

## ABND in the Philippines:

### Summary of the bilateral meetings with ALU-TUCP, APL, ECOP, ILO' s IPEC, NCDA

16–24 September 2014

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#### Validation of the ABND matrix

The draft ABND matrix was discussed with various employer and worker organizations, to get their inputs on policy gaps, implementation issues and recommendations. The following organizations were consulted in bilateral meetings:

1. Alliance of Progressive Labor (APL)
2. Associated Labor Unions – Trade Union Congress of the Philippines (ALU-TUCP)
3. Employers Confederation of the Philippines (ECOP)
4. ILO' s International Programme on the Elimination of Child Labour (IPEC)
5. National Council on Disability Affairs (NCDA)

A summary of these bilateral meetings has been presented in the subsequent pages.

## Meeting with Employers Confederation of the Philippines

16 September 2014

### Participants

- ECOP (Vicente Leogardo, Jose Roland Moya, Romeo Garcia, Dang Snyder, Abigail Roxas)
- ILO (Loveleen De, Katharina Bollig)

### Main points of interest

The agenda of ECOP is to consolidate and articulate employers' interests with regards to labour relations and socio-economic development. Therein, its main objective includes the formulation and recommendation of policy proposals to government agencies and tripartite councils. During the bilateral meeting with ECOP, mainly social protection schemes related to their agenda were discussed.

### Social Insurance

- Regarding a potential unemployment insurance scheme, concerns regarding the coverage and funding were mentioned. Moreover, building and funding institutions have to be in place beforehand.
- Talking about a possible child / family allowance it was mentioned that the sustainability of such a scheme is a major issue. Furthermore, an unconditional subsidy such as a child allowance might discourage growth and promote dependence. Another concern was the potential cost especially for micro, small and medium enterprises (MSMEs).

### *Recommendations*

- As a recommendation to the low SSS contributions, the salary brackets used to determine contributions could be widened, instead of just increasing the number of salary brackets.
- Other options to increase the SSS benefit amounts could include retaining the existing structure of payment and introducing a fund for employees to save more, or making it voluntary for employees to pay at a higher contribution rate to avail of higher premiums.

### Social Welfare

#### *Recommendations*

- Local entities that work at the ground level could be involved further, as people's organizations and civil society organizations could be asked to give inputs to the design of social welfare schemes and assist in the delivery of benefits, while more rural banks could be accredited as collecting agents.
- For the 4Ps it could be useful to provide in-kind benefits such as food vouchers, housing and building materials, etc. rather than in-cash benefits.

- The Supplementary Feeding Program should be institutionalized in all public schools.
- Schemes should be designed to provide a flexible mix of benefits depending on the needs of people. There is no one-size-fits-all approach.

## Social Safety Nets

### *Implementation Issues*

- The implementation of disaster response programmes depends greatly on the political will of LGUs.
- It was suggested that the minimum wage may not be affordable for all MSMEs and in some cases might discourage the creation of employment. As a result, it might not serve its purpose of being a safety net anymore.

### *Recommendations*

- Ideally, social safety net schemes should be a mixture of different interventions and benefits, comprising in-kind and in-cash benefits, depending on the needs of the victims.
- To tackle employer-side problems related to minimum wages, it was proposed to increase the period required to demand for an increase in minimum wage from twelve months to three years and to liberalize the concept of apprenticeship as such, that the time period is more flexible according to the nature of the apprenticeship, and is not limited to six months only.

## Labour Market Interventions

- Generally the training programmes are considered as very useful since they encourage people, especially the youth to acquire skills. Nevertheless, it was mentioned, that even though people may complete trainings, they are often faced with problems in finding employment in their region, as there is a mismatch between training courses and employment opportunities available in the location.

### *Recommendations*

- There is a need to link training institutions with employers. One could also explore options for dual training systems involving both sides.

# Meeting with ILO's International Programme on the Elimination of Child Labour

17 September 2014

## Participants

- ILO's IPEC (Cesar Giovanni Soledad, Savannah Campbell)
- ILO (Loveleen De, Katharina Bollig)

## Main points of interest

ILO-IPEC provided concrete recommendations related to social protection measures for child labourers.

## Social Insurance

- It was recommended that social insurance coverage should be extended to people who are 15 years old and above, and working in sectors/industries where this is permitted as the minimum age for work.

