCOS REGION</td>
<td>6.8%</td>
</tr>
<tr>
<td>CASAYAN VALLEY</td>
<td>3.0%</td>
</tr>
</tbody>
</table>

*Unemployment rate - proportion of unemployed persons to total labor force. Unemployed consists of persons in the labor force who are reported as (1) without work, (2) currently available for work, and (3) seeking work or not working work because of the belief that no work is available, or remaining results of previous job application, or because of temporary illness or disability, bad weather, or waiting for previous or new work. (PSA)

By 2020, substantially reduce the proportion of youth not in employment, education, or training.

In 2017, young adults aged 15-24% comprise about 28.2% of total working-age population.

18.5% of the labor force.

The proportion of youth who are not in education or employment (NEE) was estimated at 21.7% or 4.3 million.

Youth (15-24% y/o).

NEE rate was higher for female than for males.

28.5% male.

15.2% female.

To ensure access of the youth to education and employment, the Philippines is implementing various legislations and programs.

EDUCATION-RELATED PROGRAMS

- Universal Access to Quality Tertiary Education Act
- Student Financial Assistance Program (SuTAP)
- Expanded Students’ Grant-In-Aid Program for Poverty Alleviation (ESEP–PA)
- Training for Work Scholarship (TWSP)
- Private Education Student Financial Assistance (PESFA)

EMPLOYMENT-RELATED PROGRAMS

- Special Program for the Employment of Students (SPES)
- JobStart Philippines Program
- Government Internship Program (GIP)

This infographic is based on PIDS Discussion Paper Series No. 2019-10 titled, The Philippines’ Voluntary National Review on the Sustainable Development Goals, written by Celia M. Reyes, Jose Ramon G. Albert, Aubrey D. Tabuga, Arkin A. Arboneda, Jana Flor V. Vizmanos, and Carlos C. Cabaero. The first author is president, the second author is senior research fellow, the third author is research fellow, the fourth and fifth authors are research specialists, and the sixth author is research analyst of PIDS.
This study continues previous work on estimating the vulnerability level of households to income poverty using a modified probit model based on income and other poverty correlates data sourced from the Family Income and Expenditure Survey, as well as the country’s official poverty lines. Past model specifications are improved by including data on price and climate shocks to welfare, as well as by generating individual assessments for urban and rural areas before combining the cross-section results, rather than using a common specification nationally as done previously. The vulnerability assessment in this study provides inputs to forward-looking interventions that build the resilience of households for preventing or reducing the likelihood of future poverty. The study emphasizes the importance of using both poverty and vulnerability estimates in programs and identifies differentiated actions for those highly vulnerable and relatively vulnerable to poverty.

**PN 2020-05**

Irrigation Investments: Some Recurrent and Emerging Issues

by Arlene B. Inocencio and Roehlano B. Briones

This Policy Note looks at some recurrent and emerging concerns on how to improve irrigation investments in the country. Among others, it finds that despite the increase in allocation, the National Irrigation Administration (NIA) has hardly met its annual physical targets for new area development. Among the reasons behind this are institutional, physical, and operational constraints faced by NIA. In particular, its targeting system appears to be weak as a result of the decline in human resources and Roehlano B. Briones.

NIA to carefully assess land conversions to redirect investments to areas which are in actual need of irrigation, among others.

**PN 2020-03**

Why and How Should We Value Unpaid Work?

by Connie Bayudan-Dacuyucay

This Policy Note discusses why housework is a social issue and why and how it should be recognized and valued. The study finds that although housework is a choice that is decided within the household, it has important implications on human capital accumulation. Women tend to be more affected by market work interruptions caused by housework than men given their child-bearing and child-nurturing roles. The study recommends the crafting of policies and programs that can achieve the goals of empowering men and women through economic independence and help them perform their productive and reproductive roles. Specifically, it suggests to broaden opportunities for both men and women who opt out of the market work by enhancing work from home opportunities and explore granting of incentives to working couples by making a portion of child care receipts deductible from the couple’s income.

