

Labour Market Profile 2019



The Philippines

Danish Trade Union
Development Agency,
Analytical Unit



ULANDSSEKRETARIATET – DTDA
DANISH TRADE UNION DEVELOPMENT AGENCY



PREFACE

The Danish Trade Union Development Agency (DTDA) is the international development organization of the Danish trade union movement. It was established in 1987 by the two largest Danish confederations – the Danish Federation of Trade Unions (Danish acronym: LO) and the Danish Confederation of Professionals (Danish acronym: FTF) – that merged to become the Danish Trade Union Confederation (Danish acronym: FH) in January 2019. By the same token, the former name of this organization, known as the LO/FTF Council, was changed to the DTDA.

The outset for the work of the DTDA is the International Labour Organization (ILO) Decent Work Agenda (DWA) with the four Decent Work Pillars: Creating decent jobs, guaranteeing rights at work, extending social protection and promoting social dialogue. The overall development objective of the DTDA's interventions in the South is to eradicate poverty and support the development of just and democratic societies, by furthering the DWA.

The Council works in partnership collaboration with trade union organizations in Africa, Asia, Latin America and the Middle East. The immediate objective of the program collaboration is to assist the partner organizations to become change agents in their own national and/or regional labour market context, capable of achieving tangible improvements in the national DWA conditions.

Support for development of strong, independent and democratic trade union organizations, as well as well-functioning and sustainable labour markets and framework conditions conducive for business and economic development contributes towards the creation of inclusive growth with due respect of human (labour) rights, thus towards the achievement of the United Nation's Sustainable Development Goals (SDGs), notably SDG 8 (Decent work and economic growth).

The Labour Market Profiles (LMP) provide a comprehensive overview of the labour market situation in the individual countries of engagement. The LMPs aim at giving a picture of structures, developments and challenges in the labour markets portrayed. They are divided into ten thematic sections describing trade unions, employers' organizations, tripartite fora and institutions, national labour legislation, violations of trade union rights, wages and working conditions, status of the workforce, education, social protection, and economy.

The LMPs are reporting on several key indicators within the framework of the DWA and the SDG8, and address a number of aspects of labour market development such as the trade union membership evolution, social dialogue and bi-/tri-partite mechanisms, policy development and legal reforms, status vis-à-vis ILO conventions and labour standards, etc.

Main sources of data and information for the LMPs are:

- As part of program implementation and monitoring, national partner organizations provide annual narrative progress reports, including information on labour market developments. Furthermore, specific types of data and information relating to key indicators are collected by use of a unique data-collection tool. This data collection is done and elaborated upon in collaboration between the DTDA Sub-Regional Offices (SRO) and the partner organizations.
- National statistical institutions and international databanks are used as source for collection of general (statistical) data and information. This includes the ILOSTAT and NATLEX, World Bank Open Data, ITUC Survey of violations of Trade Union Rights, the U.S. Department of State as well as other labour related global indexes.
- Academia and media sources (e.g. LabourStart, national news, etc.) are also used in the general research on labour market issues.

Through the compilation of information and data from the different sources, the Danish Trade Union Development Agency aims at providing easy access to core labour market data from a wide range of national and international sources as well as adding relevant data and information obtained from partner organisations and from staff and Sub-Regional Offices in the countries/regions mentioned.

Labour Market Profiles for more than 30 countries are available on the DTDA website:

<http://www.ulandssekretariatet.dk/content/landeanalyser>.

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The front page photo is from the Allied Metals in the Philippines with a woman welder. The picture was photographed by Nana Buxani in October 2018.

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EXECUTIVE SUMMARY

The Philippines is a high growth performer and one of the most dynamic economies in East Asia and the Pacific. A middle-class is evolving, and the segment of working poor living below US\$3.1 per day dripped down from 31% in 2010 to a projected 14% in 2020. Income inequality is slowly decreasing, but it stays present. Albeit wages are increasing, real average wages remain stagnant. There are defies on doing business regulations. Despite constant rising labour productivity, it is not following the pace of the regional average. There are weaknesses on the interplay of the economy and the labour market policies besides stymied by a substantial informal economy.

The government is promoting to reform the existing controversial contractualization regulation. Political scuffle stalled its approval in the Philippine Congress, and it triggered protests in 2018. Only a few changes on legislation on the labour market were agreed in recent years. There are several observations of the labour legislation concerning the international standards of the right to organize, right the collective bargaining, and the right to strike. Violation of trade union rights is rampant, and workers often lack the guarantee of rights.

The nation has a vibrant labour market with functioning tripartite structures by activeness among trade unions and employers' organizations. In practice, procedures in social dialogue are observed as heavily legalistic and inherently conflictual at the enterprise level. Not to mention, workers in informal micro and small enterprises are not involved in these structures. Currently, reform of labour arbitration and adjudication systems attempts to restore fairness in the social dialogue system that has created a high demand for new Single Entry Approach services. The application of the Collective Bargaining Agreement (CBA) continues with low coverage of 0.9% among employees, and it is dominating in establishments with 200 and over workers just as in the manufacturing sector.

The Philippines is experiencing some structural transformations of employment since 2000. It is mainly an upsurge among employees and in the service sector where workers frequently end up in low-end jobs. Some of the key issues that dominate the labour market are: first, around 35% of the total employment is in 'vulnerable employment' with truncated earnings, low productivity and exposed conditions of work. And only a few of these workers are

covered by the pension schemes and receiving the minimum wages. Second, women have a low labour force participation rate and those who are active experience several sectorial wage gender gaps, among others. Third, the statistically measured unemployment rate is low. Instead, many workers are shadowed by underemployment, unpaid self-employment just as numerous are in excess work.

In the Philippines, many workers migrate abroad to find better job opportunities, and many families have become depending on received personal remittances. During the 2010s, the deep (negative) net migration gap was reduced in a repercussion of conflicts in the Middle East. Urbanization rate is on a middle-range among the Association of Southeast Asian Nations (ASEAN) nations, but some alterations on employment status, which includes an upsurge of workers in Special Economic Zones, suggests an intensification of the rural to urban migration.

Child labours are widespread in the rural and remote areas in the Philippines. Few workers have less than basic education. The education system has been stacking behind many other neighbouring countries, but reforms are pushed ahead to make it easier to enrol on higher education levels. Also, it is marred by not produce adequate skills and creates a mismatch in the labour market. This situation places the country in a weaker position in shaping the economic and labour market outcomes, labour productivity, and competitiveness.

According to employers in the Philippines, cooperation in labour-employer relations is ranking at a high level. Trade union membership grew by 5.8% from 2013 to 2017, but it fell by -1.1% just in the period from 2016 to 2017. Trade union density of the employees similarly decreased from 8.2% in 2013 to 7.6% in 2017. The dropping unionization rate and density are due to an increasing number of non-standard or contractualized workers with an ambience against organizing unions, and legal framework trigger a highly competitive and destructive process of certification elections. Likewise, union busting and union avoidance by employers is behavioural, mainly arising from mistrust between the two parties.

The template below visualizes the Status of Key Labour Market Indicators in the Framework of the Decent Work Agenda (DWA) in the Philippines. This is part of the



monitoring of global outcome indicators. The selected key indicators are concentrated on areas where the trade union movement has a central role in the labour market.

Two indicators, the violation of trade union rights and the cooperation in labour-employer relations, are additional indicators of the data-collection tool as a value-added on the measurement of the unionism's status.

On the next page, the second template presents an overview of the global Sustainability Development Goal on Decent Work and Economic Growth (SDG8) indicators' value and targets.

Status of key labour market indicators in the framework of the Decent Work Agenda (DWA) in the Philippines, 2018

Creating decent jobs	
Policy reforms addressing creation of decent employment	Legal reforms to stop 'endo' or short-term labour-contracting in the private sector have been initiated to end "contractualization" on the labour market.
ILO standard setting on improvement of status of workers from the informal economy	Ongoing national dialogue towards establishing a National Social Protection Plan as well as implementing training workshops in 2017 and 2018 on the ILO Recommendation 204 Concerning the Transition from the Informal to the Formal Economy Recommendation (R204).
Guaranteeing rights at work	
Growth in trade union members from year 2016 to 2017 (%)	-1.1 %
Violations of trade union rights	Ranking 5 out of 5 (5+ is worst). *
Labour legislation is improved according to ILO standards	Yes. Strengthening Conciliation-Mediation as A Voluntary Mode of Dispute Settlement for all Labor Cases Act, 2016; and the Universal Access to Quality Tertiary Education Act, 2018.
Women unions leaders with minimum 30% representation in decision-making bodies	No. 18% of women union members are substantially represented in union leadership. **
Extending social protection	
Health social protection coverage as % of total population in partner countries	82 %
Workers from the informal economy have access to national social security schemes	Yes, but with limited coverage of services.
Promoting social dialogue	
Trade union density of total employment (%)	4.6 %
Trade union density of employees (%)	7.6 %
Cooperation in labour-employer relations	Ranking 24 out of 137 (1 is best). ***
Number of Collective Bargaining Agreements (CBAs)	1,159 CBAs in 2017 ****
Workers' coverage of Collective Bargaining Agreements to employees	220,905 with coverage of 0.9% of employees.
Bi-/tri- partite agreements concluded	Out of 2,099 establishments with union, 91 supervises only, 1,601 rank and file only, and 484 rank and file including supervisors. *****

* This is interpreted as 'No guarantee of rights'; countries with the rating of 5 are the worst countries in the world to work in. While the legislation may spell out certain rights, workers have effectively no access to these rights and are therefore exposed to autocratic regimes and unfair labour practices (Source: ITUC, Global Rights Index).

** Percent share of women union presidents in establishments employing 20 or more workers by major industry group. Source: Philippines Statistics Authority, Integrated Survey on Labor and Employment (ISLE), 2016.

*** This indicator is based on data from the Global Competitiveness Index that represents employers' opinion from surveys (Source: World Economic Forum).

**** This indicator is the total number of CBA's registered in the country in 2017.

***** Number of establishments employing 20 or more workers with union by scope of bargaining unit. Source: Philippines Statistics Authority, Integrated Survey on Labor and Employment (ISLE), 2016.

Sources: [ILO](#), [Philippines Statistics Authority](#), DTADA research and own calculations.



Status of Key Sustainable Development Goal 8 in Decent Work and Economic Growth in the Philippines

Indicators	Value	Year	Targets
8.1.1: Annual growth rate of real GDP per capita	5.2 %	2016	Sustain per capita economic growth in accordance with national circumstances and, in particular, at least 7 per cent gross domestic product growth per annum in the least developed countries
8.2.1: Annual growth rate of real GDP per employed person	1.4 %	2016	Achieve higher levels of economic productivity through diversification, technological upgrading and innovation, including through a focus on high-value added and labour-intensive sectors
8.3.1: Proportion of informal employment in non-agriculture employment	70 %	2008	Promote development-oriented policies that support productive activities, decent job creation, entrepreneurship, creativity and innovation, and encourage the formalization and growth of micro-, small- and medium-sized enterprises, including through access to financial services
8.3.1: Women	70 %	2008	
8.3.1: Men	70 %	2008	
8.5.1: Average hourly earnings of women and men employees	N/a		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
8.5.2: Unemployment rate (Total)	2.6 %	2017	
8.5.2: Women, 15+	2.7 %	2017	
8.5.2: Women, 15-24 years	8.9 %	2017	
8.5.2: Unemployment rate (Men, 15+)	2.5 %	2017	
8.5.2: Men, 15-24 years	6.6 %	2017	
8.5.2: Unemployment rate (With disabilities)	-	-	
8.6.1: Proportion of youth (15-24 years) not in education, employment or training)	22 %	2016	By 2020, substantially reduce the proportion of youth not in employment, education or training
8.7.1: Proportion and number of children aged 5-17 years engaged in child labour (Total)	12%	2011	Take immediate and effective measures to eradicate forced labour, end modern slavery and human trafficking and secure the prohibition and elimination of the worst forms of child labour, including recruitment and use of child soldiers, and by 2025 end child labour in all its forms
8.7.1: Girls	37%	2011	
8.7.1: Boys	63%	2011	
8.8.1: Frequency rates of non-fatal occupational injuries	1.9 %	2015/16	Protect labour rights and promote safe and secure working environments for all workers, including migrant workers, in particular women migrants, and those in precarious employment
8.8.1.2: Frequency rates of fatal occupational injuries	0.03 %	2015/16	
8.9.1: Share of tourism Gross Value Added (GVA) as a proportion of total GDP and growth rate of tourism GVA	8.6%/14%	2016	By 2030, devise and implement policies to promote sustainable tourism that creates jobs and promotes local culture and products
8.9.2: Proportion of jobs in sustainable tourism industries out of total employed	13 %	2016	

Source: [Philippines national statistics authority, Sustainable development goals, ILO, Labour statistics](#), and [Philippines statistical authority, child labour survey 2011](#)



COUNTRY MAP



Source: CIA, *The World Factbook*



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TRADE UNIONS

There is a proliferation of trade unions in the Philippines. A total of 18,890 trade unions and 137 federations are registered and covering a total of 2.0 million workers in 2017. Membership grew by 5.8% in the period from 2013 to 2017; however, with a downturn of -1.1% in the period from 2016 to 2017. Around one out of three trade union members are women (see more in Table 1).

Table 1: Facts of Trade Unions in the Philippines, 2017

Number trade union federations (private)	137
Number of private enterprise trade unions	17,424
Number of public trade unions	1,466
Total members of trade unions	1,994,200
Share of women unionized workers (2016)	35 %
Growth in membership (2013-2017)	5.8 %
Trade union density, total employment	4.6 %
Trade union density, employees	7.6 %
Members of affiliated trade unions from the informal economy (BFSSMI and ACIW) (2014)	20,063

Source: [Bureau of Labour Relations, Labour Relations Overview 2017](#), [Philippines Statistics Authority](#), and own calculations on trade union density

Union membership distribution in the Philippines is mainly in the service sector (47%) and the industry sector (42%) while only one out of ten (11%) is in the agricultural sector. Out of the 17 regions, the main bulk (55%) of the union members is in the National Capital Region (NCR) followed by the Calabarzon (Region IV-A) of 12%, Central Luzon (Region III) of 8.6%, and Central Visayas (Region VII) of 4.1%.¹

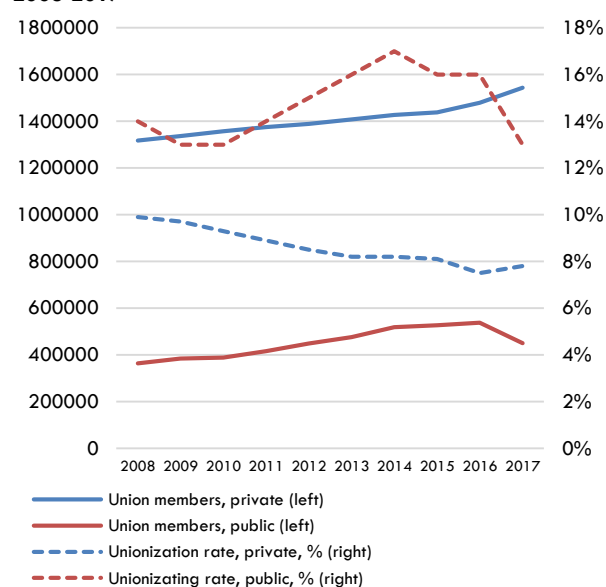
Figure 1 shows that three out of four (77%) of the total membership is in the private sector while 23% are in the public sector. The number of trade union members increased slowly in the private sector but with some acceleration in recent years. It was similar in the public sector, but with a stark drop in the period from 2016 to 2017. Furthermore, the unionizing rate, also known as the trade union density representing the ratio of the trade union members to the employees, fell from 9.2% in 2008 to 7.6% in 2017. Overall, the negative trade union density trend points toward weakening unions' collective bargaining power.

