



## Strengthening Local Employment Services To Promote Youth Employment: A Case Study

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Local employment services facilitate local labour market transactions including matching jobseekers with enterprises seeking workers. These services are usually carried out by the government through a network of Public Employment Service Offices (PESOs) whose functions include job matching, providing labour market information (LMI), and guidance services.

Strengthening employment services at the local level is considered as one of the activities needing support at this time to ensure that youth are provided with greater prospects in their search for jobs. In a pilot programme which sought to increase young people's access to decent work, local and international stakeholders pooled their resources and expertise to address youth employment. The collaboration concentrated on several strategies which, in addition to strengthening local employment services, focused on providing technical vocational and entrepreneurship training to the youth, supporting entrepreneurship education in public high schools, and promoting public-private partnerships in support of youth employment.

### Background of the Joint Programme

The *MDG Fund Joint Programme on Alternatives to Migration: Decent Jobs for Filipino Youth* was funded by the Spanish Government and implemented from July 2009 to July 2012 under the Millennium Development Goals thematic window on Youth, Employment and Migration. It was envisioned to contribute to Millennium Development Goals 1, 3 and 8. MDG 1 aims to eradicate poverty and hunger, MDG 3 strives to promote gender equality and empower women, while MDG 8 endeavours to develop a global partnership for development. The Joint Programme is comprised of interlocking components in the youth thematic areas of skills, education, local economic development, and local employment services to address the broad problems affecting youth employment.

\*The authors would like to acknowledge Donna Koeltz for her technical inputs.

## Multi-stakeholder approach

Jointly implemented by United Nations country team agencies including the International Labour Organization (ILO), International Organization for Migration (IOM), United Nations Children's Fund (UNICEF), and United Nations Population Fund (UNFPA), the Joint Programme hopes to contribute to the Philippine Government's vision of a productive and competitive youth sector. The UN country team was joined in the collaboration by stakeholders from the government including the Department of Labor and Employment (DOLE), Department of Education (DepEd), Technical Education and Skills Development Authority (TESDA), Department of Trade and Industry (DTI), National Youth Commission (NYC), Philippine Commission on Women (PCW), the Autonomous Region in Muslim Mindanao (ARMM), and the Provincial Governments of Agusan del Sur, Antique, Masbate, and Maguindanao. The private sector was represented by local businesses, chambers of commerce, employer organizations, non-government organizations (NGOs), worker organizations, and youth organizations.

## Rationale for the case study

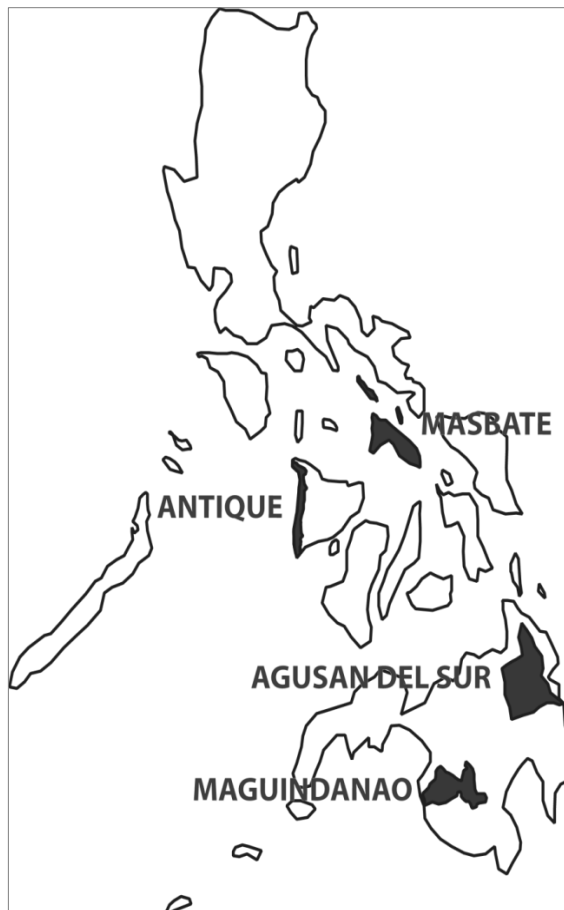
This case study is being undertaken to document the initiatives and good practices achieved by the Joint Programme in building up the resources of local organizations involved in employment services. It highlights the strategies and innovations adopted and the challenges and lessons learned in the process of implementation. This has the added value as a starting point and reference for future undertakings of the same nature.