## Social welfare and social safety nets

- In this category of schemes, it was suggested to revise the statements on the National Household Targeting System for Poverty Reduction (NHTS-PR) to specifically mention "families with child labour", as follows:
  - Use the NHTS-PR as a uniform targeting mechanism across all pro-poor schemes. Update the database to include all poor and vulnerable groups including indigenous people, street families, families with child labour, and rebel returnees. Further, develop linkages with the UMID database.
  - Explore using a standard targeting mechanism and a common database for all social safety nets, e.g. NHTS-PR could be expanded and adapted to cover all people in disaster and conflict prone areas, including indigenous people, street families, families with child labour, and other poor and vulnerable groups.
- It was noted that the database management system of NHTS-PR would need to include indicators pointing to child labour and mine data accordingly.

## Labour Market Interventions

- A recommendation that was identified was to expand and implement skill training, employment and livelihood programs for the youth, to address the youth unemployment problem, including 15-17 year olds that are permitted by law to work.

# Meeting with Associated Labor Unions – Trade Union Congress of the Philippines

23 September 2014

## Participants

- ALU-TUCP (Gerard R. Seno, Eva B. Arcos, Shirley Yorong, Lorna Ferrer)
- ILO (Loveleen De, Katharina Bollig)

## Main points of interest

ALU' s agenda is to empower workers and their families and to ensure decent conditions of work to improve the quality of their lives. To achieve these goals, ALU works with civil society organizations and social partners and participates in various stages of the policy making process including formulation, implementation and evaluation.

## Social Insurance

### *Policy Gaps*

- With regards to a potential unemployment / employment insurance, it was mentioned that the key concerns are how to fund and administer such a scheme. It would be costly to introduce such a scheme due to the high unemployment rate and abundance of short-term workers.
- Different definitions of child dependence apply. According to the law, children are dependent on their parents until the age of 18 (minors), whereas under SSS, children are dependent and can receive survivor grant until the age of 21.
- The benefits of SSS are perceived as rather low. Moreover, the question on the government' s role in providing social security was raised, as at the moment, contributions are solely funded by employers and employees.
- The big difference in the benefit levels received by GSIS and SSS beneficiaries is considered a policy gap.

### *Implementation Issues*

- Bilateral agreements of Philippines with other countries regarding social protection of overseas Filipino workers (OFWs) are often not implemented properly.

### *Recommendations*

- One option might be to design an enterprise-based unemployment insurance.
- It was proposed to streamline both definitions of dependence of children.

- It is not sufficient to just increase SSS contributions. It should also be ensured that all companies are paying contributions. Furthermore, it is important to review the fund regularly to ensure that it is invested wisely and managed efficiently.
- There is a need to impose penalties on non-complying employers that do not pay social security contributions for employees. For instance, compliance could be checked when renewing their business licenses.
- For minimum wage earners, a similar scheme as is in place for senior citizens could be introduced, i.e. giving 20% discount on groceries, hospital expenses, education, and transportation, among others.
- A recommendation was to decentralize the access to social security schemes, as offices are often inconveniently located and long journeys are required for beneficiaries to collect the benefits. For example, families sometimes have to travel long distances to collect the 4Ps benefits from the collection centres or ATMs, and may end up hiring intermediaries or informal collection agents to collect the benefits on their behalf.
- There is a need to establish a database of all contractual government workers as their exact numbers are not known. The employing government agency should also be responsible for providing social protection for the contractual worker.
- The bilateral agreements should clearly provide for minimum social protection standards for OFWs, and should be enforced effectively.

## Social Welfare

### *Policy Gaps*

- It was questioned whether the maximum period of 5 years to receive the 4Ps benefits was long enough to move out of poverty.

### *Implementation Issues*

- So far, there has not been an extensive implementation of laws for persons with disabilities (PWDs), e.g. ensuring proper access to buildings, suitable roads.

### *Recommendations*

- More effective delivery and monitoring of 4Ps are required. This could be done by monitoring people known to act as intermediaries, providing orientation to 4Ps beneficiaries on the use of ATMs, arranging for special buses from villages to the collection points or ATMs, and so on.
- A social allowance for disabled people would help them with their daily expenses and increase their employability.

## Labour Market Interventions (LMIs)

### *Implementation Issues*

- The concept of apprenticeships might be misused by employers, as employees are used as regular workers and do not receive any special training.
- TESDA courses might not be responsive to the current needs of the industry and they often mismatch with the demand of the industry.

### *Recommendations*

- TESDA should educate their trainees on worker rights. As the passing rate of TESDA trainings is rather low at 65%, the activities of training institutions could be monitored more closely.
- Employment statistics should also include qualitative indicators of employment (e.g. vulnerable employment).

## General Remarks

- There is a lack of information dissemination as beneficiaries of various programmes are often not aware of their rights and entitlements.
- Delivery of benefits at the local level needs to be further improved and monitored. As a solution one could introduce one-stop shops within the local units and a card such as UMID for all people, whereby the discrimination in the selection of beneficiaries and provision of benefits might decrease.
- A general review and potential reform of the income tax law might help further in the funding of social protection programmes.