Figure 1 also visualizes that the private sector's trade union density was slowly declining; it was increasing in the public sector until it plummeted since 2015. This trade union density contraction is an impact of the drop in trade

union members from the public sector along with an insufficient guarantee of trade union rights and a faster-risen employment rate.

The declining unionization rate is due to three aspects. First of all, an increasing number of non-standard or contractualized workers created an ambience against organizing unions. Legal reforms to stop 'endo' (i.e. end-of-contract labour scheme) or short-term labour-contracting in the private sector have been hot topics to end contractualization on the labour market in the nation. But this has especially affected negatively the unionizing rate in the public sector since contractualization is so prevalent that non-regular workers comprise a significant portion of the government's workforce (see more on the section: National Labour Legislation). Second, the legal framework has triggered a highly competitive and destructive process of certification elections (i.e. a process of determining through secret ballot the sole and exclusive bargaining agent of all the employees in an appropriate bargaining unit for collective bargaining), but it is now in the process of being amended. Third, union busting and union avoidance by employers is behavioural, mainly arising from mistrust between the two parties.

Figure 1: Trend in the unionization rate and total number of unions members in the Philippines, private and public, 2008-2017



Source: [Bureau of labour relations, labour relations overview 2017](#)

Table 2 below outlines the ten leading trade union federations in the Philippines. Especially the Federation of Free Workers (FFW) and the Filport Workers Union (ALU) registered high membership increases at 12% and 8.4%, respectively, in the period from 2014 to 2017. FFW, Kilusang Mayo Uno (KMU), Sentro ng mga



Nagkakaisa at Progresibong Manggagawa (SENTRO) and the Trade Union Congress of the Philippines (TUCP) are affiliated to the International Trade Union Confederation.

National labour and employment survey data from 2015/2016 registered 2,099 establishments employing 20 or more workers with union, and of those, 91 supervises only, 1,601 rank and file only, and 484 rank and file including supervisors.²

Table 2: Federation with the most number of union members and membership growth

Federations	Total Members, 2017	Membership growth, 2014-2017
PTGWO	83,500	3.0 %
ALU	71,106	8.4 %
FFW	33,730	12 %
AMAPO	31,159	N/a
NAFLU	29,757	1.8 %
SUPER	27,201	0.9 %
NFL	22,102	0.0 %
OBERO PILIPINO	21,455	N/a
NUBE	16,859	0.0 %
NAFLU-KMU	16,074	5.4 %

Source: [Bureau of labour relations, labour relations overview 2017](#)

The Labour Advisory and Consultative Council (LACC), formed in 1986, drew the various factions of the labour movement together to advise the Ministry of Labour and Employment. Membership in LACC included the trade union centre Kilusang Mayo Uno (KMU), the Federation of Free Workers, Lakas Ng Manggagawa Labor Center (TUCP). Very few updated information is available for this institution.

NAGKAISA (UNITED) Coalition is the largest alliance formed in 2012 by 47 labour federations, made up of workers in public and private sectors as well as various urban and peasants groups. This coalition operates with a loose organizational structure. It is involved in a wide range of social and labour issues such as:

- Ensuring security of tenure of workers by eliminating contractualization scheme and deter the killing of union organizers and journalists.
- Exemption and enhancement on minimum wage taxation.
- Institutionalization of core labour standards in the agro-industrial plan.
- Lowering the cost of electricity and the protection of consumers from the cartelization of power.

- Provision of affordable housing program and non-violent transfer of poor urban communities from danger zones.

The trade union movement in the Philippines has been fragmented, but in recent years the NAGKAISA Coalition in collaboration with the KMU has united to confront the critical process of union recognition, employer resistance to unionism and collective bargaining, and minimizing contractual and non-regular forms of employment.

EMPLOYERS' ORGANIZATIONS

Around 3.3% of the total employment in the Philippines consists of employers in 2019 (see more in Figure 2 on page 11). The Global Competitiveness Index provides the employers view on several aspects. In particular pillar 8, looks at the labour market and measures the labour market efficiency in a given country. The latter is elaborated upon surveys among employers and other statistical data. Employers considered the labour market to be quite effective, placed in the top middle segment of Pillar 8, with the Philippines set as number 36 out of 140 countries (1st is the best).³

Out of the 12 labour market efficiency indicators, the highest scorings are internal labour mobility as well as pay and productivity, which indicate, that as an employer in the Philippines, it is quite easy to mobilize labour across the country and that the employers, in general, are satisfied with labour productivity, in relation to the salary that they pay.

Table 3: Employers' view of the labour market efficiency in The Philippines, 2018

Indicator	Rank *
Total	50
Redundancy costs (weeks of salary)	118
Hiring and firing practices	41
Cooperation in Labour-employer relations	24
Flexibility of wage determination	45
Active Labour policies	57
Worker's rights	92
Ease of hiring foreign labour	91
Internal labour mobility	9
Reliance of professional management	31
Female participation in Labour force	86
Labour tax rate %	27
Pay and productivity	10

* Rank from 1 to 137 (1 is highest).

Source: [The Global Competitiveness report 2018- Pillar 8](#)

Employers Confederation of the Philippines (ECOP)

ECOP was formed in September 1975. It is officially known as the umbrella organization for the Philippine



business community and work with national issues regarding employment, labour issues and other related policies.

ECOP's main objectives are related to safeguarding and enhancing employers' interests in regards to labour management, which includes economic and social policy matters and to promote social justice and industrial harmony. The organization develops, organizes, and administers training, education and development programs through the ECOP Training Center for the benefit of members and non-members alike.⁴ ECOP's members are primarily individual corporations and other business membership organizations.

The Technical Working Group (TWG) on labour and Social Policy Issues is ECOP's main arm in advocating and addressing the interests of employers on critical policy issues. It serves as a forum to discuss pending labour bills that will ensure the incorporation of the views of various industry groups and foreign chambers.

In 2017, the government launched an executive order that bans illegal contracting and subcontracting (see more in the section: Labour Market Legislations). It creates reservations by ECOP since the exact definition of security of tenure along with the possible loose or abused rules of engagement in the enforcement of specific prohibitions. Besides, other employers' have contended that the bill could obliterate the country's micro, small, and medium enterprises (MSMEs).⁵

EPOC is also a member of the ASEAN Confederation of Employers (ACE). ACE was founded to optimize cooperation across labour markets and concerning industrial relations. The ACE main mission is to create a conducive environment to promote productivity, efficiency and competitiveness. Furthermore, ACE engages themselves through tripartite mechanisms to achieve their goals.⁶

CENTRAL TRIPARTITE STRUCTURES

Tripartism is a collaboration based on social dialogue of employer/business, labour and state affiliations within the economy. The labour relations system is aiming to encourage less adversarial modes of settling disputes and ensuring speedy disposition of labour cases. In the Philippines there are different types of tripartite bodies:

- Two consultative bodies (national and local levels): the Tripartite Industrial Peace Council (TIPC) and the Industry Tripartite Council (ITC).

- Seven policy-making bodies.
- Two quasi-judicial bodies.
- One quasi-legislative body.⁷

The leading active institutions are summarized below:

Labour Management Council (LMC)

The Labour Code establishes an operational mechanism of labour-management cooperation in organized establishments called Labour-Management Council (LMC). Other similarly established mechanisms are called Labour-Management Committees. The LMC is established to promote better relations between labour and management to supplement the grievance process when necessary and to supplement the Collective Bargaining Agreements (CBAs). The National Conciliation and Mediation Board (NCMB) provides technical and promotional services for the LMCs (see more below).⁸ The institution is operating on regional level. Very limited data and information on the situation of LMCs were available during updating this profile.

Tripartite Industrial Peace Council (TIPC)

The national TIPC involves the promotion of tripartite industrial peace council's formation in the national, regional, city/municipal, and provincial levels. It includes the institutionalization of social dialogues and tripartite consultations on policies and programs affecting labour and management. TIPC has various industrial subcommittees:⁹

- Automotive Assembly Industry Tripartite Council (AAITC).
- Banking Industry Tripartite Council (BITC).
- Construction Industry Tripartite Council (CITC).
- Clothing and Textile Industry Tripartite Council (CTITC).
- Hotel and Restaurant Tripartite Consultative Body (HRTCB).
- Sugar Tripartite Council (STC).
- Maritime Industry Tripartite Council (MITC).
- Landbased Tripartite Consultative Council (LTCC)

TIPC and the subcommittees are established to work towards setting workplace standards, and protecting workers and employers' rights.¹⁰ Since 2014, TIPC has not been very active, e.g. only one session was registered in 2015 and 2016, none in 2017. Besides, creating/reactivating other industry tripartite councils dropped from 43 in 2014 down to 1 in 2017. On the other hand, the number of existing Industry Tripartite



Councils has been on an increasing rate from 264 in 2014 to 298 in 2017 (see more in Appendix Table 24).

In July 2017, the national TIPC endorsed the Single Entry Approach (SEnA) Program, which is part of a reform of labour arbitration and adjudication system. The aims are to streamline procedures, removing red tape, and at the same time, restore integrity and fairness in the system. The 2016 Revised Implementing Rules and Regulations (IRR) provide for 30-day mandatory conciliation-mediation of all labour and employment cases that is a product of tripartite consultation. IRR is necessary to sample copies of public contracts, statistics on the number and type of contracts awarded by a government authority, as well as inspection results showing the number of contraventions observed and sanctions imposed. Updated information on the application in practice of IRR is pending.¹¹

The National Conciliation and Mediation Board (NCMB) monitors the implementation of SEnA. Complaints that undergo SEnA are called Requests for Assistance (RFAs) and concerned attached agencies such as the NCMB and the National Labour Relations Commission (NLRC) (see more below).

Demand for SEnA services is high. Requests for Assistance under the SEnA Program totalled to 57,751 in 2017. During the same period, the national disposition rate was 94%, or 54,286 RFAs were declined. The national settlement rate was at 72%, or 41,581 RFAs settled. Since SEnA prescribes a mandatory 30-day conciliation-mediation, the average number of days to resolve cases is fifteen days.¹²

Formulation of industry-specific Voluntary Codes of Good Practices (VCGPs) was initiated in 2010 to set minimum standards on the social and employment aspects of the industry. VCGPs deal with hiring and firing of employees, education and training, health and safety, enforcement of labour standards or improvement of working conditions, dispute settlement, or social dialogue. The institution seeks to allow the industry social partners to voluntarily self-regulate their engagement and for the government to assume a facilitative role. The initiative peaked in 2012 with 45 adopted VCGPs; it dropped down to 8 in 2016 and none in 2017 in the aftermath of the SEnA Program (see also Appendix Table 24).

National Labour Relations Commission (NLRC)¹³

The NLRC is the second quasi-judicial body attached to the Department of Labour and Employment (DOLE). This

institution is mandated to adjudicate labour and management disputes, which involves both local and overseas workers through compulsory arbitration and alternative modes of dispute resolutions. The NLRC reviews discrimination and allegations of union activities as possible unfair labour practices. If termination from NLRC may cause serious labour disputes or mass layoffs, the labour department secretary can suspend the termination and restore the status quo on the case.¹⁴ The institution has been affected by some corruption, e.g. a former NLRC commissioner was sentenced to imprisonment for asking 100,000 pesos (US\$1,900) in exchange for a favorable decision in a labour case in November 2018.¹⁵

National Conciliation and Mediation Board (NCMB)

The NCMB is an agency attached to DOLE and provides different services for the mentioned Labour Management Council (LMC). The institution mediates and arbitrates between labour and management in case of labour disputes concerning strikes and lockouts. Strikes or lockouts are only possible if they are related to violations of unfair labour practice, a collective bargaining deadlock or a gross violation of collective bargaining laws. Disputes settled by the NCMB can be referred to the NLRC.

The establishment of NCMB has been one of the factors in the decline of legal strikes from a high of 581 in 1986 to 38 in 2003. Table 4 below shows that the number of strikes/lockouts further dropped in the 2010s. Of the 15 strikes in 2016, nine of them were in the industry sector and six in the service sector; none in the agricultural sector. Likewise, the rate of days not worked per 1,000 employees in private establishments peaked at 5.9. In 2017, the number of strikes decreased but stayed higher than before 2016. According to data, 15 actual work stoppages were declared and 1,479 workers involved in 2017, which resolved with an average of 32 days.¹⁶

Table 4: Status of strikes and lockouts in the Philippines, 2014-2017

	2014	2015	2016	2017
Number of strikes and lockouts	2	5	15	9
Rates of days not worked per 1,000 employees in private establishments	0.1	0.3	5.9	1.3

Source: [Philippines Statistics Authority, Decent Work Statistics, Summary Tables, 1995-2017](#)

Wages and Productivity Commission (WPC)

The national WPC functions as a quasi-judicial body attached to the DOLE. The institution's main tasks are to



provide service to workers and enterprises on wages, income, and productivity along with to promote policies and implement development programs. The commission also works as consultants for the government on productivity. It furthermore reviews the regional minimum wage levels set by the Regional Tripartite Wages and Productivity Boards, which includes guidelines for minimum wage. The Secretary of Labour and Employment chairs the WPC. Other members of the commission include the Director-General of the National Economic and Development Authority and two members each from employers' and workers' sectors.¹⁷

Education Industry Tripartite Council (EITC)

The creation of the national EITC in 2017 provides a platform to address issues, gather updates and provide a venue for consultation of social dialogue. Moreover, the establishment of this institution is another milestone for the Philippines in promoting strong and independent workers and employers.¹⁸

Social Dialogue

The concept of social dialogue covers industrial relations, freedom of association and the right to organize, collective bargaining, consultation, examination of grievances and settlement of industrial disputes.

As mentioned, the establishment of TIPC and its various subcommittees are working toward to strengthen social dialogue in workplaces. It is registered that administrative issuances and guidelines about simplifying the process of union recognition and certification election have been issued after tripartite consultations, but this aspect remains problematic. And while dialogue on contractualization has been intermittently held, there has been no concrete tripartite agreement on how this problem can be best resolved. Thus, the three social dialogue partners (government, employers and workers) have pursued their separate initiatives in Congress to pass a law on security of tenure, which is expected to take some time.