## Targeting the disadvantaged youth

Between July 2009 and July 2012—the official implementation phase of the Joint Programme—a targeted 10,000 poor and vulnerable young men and women (between the ages of 15–24 years old) in the Philippines directly and indirectly benefitted from the Joint Programme. These included out-of-school youth, in-school youth, high school graduates, overseas Filipino workers (OFWs), and youth left behind by OFW parents. The objective was to put in place incentives, mechanisms and schemes—including well-functioning public employment service offices—which would provide an enabling environment for local youth to find decent work in their localities in lieu of migrating for work.

## Focus on four pilot provinces

The Joint Programme provided direct services to four of the poorest provinces of the country—Masbate, Antique, Maguindanao and Agusan del Sur. Focus were given to these four provinces due to observed high incidences of out-of-school and poor youth, low enrolment rates, and high drop-out rates. Also, lower ratios of youth to total population were observed in the four provinces. On average, the share of the youth in the 15 to 24 age group to total population was 20 per cent. Youth population shares were lower in the four provinces with 17.7 per cent for Antique, 15.8 per cent for Masbate, 19.7 per cent for Agusan del Sur



and 18.8 per cent for Maguindanao. One reason for the smaller share of youth in these provinces was out-migration with many local youth migrating for work to urban areas as well as abroad.

### The Philippines in context

The Philippines is a chain of islands at the edge of the western Pacific with a population of 92.34 million.<sup>1</sup> Many Filipinos migrate for work abroad to support their families. There are many motivations for the decision to work abroad but perhaps the most pressing are those of an economic nature. Although basic commodities are cheap in comparison with those abroad, wages are also low. Many still conform to the tenet of raising a large family but this has the consequence of greater expenses for food, health, and educational needs of children, among others. Under this scenario, many venture abroad to work as domestics, seafarers, entertainers and professionals. The prime consideration is to support their families back home. Because Filipinos place a high value on the extended family system, even people who do not yet have additional family obligations—many of them youth—go abroad for work not only to support themselves but also their parents, siblings and relatives.

In 2011 alone, total remittances to the Philippines of overseas Filipino workers (OFWs) were worth US\$20.12 billion.<sup>2</sup> The contribution to the Philippine economy of OFWs cannot be underestimated since OFW remittances constitute around 10 per cent of the country's GDP. Although overseas employment has proved to be an effective strategy for providing employment to those who want and need it most, many people who remain in the country must still contend with underemployment and unemployment.



Today, a high number of people within the country continue to be at risk of facing difficulties in their search for work. One segment of the population that faces severe challenges are youth, technically classified by the United Nations as those who belong to the 15 to 24 age range. In 2011, youth unemployment stood at 1.4 million which is more than twice the national average level.<sup>3</sup> Many young people are also trapped in vulnerable forms of employment. Statistics show that nearly 2.3 million youth are engaged in vulnerable forms of employment.

### The role and functions of local employment services

The ILO Employment Services Convention 88 (1948) binds member-countries of the International Labour Organization, including the Philippines, to maintain free public employment services consisting of a national system of employment offices under the direction of a national authority. The Convention also advises member-countries to “ensure the best possible organization of the employment market as an integral part of the national programme for the achievement and maintenance of full employment and the development and use of productive resources”. The Convention enumerates the functions that a public employment service is expected to provide (See Box 1).

<sup>1</sup> As of 2010, National Statistics Office Census of Population.

<sup>2</sup> Bangko Sentral ng Pilipinas.

<sup>3</sup> National Statistics Office.

### BOX 1: Key principles of Employment Services articulated in ILO Convention 88

(a) assist workers to find suitable employment and assist employers to find suitable workers, and more particularly...register applicants for employment, take note of their occupational qualifications, evaluate if necessary their physical and vocational capacity, and assist them where appropriate to obtain vocational guidance or vocational training or retraining; obtain from employers precise information on vacancies...; refer to available employment applicants with suitable skills and physical capacity; refer applicants and vacancies from one employment office to another...;

(b) take appropriate measures to facilitate occupational mobility...; facilitate geographical mobility...; facilitate temporary transfers of workers from one area to another as a means of meeting temporary local maladjustments in the supply of or the demand for workers; facilitate any movement of workers from one country to another which may have been approved by the governments concerned;

(c) collect and analyze, in cooperation where appropriate with other authorities and with management and trade unions, the fullest available information on the situation of the employment market and its probable evolution, both in the country as a whole and in the different industries, occupations and areas, and make such information available systematically and promptly to the public authorities, the employers' and workers' organizations concerned, and the general public;

(d) cooperate in the administration of unemployment insurance and assistance and of other measures for the relief of the unemployed; and

(e) assist, as necessary, other public and private bodies in social and economic planning calculated to ensure a favourable employment situation.

