

Building employment and Decent Work into sustainable recovery and development – The UN Contribution

Inter-Agency Technical Meeting ITC-ILO 29 November to 01 December 2010

• Day 2, Session1 -- Innovations in Public Employment Programs:

• Design Elements for a Philippine Employment Guarantee Scheme



EGS itself is not yet in the agenda

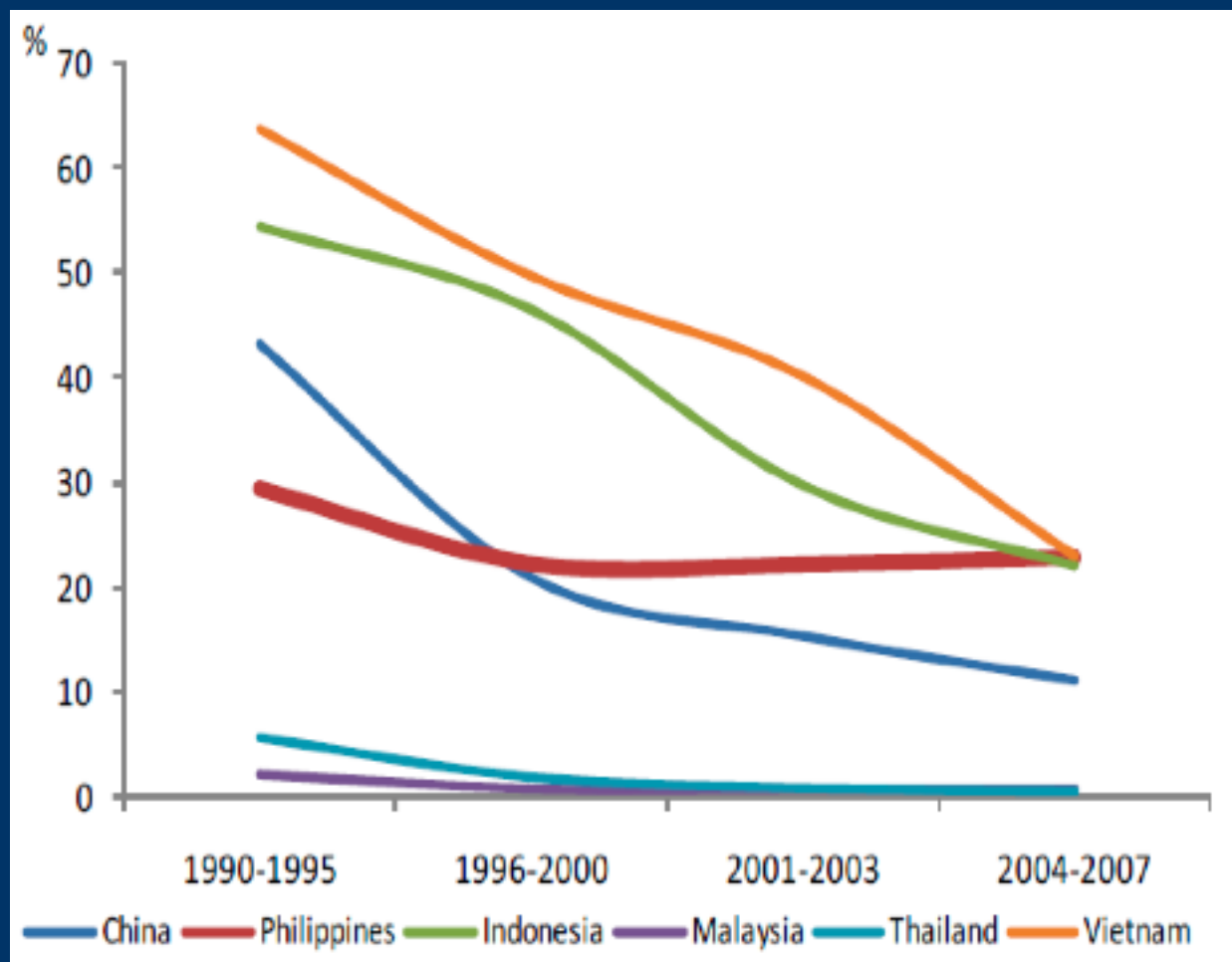
- **One would suppose** that EGS would be easy to justify: 30 % poor, 50% are working poor precarius employment.
 - **But fiscal difficulties emerged** alongside the global financial crisis, and partly also as a result of more expansive social programs; the new president promised “no new taxes” during the elections.
 - **Nonetheless some kind of emergency employment progam is part of the agenda** of the new president. But economic managers express confidence that growth will soak up underemployment.
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Share of working poor in total employment in the Philippines (percent)