Apart from the abovementioned tripartite institutions, the social dialogue milieu is functioning. As an example, Table 3 above signals the indicator of Cooperation in labour-employer relations is ranking the country as 24 out of 137 countries (1 is best).

The process between employers and employees when reaching an agreement on regulations of working conditions at a workplace is called a Collective Bargaining Agreement (CBA). The employees view on the

CBA is presented by the connected trade union. Table 5 below shows that a total of 1,159 CBAs exist in the Philippines in 2017 and covering 220,905 workers. It is with a small rise from 2016. However, the CBA density stays very low at 0.9% of employees. Concerning geographical division between the CBAs coverage, the vast majority (64%) are from the National Capital Region (NCR).¹⁹ On the other hand, the National Labour and Employment Survey data from 2015/2016 registered a higher number of 313,267 workers covered by CBAs. And 80% of those operate in establishments with 200 and over employees, one out of three (32%) operates in the manufacturing sector, and 64% are men.²⁰

Table 5: Collective Bargaining Agreements in the Philippines, 2012-2017

Year	Total CBAs	Coverage of CBAs	CBAs density among wage and salaried workers	Ratio of CBA to coverage
2012	1,358	228,131	1.0 %	168
2013	1,361	225,183	1.0 %	165
2014	1,227	207,507	0.9 %	169
2015	1,149	190,747	0.8 %	166
2016	1,131	209,284	0.8 %	185
2017	1,159	220,905	0.9 %	191

Source: [DOLE- Labour relations overview 2017](#)

In addition, single enterprise level negotiations can do collective bargaining or through an establishment of a mechanism, where employers and recognized or certified labour unions are apparent.

NATIONAL LABOUR LEGISLATION

Labour laws and regulations' framework in the Philippines protects workers in principle to a considerable degree. The laws have an insufficient effective reach since the Philippines features a large proportion of workers who operate in the informal economy with non-compliance to labour regulations.

The Philippines counted 447 approved labour market-related legislatures in 2018. The International Labour Organization (ILO) registered very few approved adoptions in recent years: one in 2017 and none in 2018. The approved piece of legislation is a Labour Advisory from DOLE that covers right to self-organization relative to the implementation of K-12 Program (i.e. the Labour and Management Component of the Enhanced Basic Education Act of 2013).²¹ This reform is related to self-organization of the personnel in the higher education



system (see also Appendix Table 25 and the section: Education).

Table 5: Number of national labour, social security and human rights related legislations in the Philippines, 2014-2018

2014	2015	2016	2017	2018
3	5	9	1	0

Source: [ILO, NATLEX, the Philippines](#)

Some of the critical labour-related legislation is outlined below.

Constitution

The Philippine constitution from 1987 guarantees the rights to form unions, the right for workers to organize, the right to strike, and to secure humane conditions of work and wages. The constitution ensures that workers are protected and it is aimed to promote the shared responsibility of workers and employers in settling disputes. Women workers maternal function and their full employment are also a part of the constitution.

A revision to the 1987 Constitution has been in progress in recent years. There are debates on replacing the current unitary state system with a federal one; extend to relaxing foreign participation in utilities and critical services; and introducing articles constraining political dynasties. The Consultative Committee (ConCom) submitted a draft constitution. However, whether Congress shall act as a Constituent Assembly is still a pending question.

Labour Code

The Labour Code from 1974 stands as the law governing employment practices and labour relations in the Philippines. It prescribes the rules for hiring and termination of private employees; the conditions of work including maximum work hours and overtime; employee benefits such as holiday pay, thirteenth month pay and retirement pay; and the guidelines in the organization and membership in trade unions as well as in collective bargaining in the private sector and in governmental corporations.

The Code provides the opportunity to form and join independent unions for all workers, except people in the military, police and short-term employees. The law prohibits antiunion discrimination. Foreigners and migrants are not allowed to organize unless they have an agreement from their country of origin, and they are not permitted to organize unions unless a deal with the nation of origin permits to hold unions in the Philippines.²²

Strikes are authorized for as long as they comply with the strict requirements under the Code, and workers who organize or participate in illegal strikes may be subject to dismissal. Strikes organized by trade unions are allowed as long as a majority of members approves it along with an approved notice. The Bureau of Labour Relations (BLR) reported 140 notices of strikes and preventive mediation cases in the period from January-June 2017: 57 cases settled, and the filer withdrew 55 cases.²³

The Philippine jurisprudence attempts that any doubts in the interpretation of labour-related law, especially the Labor Code, are resolved in more favour of labour than management.²⁴ However, several restrictions on these rights are visible (see more below).

An article of the Labour Code was inserted back in 2012, which is related to the strengthening of Conciliation-Mediation law and addresses that all issues arising from labour and employment subjected to mandatory conciliation-mediation. Various union leaders criticized the reform for adding another layer of bureaucracy and delaying the delivery of justice to workers.

Especially the application of labour contractualization has been a hot topic in the labour market in recent years. In the arrangement workers are hired for not more than five months. This regulation is preventing workers from acquiring regularization such as cutting of benefits granted to regular employees by law, including Occupational Safety and Health, and thereby placing them in vulnerable working positions. This arrangement is most prevalent in manufacturing (45%), wholesale and retail trade (37%), repair of motor vehicles and motorcycles (13%); accommodation and food services industry, transportation services and administrative support services having more than 5% each. And contractualization is so prevalent that even non-regular workers comprise a significant portion of the government's workforce. From around 10% of non-regular employees in the 1990s, the contractual comprised more than 31% of the government employees in 2016.

In 2016, the government promoted a proposal to end labour contractualization and the end-of-contract scheme known as "endo". Today, around 300,000 additional workers have entered into regular labour contracts.²⁵ Concerning abolishment of the contractualization law has been pushed forward by the government during 2018, and the president signed an executive order. However, it is still up to the Philippine Congress to change the



labour code and set an end to the labour contractualization law.

Domestic Workers Act

The Domestic Workers Act from 2013 has institutionalized several policies concerning protection and better working conditions for the Philippine workers. The act has approved rights and benefits including daily and weekly rest, 13th-month pay, coverage under social security schemes, regional minimum monthly wages and certificates for employees.

The International Labour Organization (ILO) has also recognized this Act as a landmark piece of labour and social legislation that extends labour rights, benefits, and protection to an estimated 1.9 million domestic workers in the country. Furthermore, it extends social security and public health insurance to the sector, and provides for mechanisms for quick response to abuses and accessible means to redress grievances.²⁶ This reform is also a step in completely eradicating forced labour, modern slavery, violence and child labour as one of the global Sustainable Development Goal (SDG) targets aims to do.²⁷

Observations on the labour legislation

Workers faced several challenges in exercising their rights. According to employers' view, labour regulation in the Philippines is rigid, and it is primarily because of strict dismissal procedures and high minimum wage.²⁸ On the workers' side, the International Trade Union Confederation (ITUC) registers a wide range of observations regarding the legislation concerning the international standards of the right to organize, right the collective bargaining and the right to strike. Some of the main observations are summarized below:²⁹

- Prior authorization or approval by authorities required for the establishment of a union.
- Restrictions on trade unions' right to establish branches, federation and confederation or to affiliate with national and international organizations.
- Previous authorization or approval by authorities required to bargain collectively.
- Administrative authorities' power to unilaterally dissolve, suspend or de-register trade union organizations.
- Authorities' power to intervene in the preparation of collective agreements.

- Compulsory conciliation and binding arbitration procedure in the event of disputes during collective bargaining, other than in essential services.
- Discretionary determination or an excessively long list of "services of public utility" in which a minimum operational service is can be imposed in the event of strikes.
- An absence of compensatory guarantees for categories of workers deprived of the right to strike.

According to the Labour Code, the participation of the employees in the bargaining unit where the union wishes to operate has to be at minimum 20%. This requirement is excessive, and ILO encouraged the government to lower this restriction. Besides, collective bargaining in the public sector is restricted to particular terms and conditions of employment, which is negotiated between management and public employees.³⁰

Ratified ILO Conventions

Concerning the Philippines ratification of international labour standards, a total of 38 ILO Conventions are ratified. First, the eight Fundamental Conventions are the most important conventions that cover four fundamental principles and rights at work. The nation has ratified all of them.

Second, ILO has designated four Governance Conventions that are important to build national institutions and capacities that serve to promote employment, i.e. these conventions support a well-regulated and well-functioning labour market. The country has ratified 2 out of 4 of these Governance Conventions.

Third, ILO has furthermore 183 Technical Conventions, out of which 83 conventions are "Up-To-Date" and actively promoted, i.e. an Up-To-Date Convention is one that is ready for ratification by the Member States and/or one that has been examined by the ILO Governing Body and deemed to be still relevant.³¹ The Philippines has to date ratified 28 of the Technical Conventions. See more on Appendix Table 26.

Out of the 38 Conventions ratified by the Philippines, 31 are in force, 6 Conventions have been denounced; none have been ratified in the last 12 months.³²

The latest ratified Convention was the Labour Relations (Public Service) Convention (C151) in 2017, which was the result of extensive consultations among the tripartite constituents. Also, amendments of the Seafarers' Identity



Documents Convention (Revised) (C185) as well as the Maritime Labour Convention (MLC, 2006) were ratified in 2017.

ILO's Committee of Experts on the Application of Conventions and Recommendations (CEACR) published some comments on the ratified Labour Clauses (Public Contracts) Convention (C94) in 2018. CEACR requested the Government to formulate either legislative provisions or administrative instructions and circulars which would fully incorporate the provisions of the Convention into the domestic public procurement regulatory framework.³³

Trade agreements

The Philippines is part of several trade agreements that influence the labour market.

The Association of Southeast Asian Nations (ASEAN) consists of eight member countries: Thailand, Indonesia, Malaysia, the Philippines, Singapore, Brunei, Vietnam, and Laos. This Association has so far concluded free trade agreements with Japan, Korea, China, Australia, New Zealand, and India.³⁴ ASEAN Free Trade Area (AFTA) established in 1999 among the ASEAN member countries. It was geared to promote and encourage their engagement in trade, investment and industrial cooperation, and to increase ASEAN as a top production-based competitor on the world market. ASEAN Trade in Goods Agreement (ATIGA) was furthermore signed back in 2009 and enabled in 2010. The goal of ATIGA is to establish a single market and production base where goods can flow freely. ATIGA is a significant contributor to the ASEAN Economic Community. ATIGA is an improvement of the Agreement on Common Effective Preferential Tariff from the AFTA schemes.³⁵

In April 2016, The Philippines signed a free trade agreement with the members of the European Free Trade Association (EFTA). The association consists of five member states which are: Iceland, Liechtenstein, Norway, Switzerland, and The Philippines. A respective domestic process for ratification and entries into force of the agreement is still in process from the member states. Before entering the association, the Philippines also signed a joint declaration on cooperation. The membership of EFTA is part of a strategy to improve its presence in the European Union market.³⁶

The Philippine-Japan Economic Partnership Agreement (PJEPA) is the only comprehensive economic bilateral agreement that the Philippines is engaged in since December 2008. The agreement covers trade in goods,

investments, movement of natural persons, trade in services, customs procedures, among others. PJEPA has created duty-free access to 80% of the Philippines export to Japan.³⁷

Over three decades, the Philippines has developed a robust public-private partnership for the management of overseas employment, from recruitment, deployment, and redeployment to return. It is important to realize that albeit worker safeguards are enclosed in the bilateral labour agreements, these are in practice often with an objective to facilitate temporary migration flows from countries with labour surpluses to countries with labour shortages. On the positive side, the Philippines and Kuwait signed an agreement on workers' rights in May 2018. Workers would be guaranteed food, housing, clothing and health insurance; and employment contracts would be renewed only with approval from Philippine officials (see more in the sub-section. Migration).³⁸

TRADE UNION RIGHTS VIOLATIONS

Violation of trade union rights is rampant in the Philippines. The country is ranking 5 out of 5+ (5 is worst) on the Global Rights Index in 2018 and characterized with 'No guarantee of rights'; i.e. while the legislation may spell out certain rights, workers have effectively no access to these rights and are therefore exposed to autocratic regimes and unfair labour practices.³⁹

ITUC registered five particular cases of trade union rights violations in 2017. These were related to i) an electronic company who fires 532 union members ii) union leaders who are harassed; iii) banana workers dismissed for forming a union; iv) a hotel that human rights abuse the workers; and v) labour leader arrested amid fears of renewed military attacks on unions.⁴⁰ In 2018, there were no reports of labour-related violence.

In the Philippines, workers still face several challenges, which restrict them in their rights to freedom of association and collective bargaining. Among others, trade unions claim that political leaders and officials from the Special Economic Zones (SEZ) purposely have tried to frustrate union organizing processes by not abolishing union-free or strike-free policies. The unions also claim that the government placed security personnel close to the SEZs, to scare off workers who attempted to organize and declared that companies in the SEZs established superficial lawsuits to harass union leaders.⁴¹

Some employers reportedly chose to employ workers who could not legally organize, such as short-term



contract and foreign national workers, to minimize unionization and avoid other rights accorded to “regular” workers. The NGO Center for Trade Union and Human Rights argues that this practice led to a decline in the number of unions and workers covered by collective bargaining agreements. Employers also often abused contractual labour provisions by rehiring employees shortly after the expiration of the previous contract. The Department of Labour reported that there were multiple cases of workers alleging employers refused to bargain.⁴²

The Philippines is ranked as number 30 out of 167 countries on the Global Slavery Index from 2018. This index measures “modern slavery”, i.e. slavery-like practices (such as debt bondage, forced marriage, and sale or exploitation of children), human trafficking and forced labour. Around 784,000 people are living in modern slavery in the country. Thus, the country faces severe challenges in terms of modern slavery, which includes to reach the global Sustainable Development Goal 8 on Decent Work targeting effective measures to eradicate all forms of forced labour, modern slavery, human trafficking, and child labour (see more on Table SDG8 on Page iv).

The violence of rights among a large number of overseas Philippine migrant workers is a critical issue, primarily working as domestic workers. Several incidents of violence and sexual abuse of these migrant domestic workers have occurred regularly. Furthermore, the large part of the workforce who remains in informal work poses threats of work-related violations.⁴³

About the ILO’s Freedom of Association there are two active cases, seven follow-up cases and 25 cases closed. The first active case is the complainants, the International Transport Workers’ Federation (ITF), alleged the use of threats and murder attempts against a fourth trade union leader and his family forced into hiding and denounces the Government’s failure to investigate this case to protect the victims adequately. The second case is confidential with the complainants Kilusang Mayo Uno (KMU).