The government is seen to be in the most strategic position for minimizing the costs of job search and maximizing the benefits of an employment service to both jobseekers and employers, due to its scope and influence. Government policies that shorten the time spent for job search for jobseekers and employee search for employers influence the level of unemployment.

ILO Convention 88 explicitly maintains the free and voluntary nature of a public employment service. A key feature of government-initiated employment services is the focus on all sectors in particular emphasizing service provided to jobseekers and enterprises who are unable to pay for employment services yet who are often the most in need of assistance.

From an international perspective, the ILO highlights four core functions of a public employment service:

- job matching;
- implementing labour market programmes;
- the collection, analysis and dissemination of labour market information; and
- where applicable, the administration of unemployment insurance.

Present economic circumstances preclude the Philippines from implementing the fourth core service (a national programme of unemployment insurance) although some initiatives have been undertaken in exploring the possibility of such a scheme. According to the Department of Labor and Employment (DOLE), the basic activities that a public employment service office should undertake include:

- referral and placement;
- the provision of labour market information; and
- the provision of employment guidance and counseling.

### The current state of public employment services

The Republic Act 8759 (the Public Employment Service Office Act of 1999) institutionalized the establishment of PESOs throughout the country, delegating the mandate to promote full employment and equality of employment opportunities for all, to the PESOs. Under the law, local



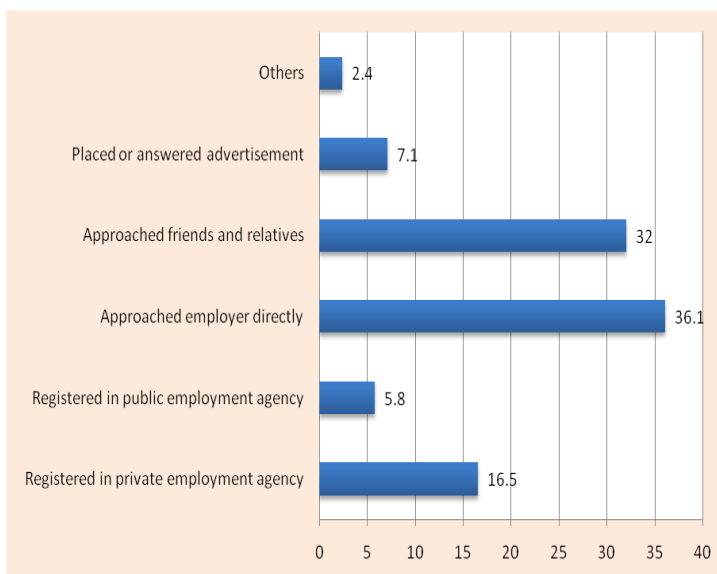
government units (LGUs), non-governmental organizations (NGOs), community-based organizations (CBOs), and state universities and colleges (SUCs) are enjoined to maintain community-based PESOs.

The PESOs are tasked to provide a venue where people can simultaneously explore various employment options as well as seek assistance on various services and programmes of the Department of Labor and Employment (DOLE) and other government agencies. The regional offices of the DOLE are charged with the coordination and technical supervision of the PESOs within their administrative jurisdiction. Based on figures from DOLE, as of December 2011, 1,780 PESOs have been established throughout the country and 1,125 of these are operational.

A major limitation in the law creating the PESO is the source of funding for its implementation. Section 9 of RA 8759 states that the amount needed for its full implementation shall be included in the budget of DOLE in the General Appropriations Act of the national government. Today, the PESO Act is still unfunded. The major reason for this is that the combined budget needed for all provincial, municipal, and city PESOs spread throughout the country to minimally operate within a given year is greater than the total budget of DOLE itself for the entire year. It is reasoned that the State's coffers do not have the wherewithal to finance such an operation. Thus, despite being enacted into law, the PESO network is hindered by the government's inability to allocate a budget from national funds to finance its operations.

