

# REPORT ON LABOR FORCE SURVEY (OCTOBER 2020)

## HIGHLIGHTS

The labor market situation in October 2020 continued to show signs of recovery amid the continued resumption of economic activities, further relaxation of mobility restrictions, and strict adherence to safety and health protocols. Employment activities in some sectors remain subdued, including a significant loss of 1.1 million jobs in agriculture, as typhoons Nika, Ofel, Pepito, and Quinta all hit the country in October, on top of the southwest monsoon that persisted from June to October.

The unemployment rate improved to 8.7 percent in October from 10.0 percent in July and 17.6 percent at the height of the community quarantine in April. The decline in unemployment rate translated to 758,000 less unemployed workers compared to July.

Overall, the services sector recorded significant gains in employment relative to July 2020. Among the key subsectors that spurred employment activities were education, administrative & support service activities, information, communication, arts, entertainment & recreation, and accommodation & food service activities. These sectors continued to benefit from the increased operational capacity and further relaxation of quarantine restrictions. However, employment gains were tempered by losses in the agriculture and industry sectors, which is attributed to the negative effects of typhoons in October and by remaining limitations in economic activity due to various quarantine restrictions throughout the country, most stringent of which are in NCR, Batangas, Lanao del Sur, and some highly urbanized cities, such as Bacolod City, Tacloban City, and Iligan City.

Meanwhile, underemployment rate recorded a notable improvement at 14.4 percent in October 2020 from 17.3 percent and 18.9 percent in July and April 2020, respectively. This proximity to normalcy means that the informal sector is performing and the impact on poverty may be less severe.

Despite the easing of quarantine restrictions, the October 2020 round of the LFS recorded a 1.5 million decline in employment compared to the previous quarter, with the bulk of losses coming from the agriculture sector. The survey results support the need to manage risks, both from COVID-19 and natural calamities, and further open the economy safely to restore jobs and economic activities.

***Table 1. Summary of labor and employment indicators,  
October 2019, April 2020, July 2020 and October 2020 (in thousands)***

Indicators	Oct 2020 <sup>ap</sup>	Jul 2020 <sup>ap</sup>	Apr 2020 <sup>ap</sup>	Oct 2019 <sup>a</sup>
Population 15 years and over	74,307	74,061	73,722	72,603
Labor Force Level	43,649	45,877	41,058	44,582
Employment Level	39,836	41,306	33,830	42,537
Unemployment Level	3,813	4,571	7,228	2,045
Underemployment Level	5,747	7,137	6,398	5,438
Visible Underemployment	3,605	5,161	5,489	3,354
Employment Generation (QOQ)	(1,470)	7,476	(8,823)	6
Labor Force Participation Rate (%)	58.7	61.9	55.7	61.4
Employment Rate (%)	91.3	90.0	82.4	95.4
Unemployment Rate (%)	8.7	10.0	17.6	4.6
Underemployment Rate (%)	14.4	17.3	18.9	12.8
Visible Underemployment Rate (%)	9.0	12.5	16.2	7.9
Mean Hours of Work	40.8	38.2	35.0	42.0

<sup>p</sup>2020 estimates are preliminary and may change

<sup>a</sup>Estimates are based on 2015 CPH population projections

Source: Labor Force Survey (LFS), PSA

**Table 2. Employment: January, April, July, and October 2019 and 2020 (in percent)**

Indicators	2019 <sup>a</sup>					2020 <sup>ap</sup>				
	Jan	Apr	Jul	Oct	FY	Jan	Apr	Jul	Oct	FY
Employment rate	94.7	94.9	94.6	95.4	94.9	94.7	82.4	90.0	91.3	89.8
Employment level (growth rate)	n.a.					4.0	(19.0)	(2.9)	(6.3)	(6.1)
<i>Employment share by sector</i>										
Agriculture	21.6	21.7	22.9	22.8	22.2	22.7	25.9	26.3	24.5	24.8
Industry	19.9	19.4	18.9	19.1	19.3	18.8	17.0	18.8	18.3	18.3
Manufacturing	9.0	8.5	8.7	8.6	8.7	8.5	8.0	8.2	7.6	8.1
Services	58.5	58.9	58.2	58.1	58.4	58.6	57.1	54.8	57.2	56.9

<sup>p</sup>2020 estimates are preliminary and may change

<sup>a/</sup>Estimates are based on 2015 CPH population projections

<sup>b/</sup>Represents quarter-on-quarter difference of total employment.

