

Keynote Speech
Ms Linda Wirth
Forum on Training Policies of Government and Industry to Address
Employment Mismatch
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Mr Edgardo G. Lacson, President of the Philippine Chamber of Commerce and Industry, Fr Bienvenido F. Nebres, S.J., Chairman of the Philippines Task Force on Education, Ambassador Donald Dee, Chairman and CEO of the Universal Access to Competitiveness and Trade and Chairman Emeritus of the Philippine Chamber of Commerce and Industry, Honorable Jesli Lapus, Secretary of the Department of Education, Honorable Emmanuel Angeles, Commissioner of the Commission on Higher Education, Honorable Augusto Syjuco, Jr., Secretary of the Technical Education and Skills Development Authority, Honorable Marianito Roque, Secretary of the Department of Labor and Employment, Honorable Marides Fernando, Mayor of the City of Marikina, Atty Alan Montano, President of the Federation of Free Workers, Mr Oscar Sañez, Chief Executive Officer of BPAP, distinguished guests, development partners, ladies and gentlemen, Good morning.

On behalf of the ILO, I wish to thank you for inviting the ILO to today's forum. It is my great honor and privilege to give the keynote address. I congratulate the Philippines Task Force on Education, PCCI and UACT for organizing this event on this critical and topical issue for government, enterprises and workers alike.

I am sure that you will all agree that investing in education and skills for women and men to help economies achieve dynamic growth with quality jobs is a pressing priority throughout the globe, with or without economic crisis at the doorstep!

ILO Policy

The latest expression of ILO policy on education and training can be found in Recommendation 195 on Human Resources Development adopted by governments, workers and employers at the International Labour Conference in 2004. It specifically states that ILO members should develop a national qualifications framework to facilitate lifelong learning, assist enterprises and employment agencies to match skill demand with supply, guide individuals in their choice of training and career and facilitate the recognition of prior learning and skills, competencies and experience. Such a framework should be responsive to changing technology and trends in the labour market and recognize local and regional differences. The recommendation also stresses the importance of the active role of the social partners in training policy development and implementation including through collective bargaining. The latter is particularly useful in industry level bargaining.

2008 ILC

At the 2008 International Labour Conference, the ILO's tripartite constituency of governments, employers and workers adopted a set of conclusions to provide practical guidance for strengthening education, vocational training and lifelong learning as central pillars of employability for workers and sustainability for enterprises within the Decent Work Agenda. The conclusions highlight how skills development can be an important tool for reducing poverty and exclusion and enhancing competitiveness and employability.

Connecting skills development to broader growth, employment and development strategies requires that governments, working with the social partners, build policy coherence in linking education and skills development to today's labour markets and to the technology, investment, trade and macroeconomic policies that generate future employment growth. This places a high premium on strong social dialogue, effective coordination among ministries, and improved communication between employers and training providers.

The conclusions recognize that skills development will not by itself lead to improved productivity and employment. Other critical factors include employment and productivity policies to influence the demand side of the labour market, respect for workers' rights, gender equality, and health and safety standards; good labour relations and social dialogue; and effective social protection. In short, everyone has a role to play.

Ladies and gentlemen I am sure you will agree that a low-skill, low-productivity, low-wage economy is unsustainable in the long term and is incompatible with poverty reduction.

Effective skills development

This requires a holistic approach with the following features:

(a) *continuous and seamless pathways of learning from* pre-school to higher education and vocational training; that provide career guidance, labour market information, and counselling as young women and men move into the labour market; and that offer workers and entrepreneurs opportunities for continuous learning to upgrade their competencies and learn new skills throughout their lives;

(b) development of *core skills* – including literacy, numeracy, communication skills, teamwork and problem-solving, adaptability to change, entrepreneurship;

(c) development of *higher level skills* – professional, technical and human resource skills to capitalize on or create opportunities for high-quality or high-wage jobs;

(d) *portability of skills* based firstly on core skills to enable workers to apply knowledge and experience to new occupations or industries and secondly on systems that codify, standardize, assess and certify skills so that levels of competence can be easily recognized by social partners in different labour sectors across national, regional or international labour markets; and

(e) *employability* (for wage work or self employment) results from all these factors.

An enabling framework

Governments have overall responsibility for creating, in consultation with the social partners, the *enabling framework* to meet current and future skills needs. International experience shows that countries that have succeeded in linking skills to productivity, employment, development and decent work, have targeted skills development policy towards three main objectives:

1. matching supply to current demand for skills; this requires policies and institutions to better forecast and match the provision of skills with labour market needs, as well as to make employment services, career services and training services more broadly available

2. helping workers and enterprises adjust to change; making it easier for workers and enterprises to move from declining or low-productivity activities and sectors into growing and higher-productivity activities and sectors, and to capitalize on new technologies. Reskilling, skills upgrading and lifelong learning help workers to maintain their employability and help enterprises to adjust and remain competitive. This should be combined with active labour market policies to support the transition to new employment. Workers should not bear the brunt of the adjustment cost, and effective social security provisions or unemployment insurance as well as career guidance, training and effective employment services, are important components of the social contract to mitigate the impact.