Meanwhile, the matching of jobseekers with potential employers through public employment services is still an emerging activity. Of job search methods used by the unemployed, only 5.8 per cent registered in a public employment agency. The figure quoted is for the entire Philippines and when talking about Antique, Masbate, Agusan del Sur and Maguindanao, the figure would tend to be lower as public employment agencies are much less publicized and utilized in these provinces. As such, much needs to be done to promote the concept of a public employment service, especially in the rural areas.

**How the unemployed look for a job, Philippines (in per cent)**



Source: NSO Labour Force Survey October 2009

### **Strengthening provincial capacity in delivering local employment services**

In the four provinces, the ILO under the Joint Programme has provided the following initiatives meant to strengthen the provision of local employment services. These consist of—

**Assessment of local employment services.** An assessment was conducted to determine the status of local employment services and operations of the PESOs in the four provinces. The results of the assessment became the basis for recommendations on improving services and providing necessary training to PESO personnel.

**Advocacy work on PESO institutionalization.** To inform local governments wishing to operate their own PESO facilities, the *PESO starter kit: Guide to understanding the Public Employment Service Office* was developed, published and circulated. The PESO starter kit is an advocacy material of the DOLE meant to promote the establishment and institutionalization of the PESOs across the country. It targets local governments who are keen on institutionalizing the operation of the PESO in their locality by discussing ten easy steps towards institutionalization. At the same time, the *PESO starter kit* highlights good practices of existing PESOs which could become the basis for replication.

A concrete example of the gains from the Joint Programme's advocacy work is the on-going institutionalization process of PESOs in some of the pilot provinces. In Antique, Provincial Ordinance No. 080-2012 has been enacted in 2012 and provides the legal basis for the creation of the PESO for the province while at the same time establishing its staffing pattern and allocating funds for its operations. At the municipal level, two towns in Antique—San Jose and Pandan—have similarly institutionalized their local PESOs.<sup>4</sup>



#### Capacity building through trainings.

As a means of improving services of the Public Employment Service Office (PESO) in the provinces, 26 representatives (15 females; 11 males) of the DOLE and the PESO in the four provinces and selected municipalities were also provided training on basic employment services.

**Local collaboration and partnership building.** The PESO has become a major partner at the local level in job bridging activities wherein jobseekers are provided pre-employment orientation seminars (PEOS) for local and overseas employment, among others. Synergies between the PESO and the Joint Programme-initiated One-Stop Shop Resource Centres (OSRC) in the four provinces were similarly harnessed to harmonize delivery of services. Also known locally as youth and migrant centres, three of the province-based OSRCs benefited from the passage of provincial ordinances endorsed by the *Sangguniang Panlalawigan* (Provincial Council) for sustainability measures. At the same time, memoranda of understanding (MOUs) were signed by government agencies and other sectors to engage multi-sector partnerships providing capacity building, psycho-social counseling, information, pre-employment services and other service referral to youth and migrants.

#### Challenges and lessons learned

There are challenges that remain to the full optimization of local employment services in the four provinces. Addressing these challenges in the immediate future will ensure the smooth and efficient delivery of employment services to those most in need of these services and facilities. The challenges include—

**Many PESOs are still non-institutionalized.** Many public employment service offices (PESOs) in the four provinces continue to be non-institutionalized. An important reason for this is that

<sup>4</sup> *Antique Accomplishments and Experiences under the JP YEM: Provincial Government of Antique, 2012.*



most local governments units (LGUs) are not able to generate enough local revenues to fund the proposed PESO or revenues are already earmarked for other programmes perceived to be of greater priority. Another factor is the mindset of some local chief executives who may not fully appreciate the importance of employment promotion through PESOs at the local level. Through the Joint Programme's advocacy, however, there is now greater awareness on the potential link between the provision of local employment services and the increase in local employment. More local governments in the four provinces have already embarked on measures that will institutionalize their PESOs in the immediate future.

**Dependency on internal revenue allotment (IRA)<sup>5</sup> constrains budget including that for PESO.** Most local government units (LGUs) especially municipalities in the lower income bracket are financially dependent on their IRA. As it is, most LGUs already exceed the cap on their budget for personal services (the budget allotted for manpower and personnel resources). It becomes extremely difficult for them, therefore, to justify the creation of regular staff positions for the PESO funded from local sources. Again, advocacy work on the part of the Joint Programme has given the LGUs in the four provinces the impetus to adopt creative solutions and put employment promotion through PESO institutionalization at the top of their agenda.