Source: Labor Force Survey (LFS), PSA

1. In October 2020, the unemployment rate decreased to 8.7 percent from 10 percent in July. Meanwhile, the underemployment rate also decreased to 14.4 percent from 17.3 percent over the same period.
2. Although the July 2020 round of the LFS exhibited favorable results compared to the height of the community quarantine in April, employment figures recorded in October 2020 showed a slight downturn with almost 1.5 million employment losses from July 2020, 1.1 million of which came from the agriculture sector and 486,000 from industry. The overall decline was slightly offset by 124,000 employment gains in the services sector.
3. The bulk of employment losses relative to July 2020 came from the agriculture sector (-1.1 million), which largely stemmed from the 1.3 million employment loss in the agriculture and forestry subsector. This is mainly attributed to the negative effect of typhoons in October and the monsoon. In particular, typhoons Ofel, Pepito, and Quinta caused more than PHP 2.7 billion worth of damages to agriculture while directly affecting more than 1

million individuals or 250,028 families in Luzon and Visayas.<sup>1</sup> In addition, these may have been further aggravated by the southwest monsoon from June to October 2020. The weather disturbance to the agriculture sector will likely persist as PAGASA forecasts La Niña to continue until early 2021.<sup>2</sup> Tempering the loss in agriculture and forestry, fishing and aquaculture experienced employment gains (+218,000) as fishermen maximized the fishing season prior to closing in November. Simple simulations show that without this setback in agriculture, the unemployment rate could have hovered at around 6 to 6.5 percent instead, as past fourth quarters did not see decline in the agriculture employment.

4. The industry sector experienced a decline in employment level (-486,000) from July 2020 coming mainly from the manufacturing (-344,000), mining & quarrying (-87,000), and construction subsectors (-59,000). The manufacturing Purchasing Managers Index (PMI) for October dropped to 48.5, indicating that operating conditions and output levels in the subsector continued to worsen due to weaker demand (Sep: 50.1, Aug: 47.3, Jul: 48.4).<sup>3</sup>

In addition, the decline in employment for construction could be an extension of the contraction seen in the gross value added of the subsector during the third quarter. Government construction activities declined as capital outlay projects unlikely to be completed or implemented in 2020 have been discontinued to redirect funds to address the pandemic.<sup>4</sup> Likewise, private construction projects fell. One reason is the difficulty of workers in the provinces to return to work given inter-province transport restrictions. Further, bad weather conditions may have also amplified the employment losses in the construction subsector.<sup>5</sup> Another factor that possibly contributed to the employment decline in this sector is the delayed issuance of extension for workers on floating status.<sup>6</sup> In October alone, Department of Labor and Employment (DOLE) reported that 69,501 workers were affected by permanent closures of business establishments.<sup>7</sup>

---

<sup>1</sup> SitRep5 - Ofel ([ndrrmc.gov.ph](http://ndrrmc.gov.ph)); SitRep7 - Pepito ([ndrrmc.gov.ph](http://ndrrmc.gov.ph)); SitRep11 - Quinta ([ndrrmc.gov.ph](http://ndrrmc.gov.ph))

<sup>2</sup> More rains 'til Q1 2021 due to La Niña: PAGASA | Philippine News Agency ([pna.gov.ph](http://pna.gov.ph))

<sup>3</sup> IHS Markit Philippines Manufacturing PMI ([markiteconomics.com](http://markiteconomics.com))

<sup>4</sup> National Income Accounts Technical Report for Q3 2020.