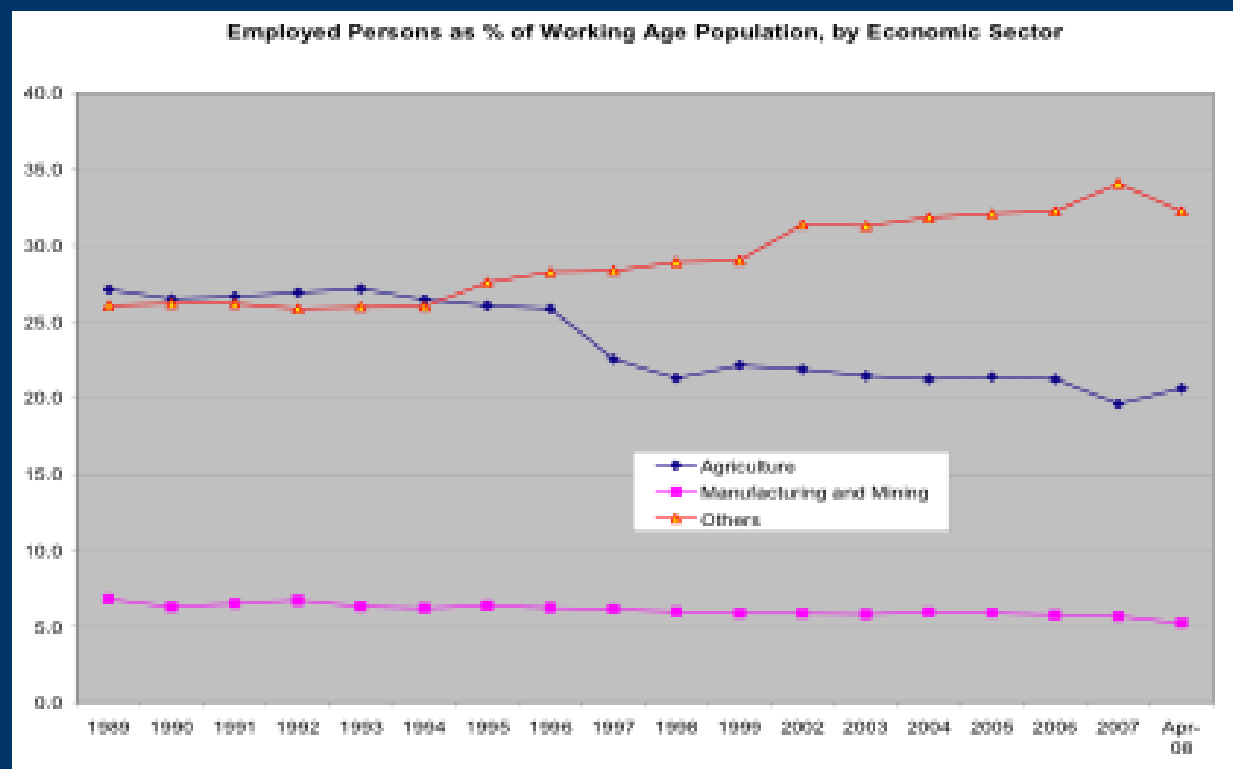
ADB, based on ILO indicators of the labor market, 2006