**Budget and manpower constraints limit local employment services provided by the PESO to clients.** Because of many factors, foremost of which are budgetary constraints and lack of manpower, not all PESO core functions are provided by PESOs in the four provinces. Only the Special Programme for Employment of Students (SPES) is provided in a consistent fashion mainly because this has a funding source. The challenges call for LGU-based PESOs to sustain initial gains brought about by the Joint Programme. Priority would include further enhancing the technical skills of the PESO in delivering its core functions including referral and placement, labour market information (LMI), and career guidance and counseling.

<sup>5</sup> The Local Government Code of 1991 grants LGUs a 40 per cent share of national internal revenue taxes based on the tax collection of the third fiscal year preceding the current fiscal year. The LGUs' share of these national internal revenue taxes is called the internal revenue allotment.



## BOX 2: Legal bases enabling local governments to provide employment services

The State's policy to promote full employment and equal work opportunities for all is encapsulated in Chapter 1, Article 3 and Book 1, Article 12 of the Labor Code of the Philippines.

The same policy is also contained in Book 1, Title 1, Chapter 2, Section 16 of the Local Government Code of the Philippines. Enacted in 1991, the Local Government Code (Republic Act 7160) has vested on local government powers that were previously exercised by the national government alone. The Code effectively devolved local government administration to the LGUs guided by the State's policy to "provide for a more responsive and accountable local government structure instituted through a system of decentralization whereby local government units shall be given more powers, authority, responsibilities, and resources." In particular, Section 17 (b) (2) (v) tasks LGUs at the municipality level to provide *basic services and facilities in job placement information systems*. Section 17 (b) (4) also requires cities to provide the same services.

Given these enabling laws, the LGU has the power to create and grant legal status to an LGU-based PESO. Normally, this goes through a series of processes culminating in the grant of full legal status to the proposed PESO by local lawmaking bodies such as *Sangguniang Panlalawigan* (Provincial Council), *Sangguniang Panlungsod* (City Council) and *Sangguniang Bayan* (Municipal Council). Through such a measure, PESOs are ascertained of an annual budget for staff and operations sourced from the funds of local governments which, at the very least, would mean regularity and continuity of PESO services.

On top of these legal mandates, Republic Act 8759 (the PESO Act of 1999) institutionalized a National Facilitation Service Network comprised of Public Employment Service Offices (PESOs) spread throughout the country. RA 8759 is the most comprehensive law, to date, promoting and maintaining a public employment service network in the Philippines.

### Lack of private sector employers poses challenge to job matching function of the PESO.

Most jobseekers in the four provinces who found work through the PESO are employed in the local governments as civil servants due to scarcity of private enterprises that can absorb the jobseekers. Because of budgetary constraints, however, government jobs in LGUs in the four provinces are usually of a short term or emergency nature. One approach to address the dearth in private sector employers is through policies that increase the number of businesses including micro-enterprises and self-employed entrepreneurs which can absorb the labour surplus in the areas. Setting an enabling environment that favors investments is something that is in fact already being done to some extent in Agusan del Sur, Antique and Masbate, but not at all in Maguindanao. Also, there is generally a poor perception of the ability of the local government to provide quality employment services. There is thus a need for improving the image of the local government and its ability to provide good services through upgrading of the technical capacities of personnel and improving services and facilities of the PESOs.

### The road ahead

It is reasonable to expect that the local governments will sustain the initiatives undertaken to support the PESOs based in their jurisdictions beyond the Joint Programme for the following reasons. First and foremost, the LGUs have the legal mandate for promoting employment growth at the local level. There is already recognition among local government leaders and policymakers of their responsibility to put in place facilities and mechanisms that promote the expansion of local employment. Strong political will and the support of the provincial leadership is thus key in sustaining local employment services through the PESO. Second, the convergence between the PESOs and the Joint Programme-initiated One-Stop Shop Resource Centres (OSRCs) is a mechanism that is already in place although this needs to be nurtured. This will be especially helpful to the non-institutionalized PESOs since the province-based OSRCs are backed by provincial ordinances and are, therefore, potentially more enduring and encompassing in scope. Linking of resources and endowments between these two entities could fill in gaps in employment services needed at the local level.

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