<sup>5</sup> Council seeks speedy completion of P1-B Samar road project | Philippine News Agency ([pna.gov.ph](http://pna.gov.ph))

<sup>6</sup> DO No. 2015, s. 2020 ([dole.gov.ph](http://dole.gov.ph))

<sup>7</sup> Department of Labor and Employment, data as of 25 October 2020.

Meanwhile, the water supply, sewerage, waste management and remediation activities subsector posted employment gains (+18,000), bucking the trend in the industry sector.

5. Relative to July, majority of the increase in employment in the services sector were recorded in education (+268,000), administrative & support service activities (+199,000), and information & communication (+147,000). These improvements could be due to the official reopening or start of classes<sup>8</sup> and the continued expansion of the information technology and business process outsourcing (IT-BPO) industry in the country.<sup>9</sup> Employment in human health and social work activities remained on an upward trend (+57,000) as the country's continued to address the pandemic and recovery from the impact of recent typhoons demanded additional workforce in the sector.

Moreover, further opening of the economy (i.e. increased capacity and less restrictions to operate) prompted employment gains in the arts, entertainment & recreation (+96,000) and accommodation & food service activities (+61,000) subsectors.<sup>10</sup> Similarly, higher employment was observed in the financial & insurance activities (+43,000) as the sub-sector continued to grow in Q3 2020.<sup>11</sup>

On the other hand, wholesale and retail trade, repair of motor vehicles & motorcycles (-508,000) and public administration and defense & compulsory social security (-126,000) posted significant employment losses.

6. By occupation group, the bulk of employment losses compared with the July 2020 LFS were recorded in elementary occupations<sup>12</sup> (-1.6 million), followed by plant and machine operators & assemblers (-168,000), and skilled agricultural, forestry & fishery workers (-151,000). Notably, more professionals (+295,000), technicians & associate professionals (+239,000), clerical support workers (+112,000), and managers (+32,000) have been employed in October 2020 compared with the previous quarter.

---

<sup>8</sup> Briones welcomes 24.7M learners for SY 2020-2021, declares opening of classes a victory | Department of Education ([deped.gov.ph](http://deped.gov.ph))

<sup>9</sup> ITBPO sector continues to invest heavily in manpower | Philippine News Agency ([pna.gov.ph](http://pna.gov.ph))

<sup>10</sup> MC No. 20-52, s. 2020 ([dti.gov.ph](http://dti.gov.ph))

<sup>11</sup> National Income Accounts Technical Report for Q3 2020.

<sup>12</sup> This occupation group includes most workers in agriculture and forestry.

7. Most of the decline in employment relative to July 2020 were permanent in nature (-1.6 million), with the bulk still from agriculture and forestry (-1.0 million), followed by manufacturing (-370,000), and wholesale and retail and repair of motor vehicles & motorcycles (-291,000). On the other hand, permanent employment grew in education (+188,000), administrative & support service activities (+149,000), fishing & aquaculture (+136,000), and information & communication (+109,000).

Meanwhile, a total of 309,000 additional short-term employment was created across almost all subsectors except wholesale and retail and repair of motor vehicles & motorcycles (-224,000), mining & quarrying (-23,000), and agriculture & forestry (-14,000).

8. By class of worker, the proportion of vulnerable employment (i.e. self-employed and unpaid family workers) to total employment showed an improvement from the previous quarter, 34.2 percent in October from 37.0 percent in July. Among the sectors, vulnerable employment is highest in services (7.1 million), followed by agriculture (6.1 million). Meanwhile, employer in own family-operated farm or business (+229,000) and worked with pay in own family-operated farm or business (+1,000) posted employment gains during the period.
9. In terms of hours worked, full-time employment (i.e. those who worked for 40 hours and more a week) increased by 3.1 million workers to 26.2 million in October from 23.2 million in July. Majority of full time workers are wage and salary workers, particularly working in private establishments (14.9 million or 56.6 percent of the total). The creation of full-time employment for the period has driven the mean hours of work to 40.8, higher by 2.7 hours, from 38.2 mean hours in July 2020.