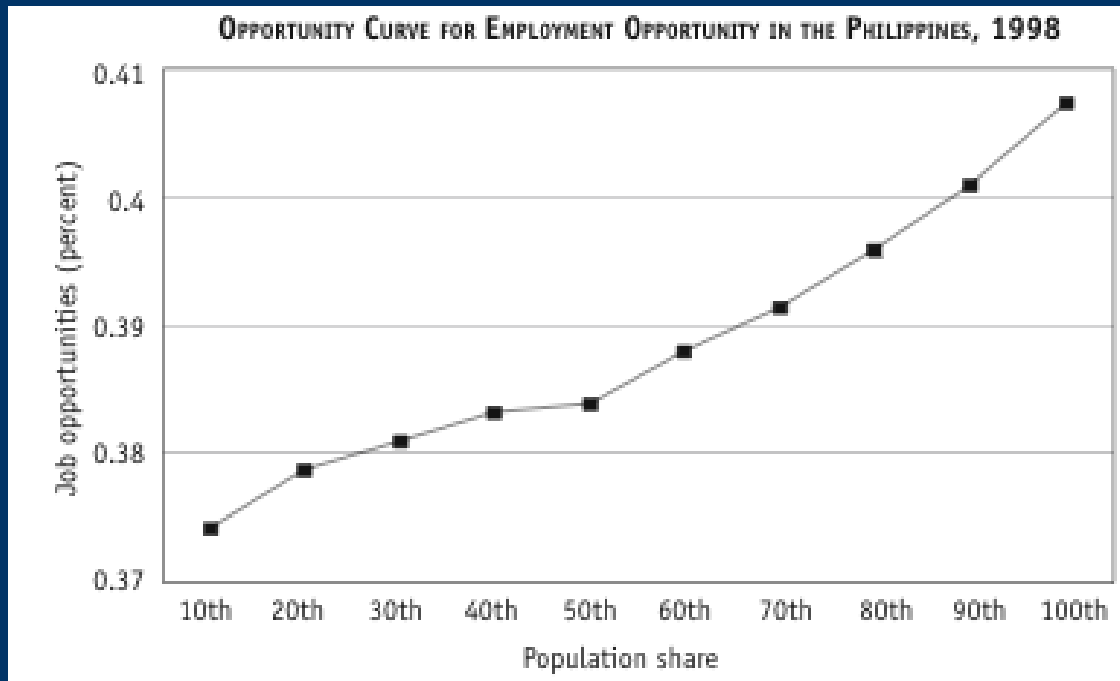
	at \$1-A-Day	At \$2-A-Day
1991	26.6	77
2000	21.1	67.3
Projection for 2010	14.28	52.58
Projection for 2020	10.39	43.29

Despite recent sustained growth Philippine poverty reduction has been slow compared to its neighbors



The tradables sector (agriculture, manufacturing and mining) has been losing ground





Limited Opportunities for employment for poor (percent of population with paid employment) — Annual Poverty Indicator Survey, 1998

Plausible labor market dynamics that require a one-time push and an EGS on standby to achieve fairer and more efficient labor market equilibria

- **Sharing causes unnecessary unemployment**

- sharing incomes with unemployed kin and community members keeps down productivity and labor demand from firms (K Basu and Felkey 2004)
 - the portion of his income consumed by a worker is a function of kin and community unemployment;
 - an EGS, which is also a guaranteed minimum income for everyone who works, reduces need for efficiency-reducing altruism, de-links individual consumption from society-wide unemployment levels.
 - an EGS can be a one-time intervention that increases efficiency and labor-demand and brings the labor market to a better equilibrium.
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Plausible labor market dynamics that require a one-time push and an EGS on standby to achieve fairer and more efficient labor market equilibria

- **Added worker effect during bad times**
 - when an anticipation of reduced demand creates the paradox of increased supply (from other household members)
 - an EGS would assure the household faced with the risk of job loss of the main bread winner that there would certainly be a back-up income source.

Institutional homes could matter

- Unfortunately, MDG1 has no institutional home, unlike the agenda for the reduction of maternal deaths and for the increase in enrollments in primary and secondary schools.
 - The Department of Labor and Employment has a view of itself as being mainly an enforcer of the Labor Code. The Bangko Sentral state's that it's goal is inflation targeting.
 - The reduction of income poverty thus takes on the character of a residual outcome; just as the demand for labor or employment creation is often called a “derived demand,” rather than being a first-order goal of public programs and policies.
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From emergency employment to employment guarantees?