Table 6: ILO Complaints Procedure, Freedom of association cases, Philippines, 2018

Active	2
Follow-up	7
Closed	25

Source: [ILO, NORMLEX, International Labour Standards country profile, Philippines](#)

WORKING CONDITIONS

In the Philippines, the government controls and regulates the minimum wage. No workers in the Philippines should be paid less than the minimum wage states. Employers who do not pay salaries according to the minimum wage can be subjected to fines. The minimum wage standards do not cover workers in the informal economy.⁴⁴

The minimum wage system is complex, and it varies by region and industry. For Non-Agriculture workers, the highest rate was from 512 pesos per day (US\$9.6) (Region NCR) to the lowest that was from 256 pesos per day (US\$4.8) (Region I). For agricultural workers, the highest rate was 475 pesos per day (US\$8.9) (Region NCR) while the lowest was from 256 pesos per day (US\$ 4.85) (Region I). For workers in Retail/Service establishments employing more than ten workers, the minimum wages set between the highest rate from 475 pesos per day (US\$8.9) in the NCR region to the lowest from 245 (US\$ 4.6) in the VIII region (see more on Table 7).

Table 7: Status of Monthly Salary and Minimum Wages in the Philippines

	Pesos Current	US\$ Current
Average salary, All industries (2017)	10,794 *	205
Non-Agriculture Minimum Wage, highest (NCR) (2018)	12,831 *	243
Non-Agriculture Minimum Wage, lowest (Region I) (2018)	7,358 *	140
Agriculture Minimum Wage, highest (NCR) (2018)	12,350 *	234
Agriculture Minimum Wage, lowest (Region VIII) (2018)	6,370 *	121

* Number is computed by 26 days per month.

Source: National Wages and Productivity Commission and [Pay Scale](#)

The average salary is estimated at 10,794 pesos (US\$205) per month in the Philippines in 2017. Table 8 below furthermore shows that the wages have been on a steady increase, especially in the agricultural sector. Besides, the gains on average are even higher than the inflation in consumer prices, which suggests real wage increases, there as been a downturn on the margin on the non-agricultural service sector wages (see also the section: Economic Performance).

Table 8: Average Daily Basic Pay of Wage and Salary Workers in the Philippines, 2013-2017

	2013	2014	2015	2016	2017	Growth, 2013-17
All Industries	349	367	379	401	415	19%
Agriculture	170	185	195	209	220	29%



Non-agriculture	383	398	408	430	440	15%
Industry	337	344	355	376	388	15%
Service	403	422	432	456	466	16%

Source: [Philippines Statistics Authority, Average Daily Basic Pay of Wage and Salary Workers](#)

The monthly wages are significantly higher in the Philippines in comparison to other countries in the region. For example, Bangladesh (US\$64), Myanmar (US\$71), Pakistan (US\$122) and Cambodia (US\$170) are significantly lower. The high wages in the Philippines has been a challenge that confronted the international trade competitiveness.⁴⁵

The National Wages and Productivity Commission (NWPC) has provided with several interesting information concerning wage and employers in the Philippines: in terms of the employer's compliance with mandated minimum wages, the total compliance rate was 85% out of 60,372 establishments inspected in December 2017. In the NCR region, the compliance rate was at 87% out of 18,692 establishments' inspections. The compliance rate was highest in the Region I with 90% and the lowest was in Region VIII at 77%, which was equivalent to that 1,211 out of 1,566 establishments inspected.⁴⁶

NWPC also provides statistics on how many firms exempted from compliance with wage orders in the Philippines. In the period from 2016-2018, a total number of 50 applications for exemption were filed with the regional boards.⁴⁷

Violations of working conditions are common in the Philippines. In particular, violations of minimum wage standards and employers taking advantage of contract employees by avoiding payments of essential benefits, also included in Special Economic Zones (SEZs), are consistent issues. Furthermore, several incidents of firms paying employees less than the minimum wage and absence in payment of bonuses and social security schemes have occurred commonly in the SEZs.

A fast overview of the working conditions regulations in the Philippines is available in Table 9.

Table 9: Status of Working Conditions in the Philippines

Fixed-term contracts prohibited for permanent tasks	No
Maximum length of a single fixed-term contract (months)	No limit
Standard workday	8 hours
Premium for night work (% of hourly pay)	10 %

Premium for overtime work (% of hourly pay)	25 %
Paid annual leave (average for working days with 1, 5 and 10 years of tenure, in working days)	5
Minimum length of maternity leave	60
Receive 100% of wages on maternity leave	Yes
Five fully paid days of sick leave a year	No
Unemployment protection after one year of employment	No

Source: [World Bank, Doing Business, Labor Market Regulation in Philippines](#)

The Bureau of Working Conditions (BWC) monitors and inspects compliance in all sectors, which includes SEZs and businesses geographically located in these specific zones. During 2018, there has been a small increase in compliance on inspections. However, small and medium-sized enterprises (SME) and activities in the informal economy lack inspections. Therefore, to fulfil the UN Sustainable Development Goal indicator on the formalization of SME, the insufficient inspections is still an element which needs to be improved.⁴⁸

In March 2018, BWC launched Department Order 174 to implement stricter instructions in the use of labour contracts. However, as previously mentioned, several labour unions and the general population have expressed dissatisfaction for not ending all aspects of the labour contractualization.⁴⁹

The Philippines is still challenged to develop a society that creates a process of securing safe and secure working environments for all workers and protecting the labour rights for workers, as stated in the global Sustainable Development Goal (see more in the Table SDG8 on Page iv, indicator 8.8).⁵⁰

WORKFORCE

The total population in the Philippines was estimated at 104.2 million people in 2017, out of which 40.9 million were active on the labour market. The nation has a reasonably large youth segment with over half of the total population (53%) under the age of 25. The fertility rate has dropped significantly since the year 2000.⁵¹

The latest national statistics on employment was updated in October 2018. It showed that the total employment-to-population ratio was at 61%, and it is projected to hover slightly above Asia and the Pacific region averages (Table 10). Another issue is that the employment-to-population rates in the Philippines represent stark gender gaps (see more in the sub-section: Gender). Not to mention, the proportion of employed



people concerning the total workforce was very high at 95%.

Table 10: Estimations of employment-to-population ratio in the Philippines and Asia and the Pacific, Age and Sex distribution, 2019

Sex	Age		Philippines	Asia and the Pacific
Total	Total	15+	61 %	59 %
	Youth	15-24	39 %	36 %
Men	Total	15+	74 %	74 %
	Youth	15-24	48 %	45 %
Women	Total	15+	49 %	44 %
	Youth	15-24	30 %	27 %

Source: [ILO, Key Indicators of the Labour Market \(KILM\)](#)

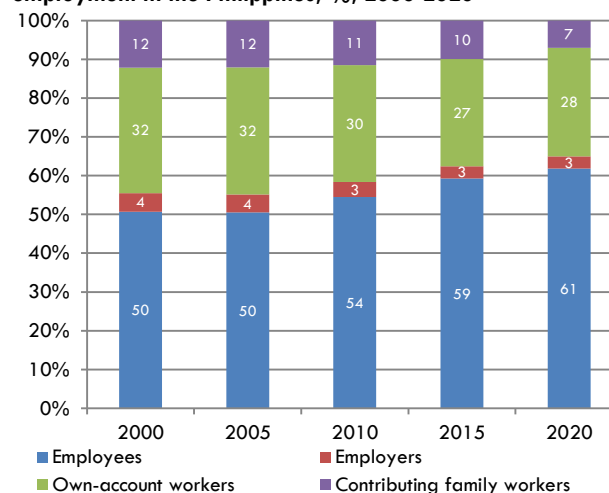
National statistics revealed that 27.8 million people more than 15 of age, equivalent to 39% of the total population, are not active in the workforce. The inactive segment is most often people who take care of housework, students, people with disabilities and those who have retired from employment. Around 68% of those who are not active in the labour market are women. Some aspects of this gender gap are patriarchal structures (see also the sub-section: Gender).⁵²

The Philippines has experienced some structural changes in the status of employment since 2000. The most significant difference was the status of employees – i.e. who get a basic remuneration not directly dependent the revenue of the employer – which has risen from 50% of total employment in 2000 to projected 60% in 2019. Since employees often are linked up to formal jobs in the urban zones, the trend is reflected in the slowly rising urbanization rate that reached 47% of the total population living in urban areas in 2017 (see also the sub-section: Migration).⁵³

The second most common form of employment is among own-account workers – i.e. hold self-employment jobs and do not engage ‘employees’ on a continuously basis – which cover around 28% of the total employment. The third most common status of employment is among contributing family workers – i.e. hold self-employment jobs in an establishment operated by a related person, with a too limited degree of involvement in its operation to be considered a partner – which cover around 8% of the total employment in 2019. These two segments are known as ‘vulnerable employment’ – aggregate own-account workers and contributing family workers – that are less likely to have formal work arrangements and are therefore often characterized by inadequate earnings, low productivity and difficult conditions of work

that undermine workers’ fundamental rights. On the positive side, the amount of own-account workers and contributing family workers have experienced declining trends on the margin since the 2000s, and the tendency is projected to keep dipping.

Figure 2: Estimations and projections of status of employment in the Philippines, %, 2000-2020



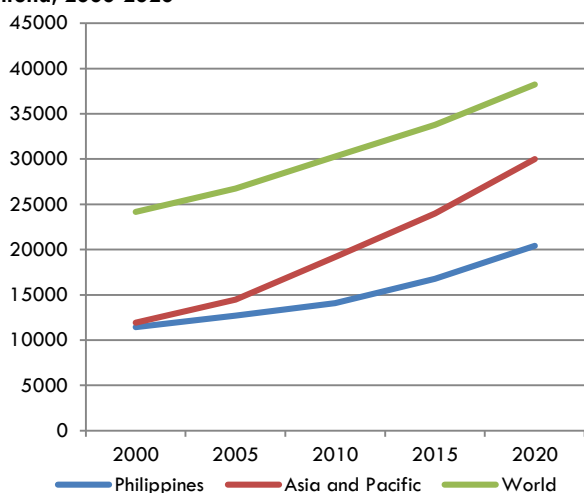
Sources: [ILO, Key Indicators of the Labour Market \(KILM\)](#)

Employers cover quite a small proportion of the total employment with around 3% of employers in the country (Figure 2).

There is a linkage in the status of employment and labour productivity. First of all, employees in the formal sector often have more access to capital, finance and training. Second, own-account workers and contributing family workers often operating in informal micro- or small-enterprises with low productivity activities. It is interesting to observe that the Philippines share of employees is hovering above the Asia and Pacific region as well as the World averages, 49% and 54%, respectively. The relatively high employees’ segment in the country thus suggests high labour productivity. Data reveal some contrast, though. Figure 3 below shows that the labour productivity in the Philippines has been on a constant rise since the 2000s, but it has been one of the lowest rates in the region over the last 20 years creating a widening gap. It is staying far below the World average. The relatively low labour productivity is connected to high informality, low developed vocational skills and training, and lack of policies on social protection.



Figure 3: Estimations and projections of labour productivity trend, 2000-2020



Note: Labour productivity is defined as output per worker (GDP constant 2011 international \$ in Purchasing Power Parity (PPP))

Source: [ILO, Key Indicators of the Labour Market \(KILM\)](#)

Another aspect is that real wages in the Philippines remain flat to the growth in labour productivity. It is in stark contrast to strong wage growth in other countries in the region. Labour market segmentation and large productivity differentials between sectors give rise to earnings inequality.⁵⁴ The relatively low labour productivity rate in the Philippines likewise is reflected in weak working conditions and insufficient social protection in practice (see also the section: Social Protection). Furthermore, the NEET-rate (i.e. not in education, employment or formal training) is one of the highest in the region with 22% of the youth aged 15-24. It points towards dysfunction between the education system, labour market and the economy, which also affects labour productivity. All of this is an impact caused by the lack of investments in infrastructure, health, education, and human capital.

Unemployment and Underemployment

The statistically 'strict' unemployment rate, i.e. people who are unemployed but have actively searched for a job, is low and projected at 1.8% in 2019 in the Philippines. Table 11 below presents that this rate is much lower than Asia and the Pacific average at 4.1%. There is furthermore gender gap in the youth unemployment rate in the country, but the rate stays much lower in comparison to Asia and the Pacific region divided by 5.9 percentage points. Even on a 'broad' definition of unemployment in the Philippines (i.e. people who are unemployed and want to work but not actively seeking for a job), it was measured of 5.5% in 2018.⁵⁵

Table 11: Unemployment and underemployment in the Philippines and Asia and the Pacific average, 2019

Type	Gender	Philippines	Asia and the Pacific
Unemployment	Total	1.8 %	4.1 %
	Men	1.6 %	4.0 %
	Women	1.9 %	4.2 %
Youth Unemployment	Total	5.1 %	11 %
	Men	4.3 %	11 %
	Women	6.5 %	11 %
Underemployment *	Total	17 %	N/a
	Men	N/a	N/a
	Women	N/a	N/a

* Visible underemployment rate: The ratio of the number of working people working involuntarily less than 35 hours per week to the total employed. Underemployment is from the labour force survey and is from 2018. The remaining numbers are from ILO, key indicators.

Source: [Labour Force Survey 2018 Philippines](#) and [ILO, Key Indicators of the Labour Market \(KILM\)](#)

The more traditionally statistic unemployment rate is misleading somewhat the reality most developing countries are confronting: underemployment. This characteristic is defined as people who express a desire to have additional hours of work in their present job; to have an extra job or people who are looking for a new job with more extended working hours. The number of underemployed people in the Philippines was registered to be 6.9 million people, which is equivalent to 17% of total employment (Table 11). Out of these, 47% work in the service sector, 32% in the agricultural sector, and around 21% in the industry sector. By the same token, unpaid self-employment (or as a family worker) is high at 38%. These aspects are a main cause of one out of three workers is living below US\$5 per day (see also Table 23 ahead). Other national survey data, which apply people who work for less than 40 hours a week, are called 'visibly underemployed'. This segment covered 53% of the total underemployment in 2018. And these people are confronting more precarious working conditions. The survey also revealed that this segment mainly came from the agriculture sector. As a contrast, excess work (i.e. anyone working more than 40 hours a week) was also an issue, containing 46% of the total employed.⁵⁶

As demonstrated, the low statistical 'strict' unemployment rate is shadowed by a significant underemployment rate. It is challenging the nation's path in achieving the global Sustainable Development Goal's target on achieving full and productive employment and decent work for all women and men by 2030 (see also Table SDG8 in Page iv). Not to mention, the previously mentioned high workforce inactivity rate, which is excluded in the



unemployment rate, similarly reflects a difficult track to reach this SDG's aim.

Unemployment protection schemes are just recently opened up as a possibility for some workers in the Philippines. Most are still confronting challenges in engaging in services that provide help in the search for formal employment (revisit Table 9 and see the section: Social Protection).

Sectoral Employment

Since the 2000s, some structural changes of employment by sector are registered in the Philippines. Figure 4 illustrates that the agricultural sector experienced a drop from 37% in 2000 to a projected 25% in 2019. Only a tiny rise in one percentage point was noted in the industry sector in the same period, reaching 17%. The service sector rose by ten percentage points from 47% in 2000 to 57% in 2019.