Meanwhile, part-time employment (i.e. those who worked for less than 40 hours a week) declined by 3.6 million workers to 13.2 million in October from 16.8 million in July. Majority of those engaged in part-time work are self-employed (5.5 million or 41.7 percent of the total) and working for a private establishment (4.4 million or 33.1 percent of the total).

10. By geographic location, employment losses were recorded in 15 out of 17 regions in the country in October compared with the previous quarter. The bulk of the losses were recorded in CALABARZON (-217,000), Western Visayas (-166,000), Northern Mindanao (-144,000), Zamboanga Peninsula (-139,000), Cagayan Valley (-131,000), and SOCCSKSARGEN (-106,000). On the other hand, employment levels inched up in NCR (+6,000) and CAR (+5,000).

Despite recording losses from the July LFS, the following regions logged higher employment levels in October 2020 compared to the same period last year: BARMM (+200,000), Caraga (+24,000), MIMAROPA (+24,000), and SOCCSKSARGEN (+4,000). These regions have relatively low number of active COVID-19 cases and are generally not within the path of past typhoons (except for MIMAROPA).<sup>13,14</sup>

**The underemployment rate showed significant improvement, recording a 14.4 percent rate in October 2020 compared with 17.3 percent in July 2020.**

**Table 3. Underemployment rates, January, April, July, October 2019 and 2020 (in percent)**

Area	2019 <sup>a</sup>					2020 <sup>ap</sup>				
	Jan	Apr	Jul	Oct	FY	Jan	Apr	Jul	Oct	FY
<b>National</b>	15.4	13.4	13.6	12.8	13.8	14.8	18.9	17.3	14.4	16.2
<b>AONCR</b>	16.7	14.8	14.8	14.2	15.1	16.3	20.3	18.1	14.9	17.3

<sup>p</sup>2020 estimates are preliminary and may change

<sup>a</sup>Estimates are based on 2015 CPH population projections

Source: LFS, PSA

<sup>13</sup> COVID-19 tracker ([doh.gov.ph](https://doh.gov.ph))

<sup>14</sup> SitRep5 - Ofel ([ndrrmc.gov.ph](https://ndrrmc.gov.ph)); SitRep11 - Quinta ([ndrrmc.gov.ph](https://ndrrmc.gov.ph))



11. Accompanied by the gradual and continuous re-opening of the economy, the visible underemployment rate, which is the proportion of employed persons working less than 40 hours a week and wanting more hours of work, declined by 1.3 million in October compared with July. Meanwhile, the invisible underemployment rate, which represents the proportion of employed working for more than 40 hours and still seeking additional hours of work, rose by approximately 166,000. In the October round, the agriculture & forestry sub-sector had the highest visible underemployment (1.1 million or 31.8 percent) while wholesale and retail trade and repair of motor vehicles & motorcycles accounted for the bulk of invisible underemployment (476,000 or 22.2 percent).
12. By class of workers, improvements in underemployment rates were seen in most classes for October compared to the previous quarter, except for those employed in own family-operated farm or business (+8,000 or +4.1 percent) and worked with pay in own family-operated farm or business (+2,000 or +21.3 percent).
13. Geographically, most regions saw an improvement in their underemployment rates except for the Ilocos Region (16.7 percent underemployment rate), Bicol Region (29.1 percent), Western Visayas (12.9 percent), and the Bangsamoro Autonomous Region in Muslim Mindanao (BARMM) (14.4 percent). This can be attributed to the recent tropical depression and typhoons that hit the country for the reference period.<sup>15</sup>

**Unemployment rate fell to a single-digit rate of 8.7 percent in October, from the double-digit rates of 10.0 percent and 17.6 percent in July and April, respectively.**

14. As a result of the continuous, though still limited, resumption of economic activity, the number of unemployed workers declined by 758,000 in October from July. Most of this decline in unemployment occurred among male workers (-451,000) in the prime working age of 25-54 years old (-265,000). These workers have junior high school or college education. The reduction in unemployment in October was recorded across all levels of educational attainment.