- In the end the economic and social returns of an EGS will be compared with straight transfers, the value of the asset created (including new skills) will have to be high (M. Ravallion).
 - The proposed EGS entrypoints will trigger guaranteed employment, when contingency emerges, or for those who are in lists of poor, or in areas that are eligible, or for particular kinds of tasks.
 - The value of the guarantee is still largely unappreciated – especially in terms of how it can help households avoid behaviors that lead to poverty traps or cause them to forego high-return activities and avoid local elite capture that is possible when there is rationing.
 - Good evaluation design that brings out evidence should be a tool for advocacy.
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Multiple Entrypoints for an EGS – a blessing in disguise?

- Post-Ketsana resettlement; and climate change preparedness – public investments for disaster risk reduction and mitigation;
 - Urban development – to increase serviced lands and keep land prices within the reach of the poor in the urban areas;
 - Connectivity for lagging areas with high poverty mass.
 - Income-support for fisherfolk, in exhausted fishing grounds and for the entrepreneurial poor who hope to graduate from subsistence and embed themselves in more risky but higher-return agricultural value chains, especially in coconut areas.
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The Urban Poverty Morphology Project Phase III

Magnitude and Distribution of Informal Settlers in Metro Manila (2000)

In 2000, over a third of Metro Manila's population resided in slum areas. Quezon City and Manila were home to 37% of the urban poor households. Pasay City had 66% of its population living in slum areas.

110, 826 of the informal households lived in danger areas, such as esteros, railroad tracks, garbage dumps, riverbanks, shorelines and waterways. More than half of the urban poor households lived in government infrastructures and government owned lands.

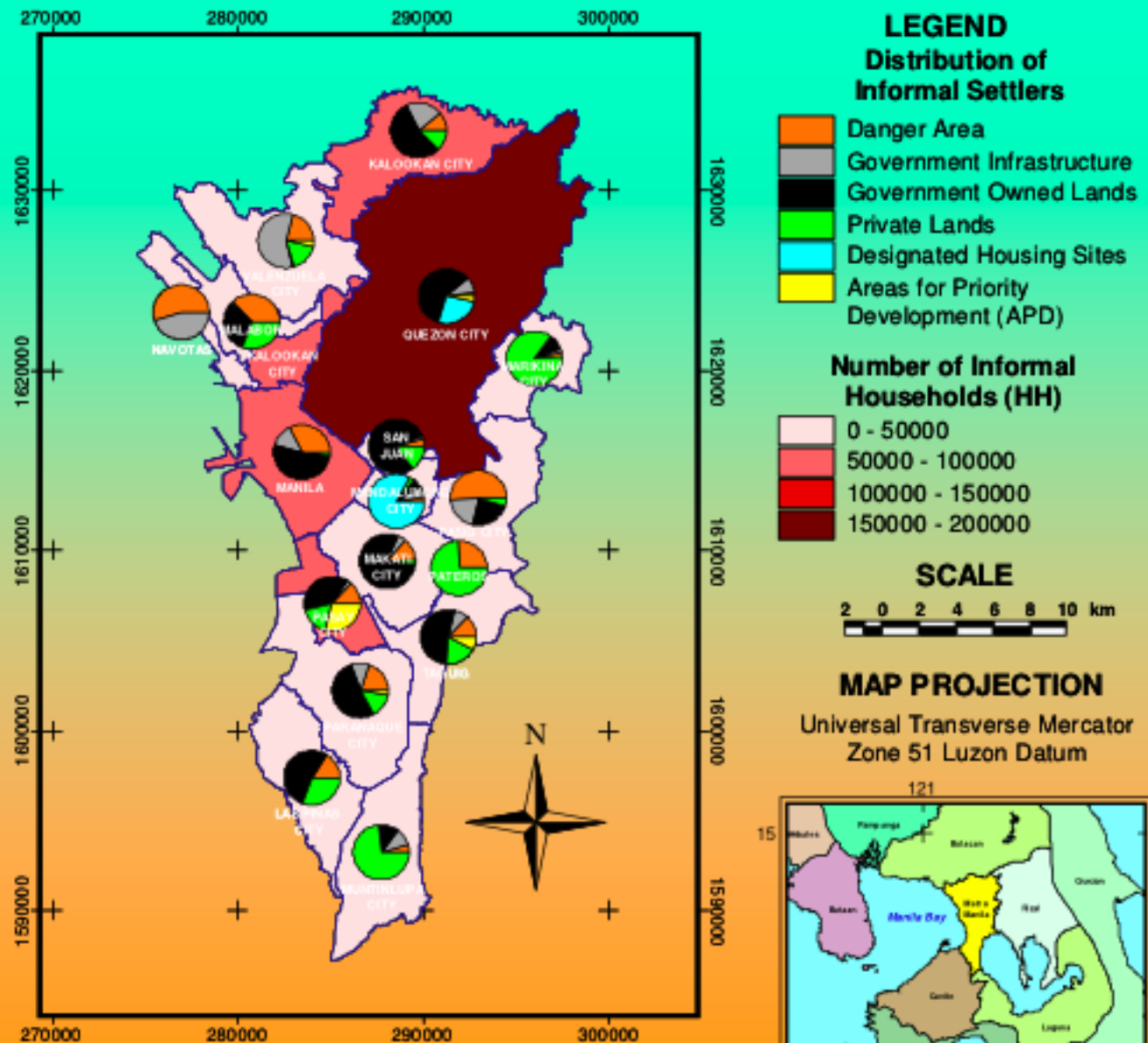
DISTRIBUTION OF INFORMAL SETTLERS IN METRO MANILA



