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## Reducing Youth Not in Employment, Education, or Training through JobStart Philippines

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# Reducing Youth Not in Employment, Education, or Training through JobStart Philippines

## Abstract

### Key Points

- One in four young Filipinos are not in employment, education, or training.
- One in two young women with high school education or less are not in employment, education, or training.
- Creating wage jobs for the youth is critical to help reduce poverty and income inequality in the Philippines.
- Active labor market programs encourage employment creation and employability of workers, increase their earning capacity, and enhance integration into the productive workforce.
- In 2011, the Department of Labor and Employment (DOLE) of the Philippines collaborated with the Asian Development Bank (ADB) to design and develop JobStart Philippines, a pilot project assisting at-risk youth to become job-ready.
- JobStart Philippines is an employer-led program and offers at-risk youth life skills training, one-on-one career coaching, and opportunities for technical training and internships with private sector employers.
- Upon successful completion of the pilot, DOLE converted JobStart Philippines into a regular program and Congress enacted the Act to Institutionalize JobStart Philippines Program in 2016, which guarantees program sustainability.

## Keywords

youth, employment, education, training, Philippines

## Comments

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## SOCIAL PROTECTION BRIEF

### Reducing Youth Not in Employment, Education, or Training through JobStart Philippines

#### YOUTH NOT IN EMPLOYMENT, EDUCATION, OR TRAINING IN THE PHILIPPINES

The population of the Philippines is relatively young, with half of the population less than 24 years old.<sup>1</sup> The country's average economic growth since 2010 is 6.2%.<sup>2</sup> Despite its sustained growth, young people struggling to find jobs after they leave school is still a persistent problem in the Philippines. It is not able to absorb all new entrants to the job market or reduce their entry into the informal market. Creating wage jobs for the youth is critical to help reduce poverty and income inequality in the country.

Youth not in employment, education, or training (NEET) and slow school-to-work transition is a challenge in the Philippines and the Southeast Asia and Pacific region. In 2013, one in four young Filipinos (between the ages of 15–24) were NEET. This rate puts the Philippines second only to Indonesia in Southeast Asia.<sup>3</sup>

In 2016, the Philippine Statistics Authority estimated that 43.2 million were in the labor force.<sup>4</sup> Of the roughly 2.4 million unemployed people in 2016, 48.4% percent were in the 15–24 age group, 31.2% were high school graduates, and 21.4% were college graduates.

There are several factors that contribute to the persistence of youth in NEET rates in the Philippines, particularly striking in the Visayas and Mindanao region. These include job–skills mismatch in the labor market, a lack of labor market information available to young people, and insufficient employment services for at-risk youth. Many of these at-risk young people are from low-income households with limited social networks.

<sup>1</sup> Philippine Statistics Authority. 2017. Census of Population and Housing. <https://psa.gov.ph/population-and-housing> (accessed 19 October 2017).

<sup>2</sup> ADB. 2016. *Asian Development Outlook: Asia's Potential Growth*. Manila.

<sup>3</sup> K. Bird. Forthcoming. *Filipino Youth School-to-Work Experience*. Manila: ADB.

<sup>4</sup> Philippine Statistics Authority. The Annual Labor and Employment Statistics Estimates for 2016. <https://psa.gov.ph/content/2016-annual-labor-and-employment-status> (accessed 20 October 2017).

Employment generation is valuable to inclusive economic growth. Young people are more vulnerable to low wages, insecurity, or lack of social protection. An effective transition to the labor market and access to decent employment will allow young people to use their energy and creativity to foster social cohesion and bring their families out of poverty. Investing in the employment of young people in particular helps realize the potential of human capital in terms of wealth and savings, leading to huge economic and also ultimately, social gains.

## JOBSTART PHILIPPINES PROGRAM

In 2011, the Department of Labor and Employment (DOLE) of the Philippines with technical support from the Asian Development Bank (ADB) designed and developed a pilot project assisting at-risk youth to become job-ready.

The pilot project, known as the JobStart Philippines Program (JSP), was funded by a grant through a technical assistance from ADB and the Government of Canada. The JSP seeks to assist at-risk<sup>5</sup> young Filipinos to start their careers, support skills enhancement through formal or technical training to enable them to become more responsive to the demands of the job market, and provide better integration opportunities into productive employment. This program identifies at-risk youth as those who are (i) Filipino citizen; (ii) 18–24 years of age at the time of registration; (iii) at least a high school graduate; (iv) not employed, studying, or undergoing training at the time of registration; and (v) with less than one year, or no work, experience.

JSP was piloted in four local government units (LGUs) in 2014–2015: General Trias City, Cavite; San Fernando City, Pampanga; Quezon City; and Taguig City. The pilot program targeted at least 1,600 youths, of which 56% were to be female high school graduates.<sup>6</sup> Beneficiaries (JobStarters) were offered career guidance and employment coaching. A subset was provided life skills training and eventually matched to available training and internship vacancies with private sector

employers. The pilot achieved 1,471 internships and job placements after training completion, of which 51% were for female youth.