---

<sup>15</sup> Tropical Depression “Ofel”: <https://www.pna.gov.ph/articles/1118573>; Tropical Storm “Pepito”: <https://www.pna.gov.ph/articles/1119492>; Tropical Storm “Quinta”: <https://www.pna.gov.ph/articles/1120973>



**Table 4. Unemployment Rates: January, April, July, and October 2019 and 2020 (in percent)**

Indicator	2019 <sup>a</sup>					2020 <sup>p,a</sup>				
	Jan	Apr	Jul	Oct	FY	Jan	Apr	Jul	Oct	FY
Overall	5.3	5.1	5.4	4.6	5.1	5.3	17.6	10.0	8.7	10.2
15-24	14.2	12.9	14.7	12.9	13.7	13.6	31.6	22.4	19.4	21.5
25-54	3.9	3.9	4.0	3.2	3.7	4.0	16.0	8.1	7.3	8.7
55 & over	1.7	1.8	1.6	1.5	1.7	2.0	10.6	4.3	4.3	5.1

<sup>p</sup>2020 estimates are preliminary and may change

<sup>a</sup>Estimates are based on 2015 CPH population projections

Source: LFS, PSA

15. Improvements in unemployment rates broadly occurred across age groups between October and July, and from the unprecedented unemployment figures in April. The youth unemployment rate in October was at 19.4 percent, significantly improved from 22.4 percent in July. The substantial decline in the number of unemployed among 15-24 years old (-416,000) and 65 years old and above (-7,000) may be attributed to the recent amendment to the age-based quarantine restriction, where individuals aged 15 to 65 years old are now permitted to go out<sup>16</sup>. Since the onset of the COVID-19 pandemic in March, strict mobility restrictions were imposed for those aged between 21 to 60 years old.
16. The imposition of community quarantines and uncertainty brought about by COVID-19 remain to be the top reasons among unemployed individuals to not look for work in October (1.7 million or 45.6 percent of total unemployed). This was, however, an improvement from the figures recorded in July (2.5 million or 53.9 percent of total unemployed) and April (6.0 million or 82.3 percent of total unemployed). Meanwhile, the number of discouraged workers, or those who did not look for work because of fatigue or the belief that no work was available, was up by 28,000 reaching 164,000 in October. Moreover, with the onslaught of several typhoons that hit the country early in the quarter, 33,000 unemployed workers cited weather disturbances as a reason for not looking for work.

<sup>16</sup> <https://www.officialgazette.gov.ph/downloads/2020/10oct/20201015-IATF-Resolution-79-RRD.pdf>

17. Thirteen out of seventeen regions sustained declines in unemployment rates in October from the previous quarter. Among the regions that registered more unemployed workers were MIMAROPA (26,000), Zamboanga Peninsula (9,000), and Caraga (5,000). Notably, the unemployment rate in NCR went down to 12.4 percent in October from 15.8 percent in July, which translates to 223,000 less unemployed workers.
18. With the exception of China and Indonesia, among Asian neighbors, the latest unemployment figures signal improvement compared to the previous period. In general, better unemployment figures may be attributed to the further easing of mobility restrictions and resumption in economic activity in these countries.

**Table 5. Comparison of latest unemployment rates across selected Asian economies**

Indicator	Unemployment Rate <sup>17</sup>			
	Latest Period	Month released	Previous Period	Month released
China <sup>a</sup>	4.2	Sep	3.8	Jun
India <sup>b</sup>	6.7	Oct	7.5	Jul-Sep
Indonesia <sup>c</sup>	7.1	Aug	5.0	Feb
Malaysia <sup>b</sup>	4.7	Jul-Sep	5.1	Apr-Jun
Philippines	8.7	Oct	10.0	Jul
Thailand <sup>b</sup>	2.1	Oct	1.9	Jul-Sep
Vietnam <sup>a</sup>	2.5	Sep	2.7	Jun

Notes: a/ Unemployment in these countries is reported quarterly (March, June, September, December);

b/ Unemployment in these countries is reported monthly; figures above refer to quarterly average;

c/ Indonesia unemployment is reported semi-annually (February and August); Figures in February do not take into account COVID-19 impact