Source:

Housing and Urban Development Co-ordination Council (HUDCC)

National Statistics Office (NSO)

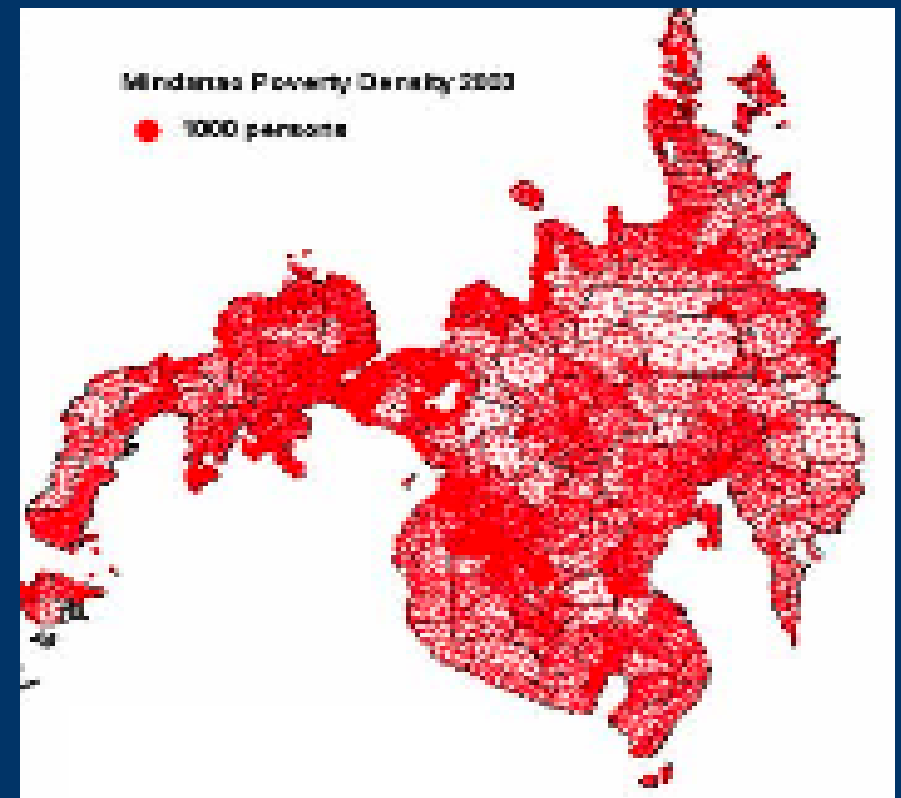
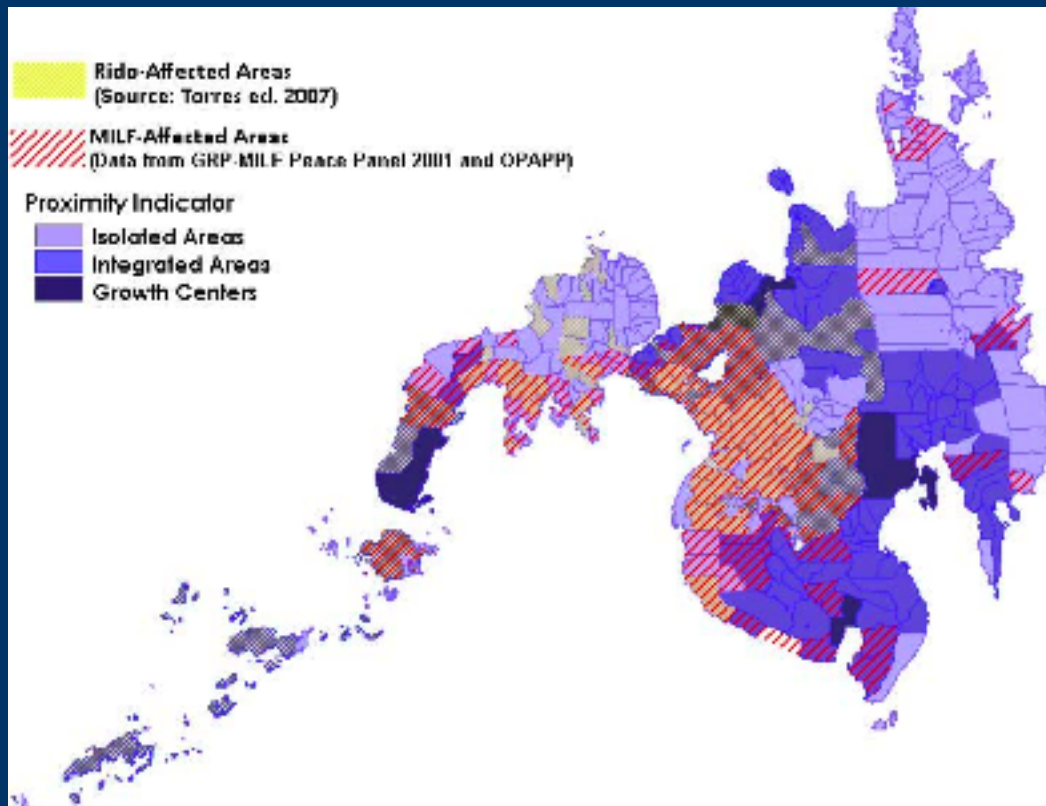