3. building and sustaining competencies for future labour market needs.

Policy Coherence

We know that the relationship between skills development, productivity, employment growth and development is complex. For skills development policies to be effective, governments, in consultation with the social partners, need to build policy coherence by linking education, research and skills development to

labour markets, social policy, technology, public services delivery, trade, investment and macroeconomic policies. Education and skills development also needs to be integrated into the broad framework of national economic and social development.

Improved coordination

This needs to be promoted at multiple levels in order to make a seamless pathway between education, training, lifelong learning and employment. Such coordination measures should also include consultation with the social partners:

Coordination mechanisms that have been found effective in a number of countries include:

- (a) national inter-ministerial coordination bodies;
- (b) sector-based bodies comprising employers' and workers' representatives, business associations, and specialized learning and research institutions for sharing information about skills demands and training quality to improve planning and the delivery of training;
- (c) collaboration between enterprises and learning and research institutions, in particular for meeting skills demands and encouraging innovation for emerging high value added sectors;
- (d) a national qualifications framework as a platform for dialogue between education and training practitioners, government, employers and workers to make skills development more responsive to changing needs, to link initial, continuing education and lifelong learning, and to ensure the wide recognition and transferability of qualifications;
- (e) as part of regional integration, inter-country ministerial coordination mechanisms to promote skills recognition and labour mobility.

Guaranteeing outcomes

The effectiveness of such mechanisms should be *assessed in terms of outcomes*. Setting qualitative and quantitative indicators of success in achieving the educational and training targets in line with the Decent Work Agenda are useful in building common understanding of success, shortcomings, and lessons learnt.

Philippines

In the Philippines, we are all aware that critical skills shortages are affecting the competitiveness and productivity of the local economies and their ability to generate more and better jobs. There are also concerns that high drop out rates,

persistence of child labour and decreasing school cohort survival will hamper the preparation of the youth for available jobs in economic growth sectors in the country as well as abroad.

Growth industries, such as agribusiness, ICT, animation, and tourism have projected employment capacity totaling to at least 4.2 million which they foresee will far outnumber the current supply of relevant skilled workers.¹ This mismatch between the skills of the labor force and the demands of the market can represent lost opportunities for young people. And it is indeed very timely that the Presidential Task Force on Education is actively responding in this regard.

This situation maybe further aggravated by the current global economic crisis. The global economic and financial crisis did not begin in the developing countries, but many developing countries, including the Philippines, now find themselves engulfed in the downturn. Sharply slowing growth is not just reflected in the falling Asian stock markets and tumbling currencies that were witnessed in 2008, but cracks in the region's labour markets have appeared, with factory closures, job destruction, and growing pressures for further reductions in employment, hours of work and wages. Job insecurity is clearly on the rise.

As the number of new vacancies decline, school leavers (graduates in particular) will experience increasing difficulties in finding jobs. Youth unemployment is already high (Philippines 14.9 percent in 2007) and the numbers are expected to rise.

In many developing countries, such as the Philippines, there is also a segmented youth labor market; that is, the effects of the global financial crisis will impact the educated youth differently than the young working poor. The educated, more affluent youth in formal employment may experience retrenchments or have difficulty in finding jobs suited to their qualifications while the less educated, young working poor would continue to be exposed to poor working conditions in the informal economy.

There are many ongoing initiatives – emergency and short-term initiatives - by governments in the region to address the impact of the current crisis. It is the ILO's view that whatever short-term programmes are implemented, they should not put long-term development at risk – in particular shortchange investments on social expenditure, specifically investments in education. Governments should actually invest more in education and training to work towards a skilled and productive workforce and to smooth the school to work transition. Education and skills training are keys to effective national development and post-crisis recovery.

Inherent to the understanding of how strategic interventions can be developed by government agencies and industries to address the employment mismatch is to

¹ Report on the Manpower Summit (2006) and Human Resources Conferences (2007), DOLE.

gauge the effectiveness of existing policies that aim to support the development or enhancement of skills of the workforce to meet industry standards and qualification requirements.

This is the strategic aim of the joint undertaking between UACT, PTFE and ILO in conducting an assessment of the various training policies of the CHED, TESDA and various industries. It is our hope that this assessment will contribute to a greater understanding of the dynamics of employment mismatch in the country and offer policy recommendations to help address the current mismatch trends as a key component of a comprehensive set of interventions needed in light of the global economic slowdown.

The issue of employment mismatch has been a long standing concern. Perhaps this time of crisis can give us an opportunity to review how our development strategies can be more sustainable, how we can build back better the future. The call for more collaboration among actors and greater coherence of education and training policies with industry needs is now more important than ever as we go through the crisis and look to a recovery down the road with a more competitive Philippines capable of generating sustainable and productive enterprises and decent jobs for all Filipinos. It is our hope that this study will give renewed impetus to the search for effective responses to the challenges confronting us.

Thank you once again for this opportunity and for the fruitful partnership. I wish all of us good luck in our discussions.