<sup>17</sup> <https://www.ceicdata.com/en/indicator/china/unemployment-rate>; <https://unemploymentinindia.cmie.com/>; <https://www.thejakartapost.com/news/2020/11/05/unemployment-surges-to-decade-high-as-covid-19-causes-millions-to-lose-jobs.html>; <https://www.economy.com/malaysia/unemployment-rate>; <https://www.ceicdata.com/en/indicator/thailand/unemployment-rate>; <https://www.ceicdata.com/en/indicator/vietnam/unemployment-rate>

**Labor force participation rate (LFPR) dropped to 58.7 percent in October 2020 from 61.9 percent in July 2020 as more young people opted to attend school and consequently, more women had to take on household duties, including accompanying younger children in remote learning. Moreover, other sources of income, such as foreign remittances, grew by 9.1 percent in September, reversing the general trend of contraction in 2020. This compensates the need for some workers to have a job and participate in the labor force.**

19. The 2.2 million contraction in the labor force in October compared with July is mainly attributed to the significant decline in youth LFPR to 33.9 percent (or -975,000) in October 2020 from 38.9 percent in July 2020, of which school participation is cited as the major reason for leaving the labor force. The resumption of classes for the school year 2020-2021 that started in late August for higher education and early October for the basic and secondary education<sup>18</sup> partly explained the substantial drop in youth LFPR.
20. The decrease in female LFPR to 45.0 percent (-1.3 million) in October 2020 from 48.5 percent in July 2020 likewise contributed to the decline in the total labor force. As classes resume through blended learning (i.e. online, modular print or digital, tv-based, radio-based), most mothers took on additional tasks at home, such as looking after the studies of their children which is on top of the usual housework, childcare and other related errands<sup>19</sup>. This explains why majority cited household duties (36.4 percent), closely followed by schooling (34.9 percent), as main reasons for opting out of the labor force. Moreover, a significant share of those who cited their respective household duties as their reason to no longer look for work, are female (92.8 percent). This only affirms findings from the recent United Nations Women's study about the greater pressure of housework and childcare on women during a pandemic in the Philippines<sup>20</sup>.

<sup>18</sup> Pursuant to Republic Act No. 11480, the Department of Education has deferred the start of classes for SY 2020-2021 on October 5, 2020 (<https://www.officialgazette.gov.ph/downloads/2020/07jul/20200717-RA-11480-RRD.pdf>). Meanwhile, CHED pursued the start of classes for higher education institutions in late August (731 colleges, universities begin classes this August: <https://www.pna.gov.ph/articles/1113640>)

<sup>19</sup> <https://www.rappler.com/nation/parents-bear-brunt-distance-learning-school-opening-philippines-2020>;

<sup>20</sup> Hill, E., Baird, M., and Seetahul, S., The Philippine and COVID-19 Impact on the Private Sector. Retrieved from [https://asiapacific.unwomen.org/-/media/field%20office%20eseasia/docs/publications/2020/08/iw-philippines-report\\_final-28aug.pdf?la=en&vs=2915](https://asiapacific.unwomen.org/-/media/field%20office%20eseasia/docs/publications/2020/08/iw-philippines-report_final-28aug.pdf?la=en&vs=2915)

21. The overall decline in labor force cuts across all regions in October relative to July. Regions that bore the brunt of various typhoons in October mostly indicated huge declines in the labor force compared to July: CALABARZON (-352,000), Cagayan Valley (-200,000), and NCR (217,000).

**Table 5. LFPR, January, April, July, and October 2019-2020 (in percent)**

Indicator	2019 <sup>a</sup>					2020 <sup>ap</sup>				
	Jan	Apr	Jul	Oct	FY	Jan	Apr	Jul	Oct	FY
<b>LFPR (total)</b>	60.3	61.3	62.1	61.4	61.3	61.7	55.7	61.9	58.7	59.5
Youth	35.9	38.8	38.3	37.1	37.5	37.4	32.4	38.9	33.9	35.7
Male	73.8	75.2	75.3	74.9	74.8	74.9	69.8	75.3	72.3	73.1
Female	46.6	47.4	48.7	47.8	47.6	48.4	41.5	48.5	45.0	45.9

<sup>p</sup>2020 estimates are preliminary and may change

<sup>a</sup>Estimates are based on 2015 CPH population projections

<sup>b</sup>Represents quarter-on-quarter difference of total employment.