Figure 4: Estimations and projections of employment by aggregate sector in the Philippines, 2000-2020



Source: [ILO, Key Indicators of the Labour Market \(KILM\)](#)

Table 12 below illustrates that almost one out of four in employment is in the agriculture sector (24%) and trade and restaurant/hotel sub-sector share (23%) followed by the administration, education and health service sector share of 15%. Men are dominating the agricultural and industry sectors, while women are more present in the service sector, especially in trade and restaurant/hotel sub-sector and 'other services'.

Table 12: Employed per sector in the Philippines, 2017

Sector	Total sector employment	Sector employment share, %	Share of men in sector employment, %
Agriculture	9,774,144	24 %	78 %
Mining & quarrying	204,480	0.5 %	99 %

Manufacturing	3,639,744	8.9 %	60 %
Electricity, gas & water	163,584	0.4 %	93 %
Construction	4,007,808	9.8 %	99 %
Trade, restaurants/hotels	9,528,768	23 %	39 %
Transport, storage and communication	3,639,744	8.9 %	92 %
Finance, real estate and business services	777,024	1.9 %	42 %
Administration, public admin., education and health	6,011,712	15 %	49 %
Other services	3,108,096	7.6 %	29 %
Total	40,896,000	100 %	62 %

Source: [Labour Force Survey 2018 Philippines](#)

The agricultural sector contributes with 9.7% of the Gross Domestic Product (GDP), 30% come from the industry sector, and around 60% from the service sector in 2017 in the Philippines (See below Table 13). When comparing these data to the employment per sector in Table 12 above, these reveal that even though the agricultural sector has the largest employment share, the GDP contribution is by far the lowest GDP share. Similarly, the GDP share by the agriculture sector per workers per year is calculated at US\$3,100, which is one of the lowest values (see more in Table 13). This reflection suggests the relatively low labour productivity.

Table 12 and Table 13 outline that the industry sector has a quite high GDP share in comparison with the total employment share. This sector's labour productivity is actually three times higher than the agricultural sector. Main GDP contributor within the industry sector comes from manufacturing. The industry sector's GDP share per workers per year diverges from US\$5,500 from construction to US\$60,000 in electricity, gas and water. The just mentioned two tables furthermore show that the service sector's share of the GDP is close to the employment share. This sector's labour productivity is six times higher than the agricultural sector.⁵⁷ GDP share by sub-sector is concentrated in sub-sectors trade and other services. And its GDP share by sub-sector per workers per year diverges from US\$2,400 from 'other services' to US\$33,000 in finance.

Table 13: GDP share by sector and per worker in the Philippines, 2017

Sector	GDP share by sector, %	GDP share by sector per worker, US\$
Agriculture	9.7 %	3,099
Mining & quarrying	0.9 %	13,050
Manufacturing	19 %	16,759
Electricity, gas & water	3.1 %	59,937



Construction	7.1 %	5,526
Trade, restaurants & hotels	20 %	6,682
Transport, storage & communication	6.0 %	5,148
Finance, real estate & business services	8.2 %	33,127
Administration, public admin., education and health	23 %	11,954
Other sources	2.3 %	2,353
Total	100 %	15,763 *

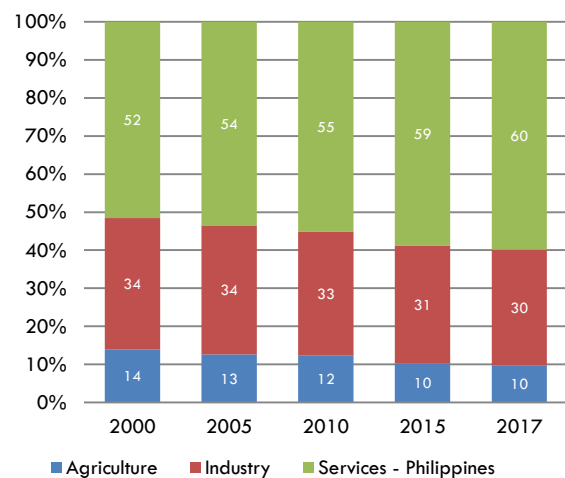
* Mean average.

Note: GDP share by sector per worker is calculated by the total GDP (current US\$) divided by in number of workers per sector.

Source: [Asian Development Bank, Key indicators for Asia & Pacific 2018](#); and own calculations on GDP share by sector per worker.

Figure 5 shows the service sector's GDP share is increasing, which is in line with the sectorial employment change. The agriculture sector share to the GDP dropped slightly, but on a lower rate than its decreasing employment share. It suggests that labour productivity improved in the agriculture sector. The industry sector's percentage of the GDP also fell in contrast to its employment share that is on a slow rise.

Figure 5: Aggregate sector share in the Philippines, % of GDP, 2000-2017



Source: [World Bank, World Development Indicators](#)

Migration

The Philippines has had a high outflow of external migration in recent decades. The net migration rate – i.e. difference between the number of immigrants (people coming into an area) and the number of emigrants (people leaving an area) throughout the year) – is registered of (minus) 650,000 people in the period 2013-2017. Between 5.7 million to 10.2 million Filipinos live abroad.⁵⁸ This high outflow of citizens has also made it essential of the economy: today, distribution of personal remittances contributes of 11% of the Gross Domestic Product (GDP), and it is one of the highest in the world (see more in Table 14). In comparison, East Asia

and the Pacific average was 0.5% in 2017. The nation's top migration destinations are the United States, United Arab Emirates, Saudi Arabia, Canada, Malaysia, and Japan.

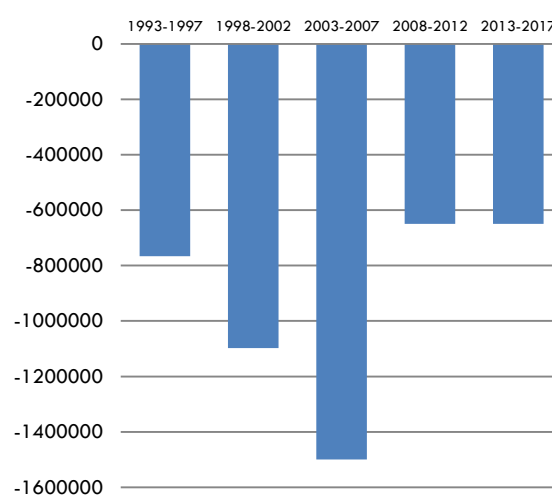
Table 14: Status of Migration in the Philippines

Net number of migration (2013/17)	Philippines	- 650.000 *
Net migration rate	Philippines	- 3.33 ** (2010)
		- 1.33 ** (2015)
Personal remittance (received), % of GDP (2017)	Philippines	11 %
	East Asia & Pacific	0.5 %

* Net migration is the net total of migrants during a period of five years, i.e. the total number of immigrants less the annual number of emigrants, including both citizens and non-citizens. ** One migrant per thousand of the population.

Source: [World Bank DataBank](#) and [KNOEMA](#)

Figure 6: Net migration trend in the Philippines, 1993-2017



Source: [World Bank, World Development Indicators](#)

Insufficient formal job opportunities in the country pushed the steady emigration outflow, and it made many families having one parent abroad. Figure 6 above shows the trend of the net migration rate from 1993-2017. It visualizes that after a growing (negative) net migration flow in the period from 1993-2007, it fell from 2008. This change was mainly due to the aftermath of the global financial crisis in 2008-2009 and conflicts in the Middle East. It suggests that Fewer workers are leaving the Philippines, and more are returning home.

The flow of temporary migrants, known as Overseas Filipino Workers (OFWs), has been flat since 2012. The number of employment contracts processed is declining, and it is registered that the growth in remittances from OFWs slowed by 3.1% in 2018 from 4.3% in 2017.



These changes could affect the country's economic development and many families' additional income to curb the cost of living.

Labour migrants are at a higher risk of exploitation. Employment opportunities overseas are often in the household and caregiving services, resulting in an average of 54% women in the overseas workforce.⁵⁹ These types of work are low-paid and have a higher risk of various forms of harassment and sexual abuse. The largest employment group among the OFW's was in 'elementary' positions with clear gender gaps, e.g. 60% of OFW women employed in this position compared to 12% for men. The largest employment occupation among OFW men was as plant and machine operators, which covered 27%, only 2% of the OFW women are in this sector.⁶⁰

Besides the OCW, a large number of people from the Philippines each year migrate out of the country to reside permanently in other countries. Immigrants, dual citizenship holders or legal permanent residents abroad are not depending on working contracts to stay in the country. According to the Philippine Statistical Authority, some 4.9 million Filipinos are permanent migrants living abroad. There are also irregular migrants, i.e. Filipinos who are without valid residence or work permits or people who are overstaying as workers or tourists. Around 1.1 million Filipinos are irregular migrants.⁶¹

Internal migrants in the Philippines also constitute a significant population. Based on the limitations of data availability, approximately 2.9 million Filipinos changed residence between 2005 and 2010.

As previously mentioned, the nation has undergone urbanization that continues to evolve. From 2000-2010 the urban population grew at an annual average of 3.3%, making it one of the fastest urbanizing countries in Asia and the Pacific. In 2017, approximately 47% of the Philippines' population lived in urban areas; cities accounted for over 70% of GDP, and the seven largest urban areas hosted 54% of formal jobs.⁶²

Internally displaced people (IDP's) is a significant challenge in the Philippines. In the Mindanao region, 110,000 people are internally displaced since 2012 because of armed conflicts between local communities. Furthermore, the humanitarian crisis in the city of Marawi in 2017 has caused fatal consequences for citizens in the region, and according to UNCHR a total number of 360,000 people are still internally displaced as a result

of the crisis. The majority of IDPs in the Philippines are women and children.

Informal Economy

The Philippines' labour market is divided into formal and informal work: the former is more stable and typically pays higher wages, and taxed under the existing tax guidelines; the latter often are independent, self-employed small-scale producers who most often are not covered by the labour regulations such as labour inspections, minimum wage or income taxed.

Based on statistically measurements, informal economy workers are defined differently among several surveys that are available, and data is somewhat outdated. First of all, the Labour Force Survey from 2008 registered 14.8 million workers in the informal economy, out of which 41% were women. Total share in total employment was 44%. The informal economy is defined as unincorporated household enterprises that consist of both own-account enterprises and enterprises of informal employers.⁶³ Second, the other nationwide Informal Sector Survey from the same year counted 10.5 million informal economy operators, out of which one-third was a woman. In this latter survey, informal economy operators were either self-employed without any paid employee or employer in own-family operated farm or business.⁶⁴

The Sustainable Development Goal 8 included an indicator of the proportion of informal employment in non-agriculture employment and recorded value of 70% in 2008 (see Table SDG8, Indicator 8.3.1, Page iv). Policies and regulations for doing business are become more stringent in the Philippines (see also the section: Economic Performance). In this respect, this SDG target is challenged to promote development-oriented policies that support productive activities, decent job creation, entrepreneurship, creativity and innovation, and encourage the formalization and growth of micro-, small- and medium-sized enterprises, including through access to financial services.

The concept of informal employment could also be interpreted as workers in 'vulnerable employment' that sums own-account workers and contributing family workers. This segment has a lower likelihood of having formal work arrangements just as missing elements associated with decent employment, such as adequate social security and a voice at work. Based on an updated proxy measurement, this segment of vulnerable



employment is on a declining trend and projected to reach 35% in 2020 (revisit Figure 2).

Another aspect of the informal work is reflected in the lack of coverage of social protection in the Philippines. The latest available data from 2014 show that workers in informal employment have a lower membership rate on the Social Security System (SSS) and the Government Service Insurance System (GSIS): Around 20% of SSS/GSIS membership is in informal employment. Besides, only 15% of workers in informal employment are members of Philhealth (see also the section: Social Protection).⁶⁵

Table 15 below summarizes the most updated measurements on the informal economy and informal employment.

Table 15: Status of informal economy in the Philippines

Informal economy contribution to the GDP, 2016 (%)	35%
Share of informal economy workers in total employment, 2008 (%)	44 %
Proportion of informal employment in non-agriculture employment, 2008 (%)	70 %
Informal employment share of total employment, 2019 (%)	35% *
Informal employment covered by Philhealth, 2014 (%)	15%

* Informal employment is covering the own-account workers and contribution family workers.

Source: Department of Labour and Employment; Community-Based Monitoring System and ILO's Key Indicators of the Labour Market (KILM)

There are two sectors with the most substantial amount of informal workers. The first one is the agricultural sector and the second is the service sector with 48% and 45%, respectively. The number of informal workers in the industry sector is quite low with only 6.6%. Among informal economy workers 4 out of 10 reaches elementary school level (see also the section: Education).⁶⁶ Many other Filipino women in the informal economy often work as domestic workers, which often have been subjected to unsafe working conditions in the Philippines and for those working abroad.

Work in the informal sector typically places people in vulnerable working positions. However, it is not always evident that people are dissatisfied with working in the informal economy. The mentioned survey revealed data on job satisfaction in the Philippine informal economy. It showed that only a small share was dissatisfied or very dissatisfied with 13% and 1.7%, respectively. The vast majority (62%) answered that they were satisfied with their current work position and 6% responded that they

were 'very satisfied'.⁶⁷ This indicates that working conditions in the Philippines within the informal economy is not as precarious as in other developing countries usually tend to be. Satisfaction among the people who participated in the survey can be misleading, because of a lack of awareness of other labour opportunities and working conditions.

There have been several reports of forced labour within the informal economy, which mostly affected women and children. This segment of workers is mainly in the areas of fishing, small-scale factories, domestic services and agriculture in general. In this respect, the Philippines are still lacking in the process of achieving Sustainability Development Goals, which includes eradicating all forms of forced labour and formalizing small and medium-sized enterprises.

The Philippine Commission on Women (PCW) proposed Magna Carta for Informal Sector Workers outlining that the informal economy plays a central role in income generation. On the positive side, estimations of the informal economy's contribution to the Gross Domestic Product (GDP) in the Philippines is declining from 45% in 2008 to around 35% in 2016.⁶⁸

Child Labour

Child labour remains widespread in the Philippines. The latest data from a Survey on Children from 2011 registered a total population of 26.6 million children. Out of these, 3.3 million, or 12%, was measured as working children (i.e. a child is considered working or economically active if the child had a job or a business, or was engaged either as paid or unpaid in the family farm or business, at any time for at least one hour during the week prior to the survey). In comparison to Asia and the Pacific, the shares of children in employment and child labour are lower in the Philippines. However, the amount of children in hazardous work is significant higher than in the region (see Table 16 below).⁶⁹

The term 'child labour' is often defined as work that deprives children of their childhood, their potential and their dignity, and that is harmful to physical and mental development.⁷⁰ It was worrying to observe that 7.8% are engaged in child labour. Around 2.1 million out of the 21% children in child labour were in hazardous work, i.e. the worst form of child labour where its nature or the circumstances is likely to harm the health, safety or morals of children.⁷¹



Table 16: Status of working children, proportion of all children in Age Group

Region	Year	Type	Proportion
Philippines (Ages 5-17)	2011	Children in employment	12 %
		Child labours	7.8 %
		Hazardous work	21 %
Asia & The Pacific (Ages 5-17)	2012	Children in employment	16 %
		Child labours	9.3 %
		Hazardous work	4.1 %

Note: Children in employment include all children who conduct some kind of work, whereas child labourers are a narrower term without mild forms of work. Hazardous work is the worst form of child labour as defined in ILO C182.