**DP 2020-05**

Assessment of the Performance Challenge Fund and the Seal of Good Local Governance: Perceptions from Municipalities

by Charlotte Justine D. Sicat, Maria Alma P. Mariano, Angel Faye G. Castillo, and Ricxie B. Maddawin

This study uses the results of a nationwide survey of all municipalities in the Philippines, focusing on the perceptions of the core members of the municipal planning team on the usefulness and importance of the Performance Challenge Fund (PCF). Survey showed that majority of the local government respondents appreciated the PCF and recognized its importance. But the evidence also showed that about 20 percent of surveyed municipalities were never eligible to receive the PCF. Most of these municipalities were from the 5th and 6th income class, concentrated in the Bicol, Central and Eastern Visayas regions. In addition, there were some LGUs that were either consistently or not consistent recipients of the PCF. These results must be considered by policymakers especially with the recent passage of the Seal of Good Local Governance Law.

**DP 2020-04**

Fiscal Decentralization and Health Service Delivery: An Assessment

by Janet S. Cuenca

The study proposes an analytical framework that examines the effects of fiscal decentralization on health service delivery using difference-in-differences (DID) method. It draws up the standard measure of the extent/degree of fiscal decentralization affecting the health sector. The findings of the DID analysis suggest that greater health decentralization has negative impact on access to hospital inpatient services and access to sanitation. It contradicts the hypothesis of the study that greater health decentralization will result in better health services. Nevertheless, it is consistent with the narrative in the literature that points out the lower province-level spending on hospitals due to mismatch between the cost of devolved hospitals and the internal revenue allotment, i.e., block grant transferred to the LGUs.
Editor's Notes (continued from page 2)

the lowest in reading and ranked second to the lowest in science and math in the 2018 PISA.

Furthermore, it appears that the Free Tuition law is not delivering its promise of promoting universal access to higher education. Another article in this issue reveals that the poor students in the senior high school (SHS) program comprise only a small percentage of enrollees. This will exacerbate poverty and inequality in the country. If attending higher education is still a problem among the poor, the challenge that confronts others is their inability to enter into the strands that they prefer, particularly the nonacademic tracks.

Dealing with these challenges in our education sector is of utmost importance. Early this week, the country’s socioeconomic planning body warns of a probable economic contraction amid the lockdown. When this pandemic is over, our country needs to gather all its strength to recover from its effects. It will not be easy but with the proper tools and systems in place, anything is possible. In carrying out a recovery strategy and in planning for what may come next, an educated, well-prepared, and future-ready workforce becomes a necessity, more than ever, to enhance the country’s resilience to various risks. This pandemic has revealed the value of having more people skilled in STEM courses to help solve global problems and are capacitated with the so-called 21st century skills, namely, communication, critical thinking, and problem solving. Undoubtedly, these are the skills that we need to thrive in these fragile and complex times.

It has also demonstrated that people should be competent in using information and communications technology (ICT) in their daily lives and particularly in times of crisis—to access basic services, to sustain connectivity, to remain productive through alternative work arrangements (e.g., work from home), and to pursue continuing education through online learning. Certainly, the required physical infrastructure should be present for these to become feasible.

This issue also contains articles on trade which both underscored the improvements vital for the Philippines to expand its global reach. Boosting trade as a recovery measure will be essential to grease the wheels of the economy, recapture the losses incurred during the crisis, and create the much-needed jobs. One of the articles noted the country’s failure to expand the export goods sector and benefit from our trade agreement with Japan. It underscored the need to work on our domestic issues, such as high labor and power costs, poor physical infrastructure, and low research and development capacity, to beef up the export goods sector. Another article called for the diversification of the country’s export basket through the production of more sophisticated goods. Quoting the authors of the study, the article noted that this requires an environment that promotes competition, innovation, and research.

Completing this issue are articles about the launch of the Institute’s first book on gender, the role of social networks in migration, the poor development planning among our cities and municipalities, the groundbreaking of the new office building of PIDS, and an infographic on the results of a PIDS-led assessment of the country’s achievement in meeting Sustainable Development Goal 8 (Decent Work and Economic Growth). SVS