Source: Labor Force Survey (LFS), PSA

**The share of youth not in education, employment, nor training (NEET) significantly increased to 20.4 percent in October from 11.4 percent in July 2020, but still better compared to the 25.2 percent in April 2020.**

22. The proportion and number of youth not in education, employment, nor training (NEET) almost doubled to 20.4 percent (equivalent to 4.1 million persons) from 11.4 percent (2.3 million persons) last July. The 1.8 million increase in youth NEET in October is mostly attributed to the rise in unemployed youth NEET (+1.2 million persons) and youth NEET not in the labor force (+578,000 persons). While majority of the unemployed youth NEET cited COVID-19 related reasons, those youth NEET not in the labor force (NILF) cited household duties for no longer looking for work.

**Table 6. Share of youth NEE and NEET to total youth population: January, April, July, and October 2019-2020 (in percent)**

Indicator	2019 <sup>a</sup>					2020 <sup>ap</sup>				
	Jan	Apr	Jul	Oct	FY	Jan	Apr	Jul	Oct	FY
Share of youth NEE (%)	19.8	18.9	19.0	17.3	18.8	17.1	25.4	11.5	20.6	18.6
Share of youth NEET (%)	19.5	18.7	18.8	17.2	18.6	16.9	25.2	11.4	20.4	18.5

<sup>p</sup>2020 estimates are preliminary and may change

<sup>a</sup>Estimates are based on 2015 CPH population projections

<sup>b</sup>/ Represents quarter-on-quarter difference of total employment.

Source: Labor Force Survey (LFS), PSA

**The extensive impact of the COVID-19 pandemic has taken a toll on the government's employment related targets in the Philippine Development Plan (PDP) 2017-2022. This outturn warrants more aggressive policy actions to ensure that the revised targets will be achieved.**

23. Amid the extraordinary circumstances brought by the COVID-19 pandemic, majority of the employment related targets in the PDP 2017-2022 were not met in 2020. The disruptions in the overall economic activity resulted in higher than usual full year average of the national unemployment rate (10.2 percent) and youth unemployment rate (19.4 percent), and consequently 2.6 million employment loss. Likewise, the annual target for female labor force participation rate were also not met.
24. Nonetheless, the government remains within target in terms of improving the quality of work in AONCR as underemployment averaged 17.3 percent in 2020, falling within the annual target range of 16.9 and 18.9 percent. The government remains on track in terms of reducing the proportion of youth-at-risk. The share of youth NEET was recorded at 18.5 percent which falls within the PDP target of 17.5 and 19.5 percent. Meanwhile, the share of discouraged workers fell to 3.9 percent, exceeding the annual target of 11.0 percent.

**Table 7. Summary of Selected PDP Employment Targets vis-à-vis FY 2020 LFS Data**

Indicator	Actual Data	Target	
	2020	2020 <sup>a</sup>	2022 <sup>b</sup>
Unemployment Rate reduced (%)	10.2	3.8-5.2	7.0-9.0
Employment generated (in '000)	(2,571)	900-1,100	1,000-1,200
Reduced Youth unemployment <sup>c</sup> (%)	19.4	9.2	20.5-22.2
Underemployment in areas outside National Capital Region (AONCR) reduced (%)	17.3	16.9-18.9	15.5-17.5
Labor force participation rate of women increased (%)	45.8	50.5	48.5-50.5
Percentage of discourage jobseekers decreased (%)	3.9	11.0	11.0
Percentage of youth not in Education, Employment or Training (NEET) decreased (%)	18.5	17.5-19.5	17.0-19.0

Color codes: Blue shade if data exceeded target. Green shade if met. Red shade if not met.

