# Jobs, Poverty and Economic Growth: The Case of Region I in the Philippines

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**Abstract**

The study supports the new Millennium Development Target on poverty eradication and the attainment of inclusive growth and development of the Philippines. It addressed major development issues indicated in the 2011-2016 Regional Development Plan (RDP) of Region 1, Philippines. Among these concerns, include: 1) unrelenting increase of unemployment and underemployment growth; 2) jobless growth and slow economic growth; and 3) persistent swelling of poverty incidence.  Further, the study looked into the current Region 1's labor and employment situation and its policy implications to the region's economy and poverty situation to attain the goal of decent, full and productive work to all including women and young people and the profile of the complementation of tertiary graduates and employment opportunities in the region.The characteristics of employment provided by the region were evaluated by examining the various employment indicators and categories, to wit: a) jobs sectoral details; b) jobs by type; c) jobs by sex disaggregation; and d) jobless profile. The employment rate was correlated with economic (GRDP) growth rate and with poverty incidence. Sectoral employment growth rate was also associated with GVA growth rates and with tertiary graduates by discipline in the region.While the economy was expanding, poverty reduction was slow and lagging. The prevalence of poor in the region is an indication that the efficacy of the region's economy is not sufficient to address existing poverty issues, despite of the region's intensified focus on socio-economic reforms. Recognizing the importance of employment creation to poverty reduction, some challenges were noted on the state of the region's labor and employment.  The total employed persons in the region who represent 57 percent on the average (and almost constant over the years) of the productive sector were economically supporting the 43 percent non-workers in the region. Poverty then is not just the outcome of unemployment, but that poverty does not leave one with too many choices on the matter of jobs.The study concluded that employment opportunities that are full, decent, and productive have slow growth for the rapidly growing labor force of the region.  The region's state of the labor and employment was also affected by the existing economic policies of the government.

**Keywords:** unemployment, employment, jobless growth, inclusive growth, Philippine Economy, jobs, poverty, economic growth of Region 1, Philippines

## 1. Introduction

Full and productive employment and decent work for all is now commonly accepted in the international arena as the main route for people to escape poverty. The International Labour Organization (ILO) Decent Work Agenda forwards equitable economic growth through a coherent blend of social and economic goals balanced and integrated at the global, regional, national, sectoral, and local levels which include the four strategic objectives - employment, rights, protection, and dialogue. These key elements necessarily shape government policy for poverty reduction. The agenda recognizes that the principal route out of poverty is productive employment. Employment plays a key role in this context. Indeed, countries that attained high rates of economic growth alongside high rates of employment are successful in reducing poverty significantly.

With the international recognition that decent and productive work is the principal route in eliminating poverty, the 2008 Millennium Development Goals (MDGs) have been expanded to include new employment indicators for as new MDG target: to achieve full and productive employment and decent work for all, including women and young people (ILO-MDG Target, 2008).

In the Philippines, poverty eradication has always been the center of the Medium Term Philippine Development Plans (MTPDPs) as early as 1986. The thrust is focused on economic growth and job creation toward ensuring prosperity for the greatest number of Filipinos. However, the attainment of this development goal on poverty eradication has yet to be fully realized. Hence, the challenge for the administration is to propel "inclusive growth"—growth that is rapid enough to matter given the country's large population, geographical difference, and social complexity (PDP, 2011-2016). It is a sustained growth that creates jobs, draws the majority into economic and social mainstream, and continuously reduces mass poverty. The goal of growing output and employment are preconditions for progress in almost all social and economic aspects of development. The attainment of inclusive growth was fleshed out and formalized through the Philippine Development Plan (PDP) and the various Regional Development Plans (RDPs) for 2011-2016. The PDP and RDPs regarded that productive employment and rising incomes for the vast majority over a long period can do more to combat poverty decisively than any direct assistance government can provide.

Examining the regional economic structures in the Philippines (from 2005-2011), Region I or the Ilocos

Region (located in the northern part of Luzon island in the Philippines) is faced with persistent problem of poverty. While the economy had been expanding faster and becoming more resilient, poverty reduction had been slow and lagging. The prevalence of poor in the region was an indication that the economic performance of the regional economy had not been sufficient enough to address existing poverty issues, apart from the region's intensified focus on socio-economic reforms. In addition, Region 1 had suffered from high income inequality as apparent in the increase of its Gini coefficient (NSCB, 2011) which indicates that economic gains had not been broadly distributed across the different sectors of the region's economy.

Recognizing this socio-economic imperative –to achieve full and productive employment and decent work for all, including women and young people–as the route to eliminate poverty, government efforts in intensifying the pace of policy and action reforms, are now more focused on employment creation and the promotion of harmony in industrial relations.