Emergency employment for poor urban settlers preparing new settlement sites

- Kestana aftermath -- 50,000 informal settler households in Metro Manila and 150,000 around the shores of Laguna Lake are due for medium-term in-city or near-city resettlement.
- There is a rough total of 800,000 informal settler households in Metro Manila who would benefit from public works that would expand land serviced with roads, drainage and water systems.



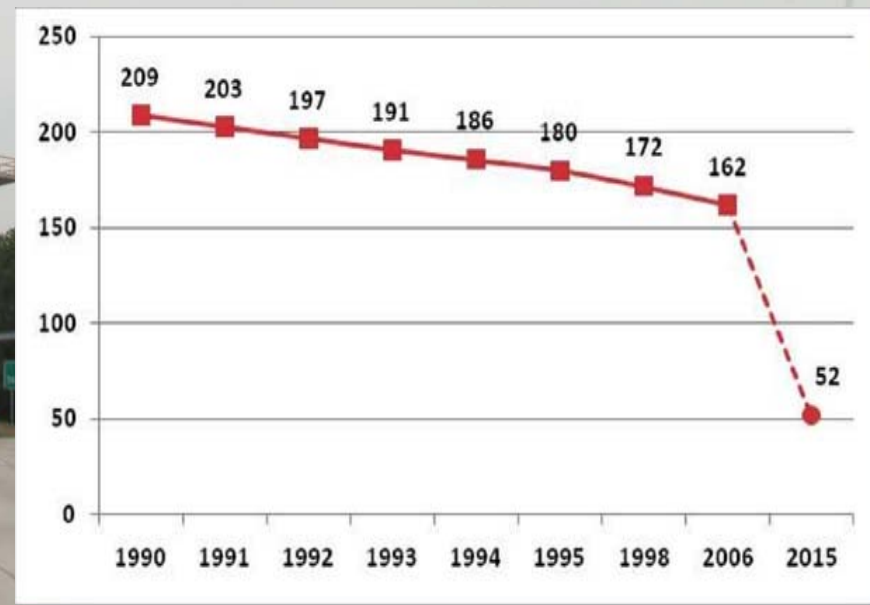
There are many economically and physically isolated areas in Mindanao that also have very high poverty density, including post-conflict areas that need to restore local economic assets