## Meeting with National Council on Disability Affairs

23 September 2014

### Participants

- NCDA (Matt Lee, Ruth C. Tacujan)
- ILO (Loveleen De, Katharina Bollig)

### Main points of interest

#### *Policy Gaps*

- There is no social pension for disabled people right now, only tax deductions for PWDs are available.
- Although, disabled people receive a 20% discount on the purchase of basic services, it still requires them to have enough money to pay the remaining 80%.

#### *Implementation Issues*

- There is a need for adequate training and education for PWDs. The target is to have a 75% enrolment rate of PWDs in schools; currently only 2-3% are actually enrolled.
- Currently, most schools are not suitable for PWDs as travelling to schools is a problem. The need for suitable infrastructure and assisting devices in the school premises is often not met and trained teachers (e.g. fluent in sign language) are not present.
- The accessibility of medicines is problematic in some regions, especially if the person requires hospitalization.
- Employment of persons with disability is a major concern, even though a 1% quota was established for PWDs in companies and agencies through Republic Act 10524.
- Republic Act 10070 mandates the establishment of an office for PWDs in 1st, 2nd, 3rd class municipalities where preferably PWDs should be employed. In 4th, 5th and 6th class municipalities a focal person for PWDs should be established. This has not been fully implemented so far.

#### *Recommendations*

- In some municipalities and cities, the LGUs provide benefits to PWDs such as a pension of P2,000 per year. A scheme similar to those initiatives could be introduced nationwide. NCDA had proposed legislation on a pension system for PWDs (drafted in 2012) which was to be sourced from a lottery, taxes paid by working PWDs and casinos.
- It is crucial to raise awareness about the problems and discrimination PWDs face in their daily lives.

- A standardized definition of disability should be introduced in the Philippines. Currently, no uniform definition is used.
- A database on all PWDs that are employed should be created, as currently no comprehensive database exists. The Ministry of Health database on PWDs, which is used to provide the 20% discounts is a good initiative and should be further expanded.

## Meeting with Alliance of Progressive Labor

24 September 2014

### Participants

- APL (Rolly Czar Joseph Castillo)
- ILO (Loveleen De, Katharina Bollig)

### Social Insurance

#### *Implementation Issues*

- In several instances, MSMEs have not been paying contributions for their employees. Though data on such identified MSMEs may exist, further action is not always taken.

#### *Recommendations*

- In the long-term, an (un)employment insurance might not offer relief for the affected worker as it is to be provided for a limited period of time only (for instance 6 months). Moreover, the funding of such a scheme is a critical issue.
- It was suggested that social protection is best financed through progressive taxation. Thus, social protection policy should be integrated into the larger policy framework.
- There is a need for more bilateral agreements and more effective enforcement of the latter, in order to protect OFWs while abroad.
- Since most farmers are not covered by SSS at the moment, focus should lie on including them in the system. Further, industrial policies should also focus on agriculture workers, in order to increase their labour productivity and improve their standard of living.

### Social Welfare

#### *Policy Gaps*

- It was questioned how many 4Ps beneficiaries actually transition to steady employment and manage to get a job in the formal sector. Currently, the conditional cash transfer is seen more as a standalone policy which is not integrated with other policies and programmes.

#### *Recommendations*

- In addition to employment creation and facilitation measures such as SLP and NCDDP, linkages between the 4Ps and job creation should be established and strengthened, in order to ensure that beneficiaries are able to find jobs in the formal sector. To help them acquire skills, their access to TESDA programmes could be facilitated.
- In line with this, TESDA programmes should be expanded and made available to more people, for instance, through scholarships.

## **Social Safety Nets**

### *Recommendations*

- It has been proposed to the government to incentivize firms to build factories / layouts in typhoon affected areas (such as Tacloban), by subsidising the firms to pay workers at the minimum wage rate.

## **Labour Market Interventions**

- Industrial policy is seen as a set of policies that incentivize industries to produce more, alter the structure of the economy and eventually induce development through a mix of trade and industrial policies (as seen in Singapore and South Korea).
- Currently, roadmaps are being designed by the Department of Trade and Industry (DTI) in consultation with workers and employers, to look into the labour market situation. After the finalization of the industry-wise roadmaps, they are expected to be rolled out.

### *Recommendations*

- Local industries should be promoted and supported in order to create more formalized locally-available jobs.
- Social protection policies should go hand-in-hand with industrial policies, as the best way out of poverty is through job creation.