Sources: [Survey on children, Philippines national statistic office & ILO, 2011](#) and [ILO, Accelerating action against child labour, International Labour Conference, 99th Session 2010](#)

The legislation prohibits to employ children younger than 15 years of age. Children younger than 15 are only allowed to work if the parents of the child take direct and sole responsibility, and if they set a maximum of 4 hours to work a day and a limit of 20 hours per week. Children between 15 and 17 of age can make maximum work 8 hours a day and maximally 40 hours per week. All forms of hazardous employment for people younger than 18 is illegal. Additionally, the minimum age for domestic work is 15.⁷²

The gender gaps among the children engaged in child labour were quite visible. Among the 2.1 million children in child labour, 66% were boys while 34% were girls. Several aspects are related to this gender gap. First, girls have higher enrolment rates on all education levels (see more in the section: Education). On the other hand, statistics show that more working boys (1.3 million, or 59%) than girls (0.9 million, or 41%) who had attended school.⁷³ Here gender stereotypes are involved in the equation (see the sub-section: Gender). Second, a large share (58%) of child labourers is in the agricultural sector, which is dominated by men (revisit Table 12). Boys and men in the Philippines are more visible in physical work in rural areas than girls and women who are doing domestic work. Third, the practice of child labour continues mostly in rural and remote areas with a lack of education and weak or even no access to government services.

Child labour is most often reported from the service and agricultural sector such as in fishing, palm oil production and sugarcane industries. Child labour most often occurred in informal employment, most typically in family settings.⁷⁴

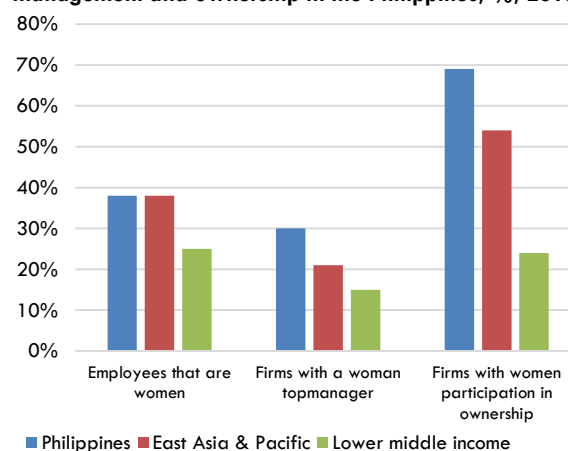
Under the 2017-2022 Philippine Development Plan, the government aims to reduce the cases of child labour by 30% or 630,000 child labourers. The Department of Labour and Employment (DOLE) has in recent years made efforts in preventing child labour and remove children from hazardous work. However, resources remain inadequate to change the high degree of child labour. And as demonstrated above, drastic measures have to be completed, to achieve the Sustainable Development Goal 8 with reference to eradicating all forms of child labour before 2025 (see also SDG8 table on Page iv).

Gender

The Philippine law provides the same rights and protections for women and men. The legislation also aims to eliminate all forms of discrimination against women; it is not always respected in practice, though. Rights of property ownership are also the same for women as men, however, in indigenous communities, property ownership law or patriarchal traditions, grants men more right over property than women. Regarding employment, the Labour Code prohibits discrimination by gender, but as earlier mentioned, it is still not unusual for women to experience discrimination at their workplace in the form of sexual abuse and punitive action when they become pregnant.⁷⁵

Women have a relatively high top-management in comparison with the regional average, and even have a very high participation in ownership in firms in the Philippines (Figure 7).

Figure 7: Women participation in employment, top management and ownership in the Philippines, %, 2015



Source: [World Bank, Enterprise Surveys, Philippines 2015](#)



The Global Gender Gap Index – measuring gaps rather than gender equality and women’s empowerment – ranked the Philippines as number 9 out of 144 countries (1 is highest). Particularly on educational attainment and political empowerment, high scores are registered. The other international Gender Inequality Index – measuring health, empowerment and economic status – ranked the nation with medium human development as number 97 out of 151 countries (1 is highest).⁷⁶ What keeps this latter ranking lower is the relatively high workforce participation rate gap, still relatively high maternal mortality as well as the adolescent birth rate.

Some of the primary labour market gender gaps are visualized in Table 17 beneath. For instance, men are hovering 25 percentage point above women regarding employment in 2019. Furthermore, more men than women are as employees while more women are in vulnerable employment than men. This difference is intertwined into a higher share of women in the informal economy which is almost twice as high than men: 66% are women in comparison to men of 34%.

Table 17: Workforce key indicators gender gaps in the Philippines, 2019

	Men	Women	Gender gap men/women, percentage point (p.p.)
Employment	74 %	49 %	25 p.p.
Unemployment	1.6 %	1.9 %	-0.3 p.p.
Underemployment *	9.3 %	8.2 %	1.1 p.p.
Employees	64 %	58 %	6 p.p.
Vulnerable employment **	32 %	40 %	-8 p.p.

* Time-related underemployment. ** Aggregate own-account workers and contributing family workers.

Source: [ILO, Key Indicators of the Labour Market \(KILM\)](#)

Numbers from the Philippines Statistical Authority also registered gender gaps in wages from 2015. Women receive higher wages than men, with 5.4% higher on average among all major occupation groups. Measures hide the disparities within specific major occupational groups. In some occupational groups, men have higher wages than women, even though those women have a higher share of employment. As an example, the percentage of women in the occupational group professionals is at 67%, but men still received 8.5% higher wages on average than women. The same tendency is apparent among the occupational group clerks, which has a share of 62% women employment, but men receive a 4% higher wage on average. The most substantial wage difference between men and women is among service workers as well as shop and market sales workers. Here the gender division was approximately 50/50, but men received 31% higher wages than women.⁷⁷

Even though formal employment statistics show that women across all major occupational groups received slightly higher average wages than men, a considerable share of the total women employment operate in the informal economy, which is subjected to lower wages and worse working conditions. The vast disparities within major occupational groups imagine the cultural issues that the country face in fully integrating women into the labour market. This became evident in the Philippine Labour Force Survey from 2018 that revealed that 68% of those who are not part of the workforce are women.⁷⁸

Patriarchal structures are still quite visible in the Philippines. On the labour market, incidents of sexual abuse, gender harassment in hiring and punitive action on women employees when they become pregnant are well-known issues. There is currently no law that mandates non-discrimination on the base of gender in the workplace. And this situation also limits the access to better labour rights for women and creates obstacles in achieving the Sustainable Development Goal 8, which includes an indicator on equal pay for equal work opportunities for men and women (see more on Table SDG8 on Page iv).⁷⁹ To accomplish this target, the Philippines has to create work structures and work cultures that provide equal pay for equal work between men and women.

Women are dominating domestic workers. In the Philippines, these workers operate under a separate wage and benefit system, payments to social welfare programs, and mandates one day off a week. Based on the limitations of data availability, around 1.9 million people in the Philippines are domestic workers, and 85% of these are women. A high number of discrimination and sexual abuse among domestic workers in the Philippines is still going on, and thus domestic work remains as one of the most vulnerable employment forms.⁸⁰

Youth

Youth in the Philippine confronts a precarious school-to-work transition due to change, uncertainties along with structural unemployment and underemployment aspects. The education system often does not produce adequate skills and creates a huge mismatch to the labour market. These circumstances place the nation in a weaker position in shaping the economic and labour market outcomes, labour productivity and competitiveness. It furthermore drives many young workers to emigrate to find better jobs.

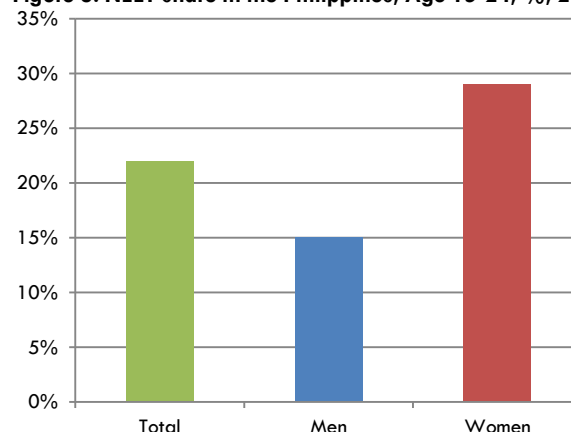


It is estimated that 8 million (39% of the employment-to-population ratio) of workers in the Philippines were between the ages of 15 and 24 years old in 2019 (revisit Table 10). It is important to realize that the youth was the age group with the largest share of unemployment (45%) among the unemployed workforce, and the 'strict' youth unemployment rate is quite low at 5.1%. However, an apparent weakness of the labour market is the mismatch between job requirements and graduates' qualifications. According to the Trade Union Congress of the Philippines, approximately 1 million college and vocational graduates faced job skills-mismatch (see also the sub-section: Vocational Training). Job mismatch is also the primary factor for underemployment in the country.⁸¹

Active youth participating on the labour market is often among informal workers or short-term labour-contracting, and affording little to social protection. This youth segment confronts weak opportunities for training and career progression, and often earn less than the minimum wage compared to the non-youth groups. Also, the youth are seen to have higher chance of losing their jobs during economic downturn.⁸² The Sustainability Development Goal 8 target to achieve full employment by 2030 (see more on SDG8 Table on Page iv). To accomplish this, reduction of unemployment and underemployment among the youth is a critical issue in the Philippines.

The indicator Not in Education, Employment, or Training (NEET) rate in the country is slightly higher (22%) in comparison to other neighbouring countries, e.g. Myanmar (19%), Malaysia (13%), Cambodia (12%), and Vietnam (1%).⁸³ Young Philippian women had twice as high NEET shares as young men had (Figure 8). The NEET provides a broad measure of the untapped potential of youth who are neither improving their future employability through investment in skills nor gaining experience through employment.

Figure 8: NEET share in the Philippines, Age 15-24, %, 2017



Note: The NEET's share covers the Philippine youth not in education, employment, or training.

Source: [ILO, Key Indicators of the Labour Market \(KILM\)](#)

The Philippines had experienced a small drop in the NEET rate in the last decade from 25% in 2008 to 22% in 2017. The Sustainable Development Goal 8 targets also the NEET rate to substantially reduce by 2020 (see more on SDG8 Table on Page iv). Another target included in the SDG8 is to develop and operationalize a strategy for youth employment. About this target, the Philippines are lacking an actual plan concerning youth employment. Too substantially decrease the NEET rate, state policies and strategies have to be made to absorb the youth to the country's labour market better.

The government implements several youth programs such as the Technical Education and Skills Development Authority (TESDA) Apprenticeship Program, the Special Programs for Employment of Students, the Enhanced Basic Education Curriculum, the Career Guidance Advocacy Program, the Youth Entrepreneurial Support Program, and the MyFirstJob Program. To curb the growing labour productivity gap between the country and the region's average (revisit Figure 3) suggests that the abovementioned programs need to be further reinforced.

EDUCATION

The Philippines economy, labour market and social development are interwoven into the education system. Compulsory education has been extended, and it is now mandatory for all years of schooling, inclusive of grade 12 (K-12). However, the quality of education is often weak, and particularly in rural areas, limited infrastructure opportunities make the travel to school a challenge.⁸⁴



Table 18 below illustrates the latest available data on employment share by education in the Philippines. As an impact of compulsory primary education, very few employed people have less than basic education. A majority of the employment (69%) has at least basic education but with a gender gap of 13 percentage points that favour men. It is interesting to observe that very few have intermediate education level. It is important to realize that despite a relatively large amount of the Philippine youth completing some form of education, the students who finish their education struggle in finding jobs in the formal sector and often ends up with employment in the informal economy.⁸⁵

Table 18: Employment by education, % of employment distribution, Age 15+, 2016

	Less than basic	Basic	Intermediate	Advanced
Total	1.4 %	69 %	4.9 %	25 %
Men	1.5 %	74 %	4.4 %	20 %
Women	1.2 %	61 %	5.8 %	32 %

Source: [ILO, Key Indicators of the Labour Market \(KILM\)](#)

Before the adoption of the K-12 reform in 2011, elementary education was the only compulsory part of the basic education cycle. Few students had the financial and social capital to move on to intermediate education, which explains the workers' low intermediate education level. As an impact of the K-12 reform, it is most likely that intermediate education level will increase in the statistics in the upcoming years. To compare, Indonesia and Vietnam's employment by education among intermediate education, the rates are significant higher with 28% and 20%, respectively. Another issue is that the net enrolment in secondary education in the Philippines is above 60% today, but many do not complete their studies (see also Figure 9). Not to mention, many of those who enter intermediate education level continue on advanced education level.

Employment by education rate on an advanced level in the Philippines is quite high at 25%, which is twice as high as in Indonesia and Vietnam. After the new Universal Access to Quality Tertiary Education Act from 2017, which abolishes tuition fees on tertiary education level, more students will have financial opportunities to advance in the education system. It is furthermore interesting to observe that 32% of employed women had advanced education, while men had 20%. Employment among Managers and Professionals mirror this gap that comprises 30% of the employed women while it is 15% of the employed men.⁸⁶

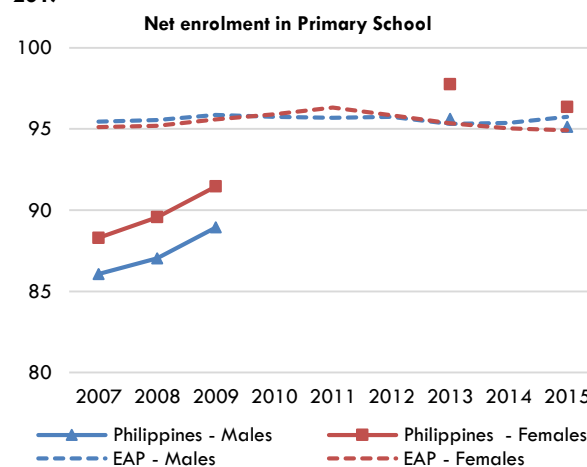
Enrolment figures for primary, secondary and tertiary schools in the Philippines and Asia & Pacific are visualized below in Figure 9.