This study is very relevant in support to the new Millennium Development Target on poverty eradication and to the attainment of inclusive growth and development. This was conducted to address the identified major development issues in Region 1 as indicated in the 2011-2016 Regional Development Plan (RDP) of Region I. Among these concerns include the challenges to address the following: 1) unrelenting increase of unemployment and underemployment growth; 2) jobless growth and slow economic growth; and 3) persistent swelling of poverty incidence.

This study was done by considering the latest and comparable data to have a better ground in the analysis of jobs, poverty and economic growth in the region. The results of the analysis of data were used as bases in identifying appropriate policy reforms with the objective of achieving not only the region but also the nation's overriding goals of eradicating poverty, speeding up growth and improving equity through inclusive growth and development.

### 1.1 Objectives of the study

This study seeks to ascertain the state of labor and employment in the region and its implications to the region's economy and poverty situation, both of which are related to the attainment of the MDG target on full and productive and decent work, which emphasizes the role that employment plays in poverty reduction. It further explores the policy implications on this current labor and employment situation to the region's economy and poverty situation as bases in formulating policy options and recommendations.

### 1.2 Scope and limitations of the study

The study was limited to Region 1 in the Philippines. The collected data (secondary data) in the study was limited to annual regional data and some indicators at the national level.

### 1.3 Conceptual Framework

This study is heavily biased towards macro-economic concepts on employment, economic growth and poverty. While there were many factors that can be identified as possible factors that influence the performance of the economy, this study is anchored on the state of the region's labor and employment and its implications to economic growth and poverty situation.

Since policy implications of employment situation are multidisciplinary, the study was not able to fully cover other relevant areas (such as paradigms on globalization, regional economic integration, migration, open-economies and the like) because of limitation placed on the availability of data at the regional level.

Past studies show that economic growth is imperative to eliminate poverty. Economic advancement would ensure the availability of jobs addressing unemployment and at the same time increase income. Economic growth is vital for generating jobs and employment. This would reduce poverty incidence for both individuals and families. However, there were reports that the relationship between growth and job creation has been diminishing lately due to a host of factors like high birth rates and technological change.

According to Llorito (2006), the old economic theory –"economic growth necessarily addresses poverty, as higher volumes of economic activity require the hiring of more workers" – is no longer sufficient condition for poverty reduction. Many economies have experienced growth- jobless growth.

The 2006 United Nations Economic and Social Commission for Asia and the Pacific Report also pointed out the pervasiveness of fiscal incentives that cheapened capital, thus providing more incentives among factory managers to substitute machines where they could have hired more workers. As a result of this, the whole Asia and the Pacific (including that of the Philippines) continue to be a region with approximately 679 million people living in poverty despite significant progress in economic growth for the past decade. Economic growth in Asia-Pacific is attributed to increase in capital equipment and technological innovation rather than actual efficiency in labor.

It was also noted in a UN study (2007) that the stunning economic growth enjoyed by many Asian developing countries has failed to create enough jobs, improve income distribution and reduce poverty.

Balisacan (2012) lamented on the Philippine's weak performance over the past dozen years in licking the poverty problem. He said that one fundamental reason for this sluggish performance is the rather slow pace of economic growth relative to our population growth. Associated with this is the slow growth of high-quality employment opportunities for the country's rapidly growing labor force. The other fundamental reason is the country's weak capacity to transform whatever growth is achieved to poverty reduction.

Pernia and Quising (2003) also noted that economic growth can be partly attributed to the influence of such external factors as exports and investments. In the region, the period of expansion was attributed by personal consumption and government spending, instead of investment and exports, which are not job-creating. As further explained by de Dios and associates (1993), they noted that the failure of economic growth is also the most important explanation for joblessness. They further said that the reason for the failure of growth is the failure in the long-term to restructure the economy to make it externally more competitive, allowing broader participation by the people. This means that economic growth alone does not guarantee the solution of poverty issues.

Reyes (2012) cited that according to Asian Development Bank, the strategy for inclusive growth allows participation and contribution by all members of society, with particular emphasis on the ability of the poor and disadvantaged to participate in growth. The main instrument for a sustainable and inclusive growth, as reinforced by World Bank, is assumed to be productive employment.

With the growing conviction that job creation is imperative to address poverty reduction, it is now generally accepted that realizing full and productive employment and decent work for all is the main route for people to escape poverty. Villegas (1998) viewed that the core test for the efficient functioning of an economy is whether or not it provides full employment and the succeeding tests are the rise in productivity and the improvement of social harmony.