a/ 2020 PDP targets set in 2016 were retained;

b/ Revised targets based on the Updated PDP 2017-2022

c/ Data for October round

Source: Philippine Statistics Authority, Labor Force Survey

## Providing relevant and timely policies will be crucial to stay on track in improving employment profiles.

25. Given the weather disturbances and other natural disasters that occur in the country, we underscore the need for increased investment in climate-resilient technologies and infrastructure. While the DA's Plant, Plant, Plant program and Rice Competitiveness Enhancement Fund (RCEF) aim to boost productivity, disaster resilience may need to be integrated in these existing measures to improve the agriculture sector's adaptability and resilience against changing weather conditions. Construction of cold storage facilities and warehouses in strategic areas will also be helpful in extending the shelf life of agricultural products and enhancing efficiency in the value chain.
26. As we aim to increase consumption and work activities with the easing of quarantine restrictions, the demand for public transportation will continue to rise. Hence, ramping up safe and sufficient public transport through effective policy guidelines is crucial to ensure minimal disruptions in the

operations of businesses. In this regard, supporting public transport through the service contracting program<sup>21</sup> implemented by the Department of Transportation (DOTr) is essential. Moreover, a unified cashless payment system across modes of transportation as well as an accessible and effective contact or exposure tracing mechanism are some safety measures that may need to be implemented in the transportation sector.

27. To promote service and business continuity among government and private institutions, there is a need to introduce policies to address the digital divide and improve accessibility of digital services. This will enable both businesses and the government to continue producing goods and/or deliver services despite the impediments brought about by the pandemic.
28. The government may also provide cash-for-work and restart public infrastructure projects that can contribute to job generation. This means that prioritization of employment-intensive and shovel ready Build, Build, Build (BBB) projects remains paramount. In relation to this, the immediate and continued implementation of Bayanihan II can also aid affected workers, communities and firms since it includes the provision of temporary employment programs, grants, and financing for micro, small, and medium enterprises (MSMEs).
29. Following the recent developments of potential COVID-19 vaccines, the government may prepare ahead by developing a concrete, comprehensive, and detailed plan in disseminating the vaccine to be procured by the Philippine government. This may first be distributed to front line workers, followed by the vulnerable population, and the general public.
30. Upskilling and retooling of displaced workers, especially those from vulnerable groups may be prioritized. Training programs need to be designed to develop in-demand skills as we transition to the new normal (i.e. digital adeptness and technological skills). In line with this, targeted training modules may need to be developed to address the needs of the youth, displaced workers, new entrants to the labor force, and the vulnerable sector (i.e. informal sector workers).

---

<sup>21</sup> <https://dotr.gov.ph/55-dotrnews/2689-service-contracting-program.html>



31. Existing labor market information mechanisms may be expanded to improve access to training, vocational counselling, and job matching services for displaced workers, returning Overseas Filipino workers (OFWs), and the youth. This means strengthening the capacity of Public Employment Service Offices (PESOs) is crucial to deliver effective job matching and counselling services at the local level. At the same time, encouraging firms to hire labor residing within the communities they operate is also more efficient as it implies less travel time for employees and less vulnerability due to transport disruptions.
32. In the short-term, immediate financial assistance to displaced OFWs may be necessary. The government is currently providing cash subsidies (worth PHP 10,000) under the DOLE-AKAP program and livelihood assistance through the OFW–Enterprise Development and loan program of Overseas Workers Welfare Association (OWWA), among other programs. All financial and livelihood assistance programs, including grants and loans, may need to expand its reach for more returning overseas Filipinos. The government may also strengthen its reintegration programs to reverse out-migration by enhancing the skills of OFWs who might stay in the Philippines.
33. Finally, the timely passage and implementation of the 2021 national budget, Corporate Recovery and Tax Incentives for Enterprises (CREATE), Government Financial Institutions Unified Initiatives to Distressed Enterprises for Economic Recovery (GUIDE), and Financial Institutions Strategic Transfer (FIST) are vital in fueling the economic recovery. In particular, these will ensure the accelerated implementation of the country's main growth drivers such as projects under the BBB program and digital infrastructure developments. Overall, these are expected to create more employment opportunities and drive productive activities across industries.