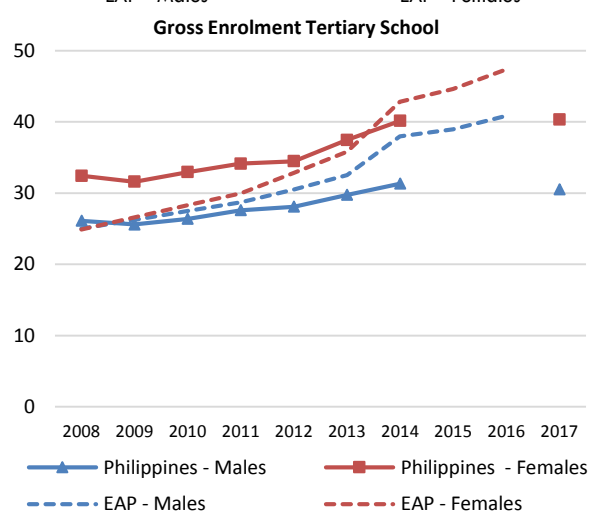
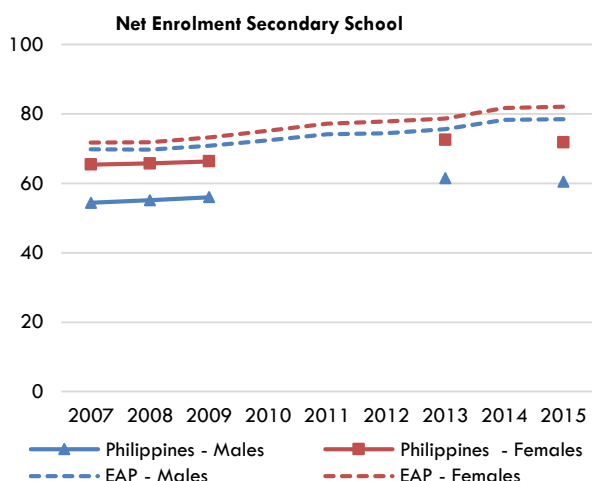
The enrolment rate in primary education in the Philippines have risen fast in the last decade from 85% in 2007 to 96% in 2015. It is now in line with the East Asia & Pacific average.

Net enrolment in secondary school has also been on the rise in the last decade from 60% in 2007 to around 66% in 2015. As already mentioned, there are more women enrolled in secondary education. Males in secondary school often are entitled to agricultural work, typically through family practices. Moreover, infrastructural issues such as children living too far away from the schools are challenges confronting a faster secondary school enrolment rate in the Philippines. On the positive side, the government is in progress of implementing a new infrastructural plan in 2018 that will support enrolment in higher levels on the education system.

The gross enrolment in tertiary schools in the Philippines also experienced a slightly increasing rate, but it stalled since 2014. The region's average is growing much faster, and it is now hovering far above the country's tertiary enrolment rates. An explanation for this could be the tuition fees for tertiary education, which many young people in the Philippines has not been able to pay. However, enrolment rates might rise in the future, as the new law on the abolishment of tuition fees for tertiary education has entered into force (see ahead).

Figure 9: Enrolment in Primary, Secondary and Tertiary Schools in the Philippines and the Asia & Pacific, %, 2007-2017





Note: Net enrolment is the ratio of children of official school age, who are enrolled in school to the population of the corresponding official school age. Gross enrolment is the ratio of total enrolment, regardless of age, to the population of the corresponding official school age. Gross primary enrolment is therefore sometimes higher than 100 %. Source: [World Bank, DataBank](http://World Bank DataBank)

In August 2017, the Philippine president signed the Universal Access to Quality Tertiary Education Act. At the beginning of the 2018 academic year, the law entered into force. The bill aims to remove all tuition and fees for students who are enrolled or like to join at state universities and colleges in the Philippines. Furthermore, the bill also aims to abolish tuition fees for state-run technical vocational institutions. Even though the law is limited to State universities, colleges and technical-vocational institutions, it also aims to provide financial assistance to students who are enrolled or wishes to enrol in private institutions or for those in post-secondary degree education. This change is through subsidy and student loans, which the students can apply for.⁸⁷ With the new law, poverty rates are set to decrease, and the transition from being in education to entering the labour market is made more accessible to the young population.

Vocational Training

Technical and Vocational Education and Training (TVET) is aiming to create linkages between the education system and the labour market. This system is covered by formal TVET and a non-formal and informal TVET.

The formal TVET programs are included in secondary and tertiary education level in the Philippines. Within secondary education, a two-year TVET program is offered in addition to the four-year general school program. Tertiary TVET education includes vocational and technical programs. Besides the formal school-based programs that TVET offer, they also offer three types of informal programs: An institution-based program, community-based training programs and enterprise-based training.⁸⁸

According to numbers from the Technical Education and Skills Development Authority (TESDA), the number of enrolments rose from 2.0 million in 2014 to 2.3 million in 2016. The graduate rate also increased from 88% in 2014 to 95% in 2016. Around 53% of TVET enrolled students are women.⁸⁹ Many graduates enter into the tourism sector, which covered 24% of the total TVET graduates. The other largest segment is the health sector and electronic sector (see more in Table 19 below).⁹⁰

Survey data show that around 43% of the TVET graduates searched for a job in 1-3 months. The second most frequent length of the search for a job was less than one month, which covered 23% of the graduates. There were no significant gender gaps regarding employment among TVET graduates.⁹¹

Data on the employment by class of worker can indicate how many of the TVET graduates end up in either formal or informal jobs. Wage and salary workers are typically classified as formal workers, while own account workers and contributing family workers most often operate in informal work structures. A total of 80% of the TVET graduates from 2014 have been employed in wage and salary work. Own account workers registered 19%. Contributing family workers only comprised 1.6%.⁹² Numbers also visualized that men still dominate the Philippine labour market, also regarding TVET graduates. Even though approximately 150,000 more women than men enrol and graduate from TVET training programs, a larger share of men than women get employed in all classes except in governmental positions where women slightly outnumber men.⁹³



Table 19 below gives an overview of the most recent available statistical data on vocational training in the Philippines. A key pointy is that regarding skills utilization of employed TVET graduates, it is the graduates who are surveyed and not the employers who employed the graduates. Therefore, 21% of the graduates felt that vocational training had no use at all. Furthermore, 22% thought that training only had some use.

Table 19: Status of Vocational Training in the Philippines 2014-2016

Philippines	2014	2016
Enrolment in vocational training, total	2,033,417	2,269,665
Graduates from vocational training	1,785,679	2,151,236
Employment rate	Gender	%
Vocational training graduates employment rate	Men	66 %
	Women	65 %
Skills utilization survey	Level	%
Skills utilization of employed TVET graduates	Very useful	58 %
	Some use	22 %
	No use at all	21 %

Sources: [World bank, education statistics](#) and [Study on the employability of TVET graduates, technical education and skills development authority](#)

TESDA is monitoring 4,540 TVET schools and training centres. Around 90% are private institutions, and the remaining 10% are public institutions. Enterprise Survey from 2015 shows that 60% of Philippines firms invest in the skills and capabilities of their workforce through offering formal training, and around three out of four (75%) of manufacturing workers are receiving training.⁹⁴ Workers in the informal economy are not receiving the same TVET opportunities that the formal enterprises.

SOCIAL PROTECTION

Social protection is well defined in the formal sector in the Philippines, but its coverage stays limited and insufficient investment in this sector. Table 20 below gives a picture of the status on key indicators concerning social protection. Among others, it shows that the country has a much lower expenditure on social protection than Asia and the Pacific average. On the other hand, the amount of people covered by at least one social protection benefit is eight percentage points higher in the Philippines in comparison to the regional average.⁹⁵

Table 20: Status of public spending and coverage on social protection schemes in the Philippines, %, latest available data

Indicator	Measure	Philippines	Asia & Pacific *
Total social protection expenditure	% of GDP	2.2 %	4.6 %

Public health care expenditure	% of GDP	1.4 %	1.5 %
Health social protection coverage	% of total population	82 %	60 %
Covered by at least one social protection benefit	% of total population	47 %	39 %

* Latest available data

Source: [ILO, Social Protection, Statistics and indicators](#)

Other data reveal that only one out of three (34%) Philippine workers are covered by social insurance. Workers from the formal sector often have access to essential social protection services such as annual leave, sick leave or old-age pension. A majority of informal workers and indigenous people are either excluded or with only limited coverage of services, i.e. with some access to medical care and sickness; not in old age benefit, employment injury, family benefit, maternity benefit, invalidity benefit, and survivor's benefit. Any form of social assistance covers only around 8% of those in vulnerable employment positions. In Asia and the Pacific region, this number is twice as high at 16%.⁹⁶

The social protection system defines four major components:⁹⁷

- **Social insurance:** The social insurance scheme for civil servants, Government Service Insurance System (GSIS) and the private sector, Social Security System (SSS). Together with the Philippine Health Insurance Corporation (PhilHealth) they constitute the major social insurance schemes in the country (see more below).
- **Social welfare:** These schemes target the indigent and marginalized groups, and provide in-cash and in-kind benefits, with the aim to reduce poverty and make the beneficiaries less vulnerable to risks.
- **Social safety nets:** They are meant to provide immediate protection to displaced workers, survivors of calamities, and those vulnerable to socio-economic shocks.
- **Labour market interventions:** These include skills development programmes, self-employment support, provision of labour market information, and career assistance services.

Taking into consideration that trade unions are challenging leverage in the workplace bargaining power, and the application of the 'endo' and short-term



labour-contracting, have created evolving weaknesses in access to the social protection system.

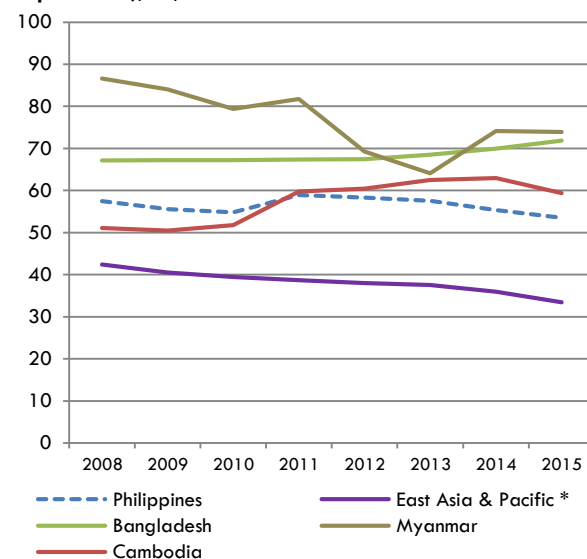
On the positive side, the social security system has prioritized to expand into the informal economy in recent years. As an example, several innovative saving mechanisms are launched. The country is currently in the process of establishing its first unemployment insurance schemes.⁹⁸ Besides, the SSS Rationalization Act from February 2019 is geared to strengthen the pension fund, the SSS contributions are expected to increase from the current 11% to 12% (employer: 8%, employee: 4%) this year. It will further increase by 1% every other year until it reaches 15% in 2025. The law also requires SSS coverage for overseas Filipino workers (OFWs). Currently, only 500,000 OFWs are covered. The new law may increase membership to at least two million. In addition, a member of the SSS may avail of the unemployment insurance once the person is displaced from work involuntarily. And this person may receive cash benefits amounting to 50% of his monthly salary credit for two months.

Current health expenditure in the Philippines was on an upsurge from 3.5% of GDP on average in the 2000s to 4.3% in the 2010-2015.⁹⁹ Around four out of five (82%) of Philippine's total population are covered by health social protection, which is much higher than the regional average (see also Table 20).

In 2016, a new national health insurance system called PhilHealth entered into force. The insurance system specifically targets poor and vulnerable people by subsidizing premiums through sponsored and indigent programs. All citizens above 60 of age are automatically covered by health insurance.¹⁰⁰ However, the new health care system is still lacking preventive care outpatient benefits and physical check-ups, which has led to an increase in out-of-pocket health expenditures. An impact of the PhilHealth is not yet registered in official statistics, but previous data point towards that the average out-of-pocket expenditure on health experienced a slowly decreasing trend (see more in Figure 10). This rate is still much higher than the Asia and Pacific (excluding high income) average at 33%, which indicates that the country's population still use a large amount of their own money on health expenses. On the other hand, the Philippines stays below several other neighbouring countries' out-of-pocket expenditure. It is due to a relatively more evolved health care system in the country.

The Senate approved on October 10, 2018, the Universal Health Care (UHC) bill seeking to give all Filipinos access to health care coverage and services. According to the media in the Philippines, the measure is still far from being enacted as lawmakers will have to reconcile the different provisions of the Senate and House of Representatives versions.

Figure 10: Out-of-pocket expenditure (% of current health expenditure), %, 2008-2015



* Excluding high income.

Note: Out of pocket expenditure is any direct outlay by households, including gratuities and in-kind payments, to health practitioners and suppliers of pharmaceuticals, therapeutic appliances, and other goods and services whose primary intent is to contribute to the restoration or enhancement of the health status of individuals or population groups. It is a part of private health expenditure.

Source: [World Bank, World Development Indicators](#)

Women face limited social protection on other parameters. For example, maternity benefits are limited to formal workers. Women in the Philippines on average give birth, two to three times in their life, but only 9% of women giving birth in 2017 received maternity benefits. In comparison, the same parameter for Asia and the Pacific was at 33%.

The proportion of people in the pensionable age receiving an old age pension is at 40% in the Philippines, which was lower than East Asia and Pacific average at 55%. In contrast, the number of people who contributed to a pension scheme, the numbers in the Philippines was higher than the regional average (Table 21).

Additionally, cash benefits for persons with severe disabilities in the Philippines are likewise with low coverage (Table 21). It is announced that senior citizens will also benefit from the removal of VAT on medicines related to old age illness, specifically the medicines



related to fighting hypertension and diabetes, which now can be bought over the counter without the need of prescription at lower prices than before.

Table 21: Pension benefits and contributions in the Philippines and East Asia & Pacific, %, 2015

Theme	Measure	Philippines	East Asia & Pacific
Pensionable age receiving an old age pension (age 64+)	Proportion of total	40 %	55 %
Active contributors to a pension scheme	15+	21 %	17 %
Active contributors to a pension scheme	15-64	31 %	24 %
Persons receiving disability cash benefits	%	3.0 %	10 %

Source: [ILO, Social Protection, Statistics and indicators](#)

ECONOMIC PERFORMANCE

The Philippines is one of the best-performing economies in Asia, and it is pointing towards to leap from a lower-middle income country to an upper-middle income country shortly.¹⁰¹ Emigration of Filipino overseas workers provides a significant part of the Gross Domestic Product (GDP) through personal remittance. Albeit the service sector was on a slightly increasing GDP share during the 2010s (revisit Figure 5), a large share of Filipino workers transitioned out of agriculture often end up in low-end jobs in the former.

Political issues in recent years are disturbing some economic balances. First of all, the national account balance dropped down to a negative level in 2017 for the first time since the global financial crisis in 2008. It was mainly due to large governmental investments in a new infrastructure program. Second, the inflation in consumer prices rose since 2016, peaking at 6.4% in August 2018, which shows it is now the highest in all of ASEAN. The inflation increase was triggered by higher global oil prices and a tight supply of agricultural products such as rice. Also, the Tax Reform for Acceleration and Inclusion (TRAIN) Act from January 1, 2018, increased or imposed new excise on goods like oil, cigarettes, sugary drinks, vehicles and metallic and non-metallic minerals.