It is not therefore merely providing jobs for the unemployed because this will not automatically lift the poor to stay out of poverty. According to Esguerra (2010), the connection between poverty and employment status is more closely associated with the low quality of employment and not unemployment. The quality of employment indicates the magnitude of underemployed in an area. The effect of discouraged workers on the labor force could partly explain the distorted picture of unemployment, which sometimes appears to be low. Incomes are too low to enable people not to work while they are searching for better job, resulting in not being counted as unemployed but rather underemployed.

Hull (2009) mentioned that whether they are subsistence farmers, salaried workers, or self-employed entrepreneurs, poor people derive most of their income from work. This basic fact means that the level of employment, the quality of jobs, and the access which the poor have to decent earning opportunities will be crucial determinants of poverty reduction. Hull further said that the perception that jobs matter for development has not been lost on the governments of low income countries and the vast majority of national development strategies look to employment generation as a major channel for poverty reduction

The OECD report (2011) observed that the fundamental employment issue facing the Philippines is much more basic –generating sufficient, decent, productive, and rewarding employment opportunities. This calls for the creation of substantial and sustainable employment –generating investments, whether by Filipino or foreign investors.

Aldaba and Hermoso (2009) found out that unemployment and underemployment haunted government bureaucrats and policy makers for the past twenty years. They also noted that some 1.3 to 1.5 million Filipinos were joining the labor force every year and despite the exodus of Filipinos to work abroad, official unemployment rates remained high by East Asian standards. According to their study, Indonesia is the only other country with unemployment rates in the higher single digits as the Philippines.

These theories served as bases in conducting the research.

*1.4 Research paradigm*

The paradigm of the study applied the Input-Process-Output model. The inputs of the study used economic indicators such as Gross Regional Domestic Product (GRDP), employment and poverty incidence to measure the region's economic performance, tertiary graduates profile; the quality or characteristics of jobs provided; and the relationship of employment to economic growth, poverty incidence and tertiary graduates in the region. The study used available indicators limited to secondary data from official sources.

Under the process, the study undertook the following activities: 1) the compilation of secondary data collected from official sources like NSO and NSCB; 2) documentary and data analysis, and 3) technical review by the experts.

The outputs of the study included the characteristics of jobs/employment the region is providing, the sources of economic growth and its relationship to jobs, the implications of jobs situation in the region to poverty reduction and the policy options/recommendations to achieve full and productive and decent work for all in the region.

The paradigm adopted a cyclical approach as indicated by a feedback loop to ensure that policies to be adopted will respond to the challenge of "spreading the benefits of economic growth on more broad based, job-creating growth".

## 2. Research Design and Procedure

The study was done in two phases. Phase 1 focused on the analysis of the labor and employment situation in the region including the quality/characteristics of employment, the relationship of jobs to the sources of economic growth and poverty situation of the region. Phase 2 dwelt on the policy options/recommendations to attain the goal of decent, full and productive work to all.

Phase 1 of the study used the descriptive research method specifically the documentary analysis. It involves systematic gathering of information by examining records and documents about the region's employment situation as a social phenomenon for the purpose of finding and or understanding patterns and regularities. Phase I also used visual aids such as graphs and charts for easy understanding and in reducing the data into manageable form.

Phase 2 of the study involved the conduct of technical reviews in the form of meeting and a focused group discussion (FGD). The conducted FGD was an interagency policy review participated by technical staff and/or heads of office of concerned agencies to include Technical Education and Skills Development Authority (TESDA), Department of Trade and Industry (DTI), Department of Agriculture (DA), Department of Labor and Employment (DOLE), Department Social Welfare and Development (DSWD), National Economic and Development Authority (NEDA), Commission on Higher Education (CHED), Public Employment Service Office (PESO) provincial offices and Private Sector representative of the education sector and the Philippine Chamber of Commerce and Industry (PCCI) Region 1 chapter. The following guide questions were provided to the technical staff to generate appropriate policy options and recommendations, to wit: 1) to what extent did the existing reforms along job generation realize their purpose for the past years; and 2) what policy reforms do the government and the private sectors need to adopt and implement to ensure that growth is broad based and that benefits are passed on to the poor through employment?

The policy recommendations were further validated by the technical staff based on the following: 1) is the policy recommendation feasible (can it be done); 2) is it advisable (should it be done); and 3) is it efficient (what is the indication of its cost¬-benefit ratio)?

### 2.1 Respondents and Locale

The study was limited to Region 1or Ilocos Region in the Philippines.

### 2.2 Data gathering

The study made use of secondary data released by the official data sources to ensure the reliability of data. Collection of annual regional data was done for the different indicators, to wit: a) labor and employment; b) GRDP; c) poverty statistics; and d) Data on the number of graduates per discipline. These data were used in the study.