Upon successful completion of the pilot, DOLE converted JSP into the department's flagship program through Department Order No. 148-16 on Implementing Guidelines for JobStart Philippines in May 2016. The Government of the Philippines then institutionalized JSP in June 2016 through the enactment of the Act to Institutionalize JobStart Philippines, which guarantees budgetary funding through the General Appropriations Act<sup>7</sup>. Following this, DOLE established the national JSP unit with a designated staff and 2016 budget of P106 million to implement and ensure sustainability of the program.<sup>8</sup>

The JobStart cycle is conducted twice a year during April–May and October–November starting with 200 to 300 beneficiaries per LGU per year. DOLE's rollout of JSP is to 50 LGUs by 2020, targeting 50,000 out-of-school youths.<sup>10</sup> DOLE has already signed memorandums of understanding with 32 partner LGUs to implement JSP as of December 2017. An additional six LGUs will join the program annually from 2018–2020.

The youth undergo employment assessment, participate in a 10-day Life Skills Training Program custom-made for this youth group, one-on-one career coaching, and eventual matching to available internships or vacancies with employers. The program is a two-track pathway: those ready for a job are referred to employers (wage employment pathway) while the rest go through further career guidance, technical training, and internships with employers (training and internship pathway).

Employers should have a business operating in the Public Employment Services Office (PESO)<sup>10</sup> area and have the capacity to provide internships up to 3 months, paying at least 75% of minimum wage. Participating LGUs and PESOs should have a labor force of at least 100,000 and a high unemployment rate; high density of business establishments; adequate staff, space, and facilities; and local budgetary support for JSP.

<sup>5</sup> This program identifies at-risk youth as those who are (i) Filipino citizen; (ii) 18–24 years of age at the time of registration; (iii) at least a high school graduate; (iv) not employed, studying, or undergoing training at the time of registration; and (v) with less than one year, or no work, experience.

<sup>6</sup> ADB. 2016. *Validation Report: Philippines—Increasing Competitiveness for Inclusive Growth Program (Subprograms 1 and 2)*. Manila.

<sup>7</sup> Government of the Philippines, Department of Labor and Employment. 2017. *Implementing Rules and Regulations of Republic Act 10869*. <https://www.dole.gov.ph/files/DO%20179-17%20Implementing%20Rules%20And%20Regulations%20of%20Republic%20Act%2010869.pdf> (accessed 15 December 2017).

<sup>8</sup> ADB. 2017. *Report and Recommendation of the President to the Board of Directors: Proposed Programmatic Approach and Policy Based Loan for Subprogram 1 Republic of the Philippines on Facilitating Youth School-to-Work Transition Program*. Manila.

<sup>9</sup> ADB. 2015. *Technical Assistance to Republic of the Philippines for Support for the Nationwide Rollout of JobStart Philippines*. Manila.

<sup>10</sup> PESO is a non-fee charging multi-employment service facility established in 1999 under Republic Act No. 8759 to strengthen and expand the existing employment facilitation service machinery of the government, especially at local levels. Government of the Philippines, Department of Labor and Employment, Bureau of Local Employment. About PESO. <http://ble.dole.gov.ph/index.php/porgams-projects/2013-12-16-01-22-48/about-peso>.

## SUPPORTING ACTIVE LABOR MARKET PROGRAMS

Active labor market programs (ALMPs) encourage employment creation and employability of workers, increase their earning capacity, and enhance their reintegration into the productive workforce. JSP is a type of ALMP that provides jobseekers with information through pre-employment training and helps narrow the skills gap through skills development upgrading. It helps vulnerable groups such as at-risk youth find jobs and secure an income by matching supply and demand for labor.

Hiring subsidies or wage supplements act as transfers to employers to cover an individual's nonwage employment cost. This provides incentive for employers to participate in JSP and take on members of a specific target group (e.g., at-risk youth). These subsidies help lower the cost of new workers that might inhibit employment for firms with budget constraints. This reduction in the cost of labor for employers helps increase the demand for labor services.

JSP provides preapproved PESO establishments with capacity development support to implement the program. It is an employer-driven program and only prequalified employers receive the grants. These cover the cost of training, a training stipend for food and transportation, legal clearance fees for job referrals, and administrative cost to manage work experience on youth attendance and performance.

ADB extended a \$300 million loan in May 2017 to support the government in assisting youths to find gainful employment. This policy-based loan is the first phase of the Facilitating Youth School-to-Work Transition Program implemented by DOLE in collaboration with other government agencies and local government units. This will support government efforts to restructure its PESO and strengthen its active labor market programs.

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Based in Manila, ADB is owned by 67 members, including 48 from the region. Its main instruments for helping its developing member countries are policy dialogue, loans, equity investments, guarantees, grants, and technical assistance.

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