Figure 11 below shows that the GDP per capita growth has been high in the 2010s, but lying below Asia and the Pacific (excluding high income). The gap is also echoed in the previously mentioned relatively lower labour productivity rate. On the other hand, the global Sustainable Development Goal 8, which includes a target to reach 7% annual GDP growth, is relatively close to the

Philippines' rate (Table 22 and see also Table on SDG8 on Page iv).

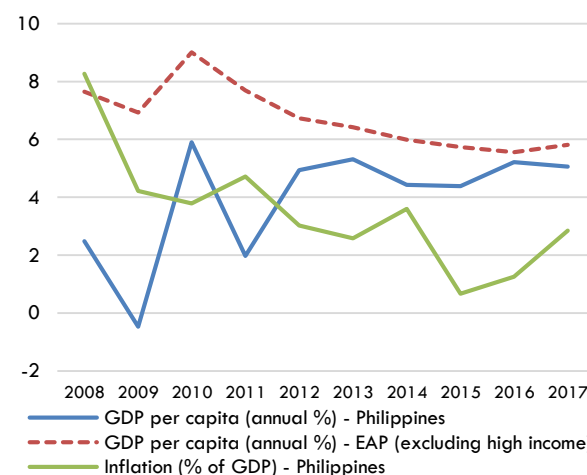
The Philippines has a much lower GDP per capita than Asia and Pacific (excluding high income) average, and the country is ranking 148 out of 228 countries regarding GDP per capita in purchasing power parity (PPP) (1 is richest).¹⁰²

Table 22: Key economic data in the Philippines

GDP (2017)	US\$ 314 billion
GDP per capita (current US\$) (2017)	US\$ 2,989
GDP growth (average, 2014-2018)	6.4%
Inflation (2018)	5.7 %

Source: [World Bank, World Development Indicators](#) and [Inquirer.net](#)

Figure 11: GDP per capita and inflation growth, %, 2008-2017



Source: [World Bank, World Development Indicators](#)

Another key point is that the country's economy also relies on its informal economy. Although this part of the economy is not fully included in the national statistics GDP accounts, it does not mean that there are no linkages between the formal sector and the informal economy. The formal sector and the informal economy are interconnected via the goods and services market, the labour market and the money market. In practice, people from the informal economy pay indirect taxes, and informal households are primary receivers of government grants. Informal economic activity is complementary to that of the formal economy.

One reason why the informal economy remains significant in the country, it is due to that it is not easy doing business: the country is scoring low on the global Doing Business Index from 2019 as number 124 out of 190 countries (1 is best).¹⁰³ However, several of the Index's indicators registered some improvements, especially in starting a business, simplifying the tax registration and business licensing processes, and dealing



with construction permits. The country has furthermore improved risk management in the construction sector by making latent defect liability insurances common obtainable within the industry sector. There have also been governmental decisions that have made other aspects of doing business more difficult: during 2018, the Philippines has made trading across borders more cumbersome by increasing the number of inspections for import, e.g. the average time for border compliance has gone up and impeded the process of trading (see more on Appendix Table 27).¹⁰⁴

All though the country has experienced economic development, there are still several challenges that prevent more inclusive growth. The wealth is still concentrated among the richest in society. Data reveal that income inequality, based on the degree of inequality in the distribution of family income (GINI Index), ranked the Philippines 44 out of 157 (1 has the lowest equality). Thus, this measurement indicates that there still is a relatively high degree of inequality in the country. On the positive side, the Gini coefficient declined from 42.9 in 2006 to 40.1 in 2015.¹⁰⁵

The share of middle-class went through an evolution reaching around 63% of the working population in 2019. Extremely working poor is plummeted and projected to have reached only 3% in 2019, from 15% in 2000. Many workers in employment are still in vulnerable positions that keep them as moderately poor or as near poor (see more on Table 23).

Table 23: Estimation and projection of employment by economic class in the Philippines, 2000-2020

Year	Extremely poor (<US\$1.90)	Moderately poor (>=US\$1.90 & <US\$3.10)	Near poor (>=US\$3.10 & <US\$5)	Middle class (>=US\$5)
2000	15 %	24 %	23 %	37 %
2010	9 %	22 %	24 %	45 %
2020	3 %	12 %	21 %	64 %

Sources: [ILO, Key Indicators of the Labour Market \(KILM\)](#)

The amount of capital formation reveals how much of the new value added in the economy is invested rather than consumed. When it increases, it points towards that economic activities are in progress, which could support economic development and job creation. Gross fixed capital formation has been on an upsurge during the 2010s in the country, so far: it was estimated at 20% on average during the 2000s, but now peaking at 25% in 2017. Even though that the country has experienced a gross fixed capital formation growth, it is still quite far

below East Asia and Pacific (excluding high income) at 41% in the period from 2010 to 2017.¹⁰⁶

During 2017, the Philippines experienced a new record year for net foreign direct investment (FDI) inflows (i.e. FDI net inflows are the value of an inward direct investment made by non-resident investors in the reporting economy.)¹⁰⁷ It is estimated that the Philippine Economic Zone Authority (PEZA) approves more than half of the Philippines' inward FDI every year. In perspective, more than 40% of the FDI in 2016 went to the manufacturing sector. The country is still lagging behind regional peers. One reason is due to Philippine laws, which limits foreign investment and restricts foreign ownership in several sectors, for example, land ownership and public utilities.¹⁰⁸

Special Economic Zones (SEZ)

The Special Economic Zone Act from 1995 established the framework of SEZ. The point of establishing SEZ is to attract foreign investment to the country. The Philippine Economic Zone Authority (PEZA) monitors and administers these economic zones.

SEZs companies receive several exclusive benefits: i) income tax holidays, generally for 4-6 years, capped at 8 years; ii) special tax rate of 5% on gross income, iii) tax and duty-free import of capital equipment, spare parts and supplies, iv) tax and duty-free import of raw materials and supplies used in export, and v) zero value-added tax.¹⁰⁹

SEZs in the Philippines have undergone a significant transformation over the past decades. SEZs have evolved from government-controlled export processing zones to liberal economic zones that include private participation and a broad spectrum of economic activities. The government attempts to gear up to compete with other ASEAN manufacturing hotspots to grab a share of foreign investment. Benefits within SEZs have attracted the fast FDI upsurge in recent years. The investment inflows have especially been within the SEZs, where PEZA approved around 60% of the total FDI in the Philippines since 2010.

There are a total number of 379 operating economic zones (November 2017). Around 85% of SEZ firms are private while 15% are public. Regarding employment, the number of direct employment in SEZ increased from 120,000 in 1995 to slightly more than 1.4 million in 2017.¹¹⁰ The latter represents 5.4% of employees. It is interesting to observe that public employment in



economic zones has been on a flat growth since 1995 and staying at around 110,000 in direct employment while it grew very fast in the private sector from 30,000 in 1995 to 1.1 million in 2015.¹¹¹

SEZs are divided into 74 manufacturing economic zones, 262 information technology parks/centres, 22 agro-industrial economic zones, 19 tourism economic zones and

two medical tourism parks/centres. Additionally, there are 139 special economic zones under development.¹¹²

The governments usually relax laws that protect workers' rights and welfare in SEZs. Restrictions and the liability to adopt fixed-term, casual, temporary or seasonal employment contracts, have made trade unions to struggled in organizing in the SEZs in the Philippines.



APPENDIX: ADDITIONAL DATA

Table 24: Trend in tripartism in the Philippines, 2008-2017

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Tripartite Industrial Peace Councils created/reactivated	1	5	11	9	7	6	0	1	1	0
Industry Tripartite Councils created/reactivated	5	26	15	71	62	18	43	24	10	1
Existing Industry Tripartite Councils	-	-	70	141	203	221	264	288	294	298
Voluntary Codes of Good Practices adopted	-	-	8	33	45	35	37	21	8	0

Source: [Philippines Statistics Authority, Decent Work Statistics, Summary Tables, 1995-2017](#)

Table 25: Labour market related national legislations approved in the Philippines, 2014-2018 (July)

Year / Theme	Legislation
2014	
Employment policy, promotion of employment and employment services	Go Negosyo Act, 2014 (R.A. No. 10644)
Education, vocational guidance and training	Ladderized Education Act, 2014 (R.A. No. 10647)
Occupational safety and health	Guidelines for the Implementation of Globally Harmonized System (GHS) in Chemical Safety Program in the Workplace (D.O. No. 136-14)
2015	
General provisions	An Act repealing the Crime of Premature Marriage Under Article 351 of the Revised Penal Code (R.A. No. 10655)
Elimination of child labour, protection of children and young persons	Youth Entrepreneurship Act (R.A. No. 10679)
Employment policy, promotion of employment and employment services	An Act Defining the Role of the Department of Labor and Employment (DOLE), The Local Government Units (LGUs), and accredited Nongovernment Organizations (NGOs) in the Establishment and Operation of the Public Employment Service Office (PESO), and the Operation of Job Placement Offices in Educational Institutions (EIs), amending for the purpose Sections 3, 5, 6, 7 and 9 of Republic Act No. 8759, otherwise known as the "Public Employment Service Office Act, 1999"
Fishers	Republic Act No. 10654 amending R.A. No. 8550 otherwise known as the Philippine Fisheries Code of 1998
Seafarers	Seafarers Protection Act, 2016 [R.A. No. 10706]
2016	
Freedom of association, collective bargaining and industrial relations	Department Order No. 151-16 Implementing Rules and Regulations of RA No. 10396, or "An Act Strengthening Conciliation-Mediation as a Voluntary Mode of Dispute Settlement for All Labor Cases"
Employment policy, promotion of employment and employment services	Department Order No. 157-16 Implementing Rules and Regulations of RA 8759, otherwise known as the PESO Act of 1999, as amended by RA No. 10691
Conditions of employment	Labor Advisory No. 10-2016 Prohibition against Labor-Only Contracting
Occupational safety and health	Department Order No. 154-2016 Safety and Health Standards on the Use and Management of Asbestos in the Workplace.
Occupational safety and health	Labor Advisory No. 03-16 Safety and Health Measures to Prevent and Control Heat Stress at the Workplace.
Migrant workers	Department Order No. 159-16 Guidelines for the Employment of Migratory Sugarcane Workers (MSWs)
Seafarers	Department Order No. 153-16 Implementing Rules and Regulations of RA No. 10706 otherwise known as the "Seafarers Protection Act"
Fishers	Department Order No. 156-16 Rules and Regulations governing the Working and Living Conditions of Fishers on board Fishing Vessels engaged in Commercial Fishing Operation
Specific categories of workers	Department Order No. 159-16 Guidelines for the Employment of Migratory Sugarcane Workers (MSWs)
2017	
Freedom of association, collective bargaining and industrial relations	Labor Advisory No. 02-17 Right to Self-Organization Relative to the Implementation of K-12 Program
2018	



N/a	N/a
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Source: [ILO, NATLEX, Philippines](#)

Table 26: Ratified ILO Conventions in the Philippines

Subject and/or right	Convention	Ratification date
Fundamental Conventions		
Freedom of association and collective bargaining	C087 - Freedom of Association and Protection of the Right to Organise, 1948	1953
	C098 - Right to Organise and Collective Bargaining Convention, 1949	1953
Elimination of all forms of forced labour	C029 - Forced Labour Convention, 1930	2005
	C105 - Abolition of Forced Labour Convention, 1957	1960
Effective abolition of child labour	C138 - Minimum Age Convention, 1973	1998
	C182 - Worst Forms of Child Labour Convention, 1999	2000
Elimination of discrimination in employment	C100 - Equal Remuneration Convention, 1951	1953
	C111 - Discrimination (Employment and Occupation) Convention, 1958	1960
Governance Conventions		
Labour inspection	C081 - Labour Inspection Convention, 1947	Not ratified
	C129 - Labour Inspection (Agriculture) Convention, 1969	Not ratified
Employment policy	C122 - Employment Policy Convention, 1964	1976
Tripartism	C144 - Tripartite Consultation (International Labour Standards) Convention, 1976	1991
Up-to-date Conventions		
Children and young persons	C077 - Medical Examination of Young Persons (Industry) Convention, 1946	1960
Wages	C094 - Labour Clauses (Public Contracts) Convention, 1949	1953
	C095 - Protection of Wages Convention, 1949	1953
Migrant Workers	C097 - Migration for Employment Convention (Revised), 1949	2009
	C143 - Migrant Workers (Supplementary Provisions) Convention, 1975	2006
Specific categories of workers	C110 - Plantations Convention, 1958	1968
	C149 - Nursing Personnel Convention, 1977	1979
	C189 - Domestic Workers Convention, 2011	2012
Social Security	C118 - Equality of Treatment (Social Security) Convention, 1962	1972
	C157 - Maintenance of Social Security Rights Convention, 1982	1994
	C165 - Social Security (Seafarers) Convention (Revised), 1987	2004
Freedom of association	C141 - Rural Workers' Organisations Convention, 1975	1979
Employment policy and promotion	C159 - Vocational Rehabilitation and Employment (Disabled Persons) Convention, 1983	1991
OSH	C176 - Safety and Health in Mines Convention, 1995	1998
	C179 - Recruitment and Placement of Seafarers Convention, 1996	1998
	C185 - Seafarers' Identity Documents Convention (Revised), 2003 *	2012
Seafarers	MLC - Maritime Labour Convention, 2006 **	2012

* Amendments of 2016 to the Annexes of the Convention No. 185 which was in force in June 2017.

** Amendments of 2014 and amendments of 2016 to the MLC (2006) are in force in January 2017 and January 2019, respectively.

Note: Fundamental Conventions are the eight most important ILO conventions that cover four fundamental principles and rights at work. Equivalent to basic human rights at work. Governance Conventions are four conventions that the ILO has designated as important to building national institutions and capacities that serve to promote employment. In other words, conventions that promotes a well-regulated and well-functioning labour market. In addition, there are 71 conventions, which ILO considers "up-to-date" and actively promotes.

Source: [ILO, NORMLEX, Philippines](#)



Table 27: Ease of Doing Business in the Philippines, 2019

Topics	2019
Overall	124
Starting a Business	166
Dealing with Construction Permits	94
Getting Electricity	29
Registering Property	116
Getting Credit	184
Protecting Minority Investors	132
Paying Taxes	94
Trading Across Borders	104
Enforcing Contracts	151
Resolving Insolvency	63

Note: Doing Business 2019 indicators are ranking from 1 (top) to 190 (bottom) among other countries. The rankings tell much about the business environment, but do not measure all aspects of the business surroundings that matter to firms and investors that affect the competitiveness of the economy. Still, a high ranking does mean that the government has created a regulatory environment conducive to operating a business.

Source: [World Bank & IFC, Ease of Doing Business 2019 in the Philippines](#)



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