Other EGS entrypoints in the Philippines

- Post-conflict economic and community reconstruction in Mindanao
 - Expanding irrigation and impoundment systems in rain-fed agricultural systems
 - MDG-5 attainment – frontline health workers linking women and newborns to scarce medical professionals and distant facilities;
 - CCT complement – when the beneficiaries face income shocks and for indigent households that have neither pregnant women nor young children.
 - EGS draws strength from these programs, but if the president pushes for emergency employment and an EGS it is these programs that will draw strength from an EGS.
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Following WHO guidelines pre-natal care and births need to be done in facilities



The cost of facility-based births should not be a major consideration – but there are last-mile problems – community health workers are a major part of the solution

BDR, MCP, 2008

Region	Coverage	Availment Rate	Support Value	BDR
Philippines	43.4%	2.7%	72.8%	0.8%
I-Ilocos Region	46.7%	2.2%	72.8%	0.7%
II-Cagayan Valley	36.8%	0.2%	72.8%	0.1%
III - Central Luzon	41.3%	1.8%	72.8%	0.5%
IVA - CALABARZON	53.7%	1.3%	72.8%	0.5%
IVB - MIMAROPA	30.7%	0.2%	72.8%	0.0%
V - Bicol Region	34.1%	1.7%	72.8%	0.4%
VI - Western Visayas	41.0%	3.4%	72.8%	1.0%
VII - Central Visayas	45.1%	3.4%	72.8%	1.1%
VIII - Eastern Visayas	29.8%	1.4%	72.8%	0.3%
IX - Zamboanga Peninsula	30.5%	0.6%	72.8%	0.1%
X - Northern Mindanao	52.2%	5.6%	72.8%	2.1%
XI - Davao Peninsula	36.8%	6.8%	72.8%	1.8%
XII - SOCCSKSARGEN	31.0%	7.8%	72.8%	1.8%
NCR	57.9%	3.6%	72.8%	1.5%
CAR	52.4%	0.3%	72.8%	0.1%
ARMM	12.7%	0.4%	72.8%	0.0%
CARAGA	37.7%	3.4%	72.8%	0.9%

Range of beneficiary selection schemes

- From NHTS list of indigents (means-tested) – minimum wage
 - Competitive Task-based procurement with community contractors – self-selection open to everyone
 - All urban resettlers deemed poor because of separation from work
 - Community health workers – eligibility requires participation in training course
 - Post-conflict community assets reconstruction – all members of community
 - Community members in exhausted fishery zones, coconut and rain-fed areas -- all members of community
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A proposal from Ravi Kanbur of the WB

- Crises come in many shapes and sizes – “we need to have a social protection assessment program”
 - that looks at these mechanisms as a system that is flexible and ready to reconfigure its collection of modules -- scale them up for a range of crises and scale them down subsequently. Food and fuel subsidies are not easy to scale down;
 - identifies the gaps in existing social protection mechanisms by “stress-testing” them against a range of settings and events;
 - Donors should, in the medium-term, finance expansions in coverage and flexibility
 - donors should be ready to help develop a “shelf of projects” and means of implementation;
 - at the same time they should be ready to pre-qualify a contingency-based line of credit for these projects that may not be used for some time.
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Shovel-ready projects

- Municipal annual investment priorities (1,700 municipalities, cities and provinces incorporating DRR);
 - Social fund projects lists for all communities in 300 municipalities
 - Post-Ketsana needs assessments, irrigation rehabilitation projects alone amount to US\$270 million;
 - One-third of national infrastructure projects subjected to labor-based, equipment-supported methods would generate 200 to 400 thousand jobs equivalents to 5 to 10 percent of rural underemployment;
 - Community health workers in 45,000 barangays for MDG5
 - **Still Unquantified:**
 - Post-conflict reconstruction in Mindanao, Donors' joint needs-assessment study;
 - Water impoundment in rain-fed rice area
 - In-city resettlement to increase supply of serviced land
 - Jobs for connectivity infrastructure between leading and lagging areas
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