### 2.3 Data limitations

The study made use of secondary data released by the official data sources to ensure data reliability. It is understood that the concerned data sources used appropriate methodologies in their data generation and conducted activities such as pilot-testing, review and consultations to ensure the validity of their data gathering instruments. There is no data disaggregation at the provincial level. The data collected were narrowed down to the following:

Economic growth as measured by GRDP, GVAs and per capita GRDP (levels and growth) covered two sets of data: 1) data for CYs 2005 to 2009 at 1985 constant prices for purposes of examining the trend of the performance of the economy; and 2) CYs 2009 to 2011 at 2000 constant prices towards more improved measures of the economy and at par with the international standard, the National Accounts of the Philippines (NAP) which includes the GRDP of the region which was rebased/revised using a new base year (now 2000 based) by the NSCB. Both data sets are not comparable with each other due to different base year.

Data on jobs were only limited to CYs 200 to 2011 to have comparable data for employment since the new definition of unemployed persons was formulated in 2005. Thus, employment data before CY2005 are no longer comparable with the data for CY2005 onwards.

Poverty data covered only the available data for CYs 2003, 2006 and 2009 due to periodicity of the collection of the indicator which is every three years. Missing data on an annual basis were estimated using the growth rate of the two available data. Specifically for poverty incidence and employment correlation, relationship was ascertained from 2003 to 2009 to have a more realistic relational analysis.

Data on the number of graduates per discipline covers CYs 2005 to 2010.

*2.4 Data analysis*
For Phase 1, the secondary data were analyzed using descriptive statistics (mean, rates and percentages) and correlation analysis. Microsoft Excel (data analysis) and SPPMS were used in the data scrutiny. This include the analysis on the extent of relationship of a) employment rate and economic (GRDP) growth rate; b) sectoral employment growth rate and GVA growth rates; c) sectoral employment and tertiary graduates by discipline; d) employment rate and poverty incidence.

For Phase 2, the results of the technical review / FGD particularly the valid recommendations formed part of the final study. The generation of appropriate recommendations from the technical respondents was steered by the guide questions presented to them. The validated policy recommendations were processed using descriptive statistics. The scale of 1 to 5, where 5 is the highest, was used to rate the policy recommendations. The ratings were processed using means and ranks.

*2.5 Data Categorization*
The interpretation of the correlation coefficients was based on the following classifications: a) 0.00 to +-0.20 = negligible relationship; b) +-0.21 to +-0.40 = low or slight relationship; c) +-0.41 to +-0.70 = marked or moderate relationship; d) +-0.71 to +-0.90 = high relationship; e) +-0.91 to +-0.99 =very high relationship; and f) +-1.00 =perfect relationship.

**3. Findings**
*3.1 Analysis of secondary data*
Analysis of secondary data revealed that Region 1 is faced with relentless problem of poverty. From the 2009 NSCB report, although poverty incidence among both population and family declined from the 2006 figures to the 2009 figures, there were still about 179,179 poor families (17.8 percent) and 1,085,078 poor persons (26.5 percent) in 2009.

In terms of economic growth, from 2005 to 2009 the performance of the regional economy at 1985 constant prices was growing at an average rate of 3.2 percent driven mainly by the services and agriculture sectors. On the supply side, the main drivers of economic growth were consumption and government spending. From 2009 to 2011, the economy was growing at an average rate of 5.1 percent (at 2000 prices).

In terms of employment from 2005-2011, of the 1.97 million jobseekers, 93.4 percent were employed and 7 percent of it are underemployed and 53.7 percent are vulnerable workers.

While the economy was expanding, poverty reduction was slow and lagging. The prevalence of poor in the region is an indication that the efficacy of economy is not sufficient to address existing poverty issues, despite the region's intensified focus on socio-economic reforms. As of 2009, the region was two years behind target on poverty reduction as indicated in the latest MDG Watch. Economic gains have not been broadly distributed across the different sectors of the region's population.

*3.2 Relationship of Jobs with Economic Growth, Poverty and Tertiary Graduates*
In terms of relationship of jobs with economic growth, poverty and tertiary graduates, Table 1 shows the summary of relationships.
**Jobs with Economic Growth:** There is a significant relationship between employment rate & GRDP growth. Both employment rate & economic growth were declining. As the economy weakened, job creation also declined. This relationship pursues the macroeconomic policy statement in the 2011-2016 PDP. The growing output & employment are the preconditions for progress in almost all social & economic aspects of development. This means that growth in the economy will result to additional jobs, & low pace of growth means creating insufficient jobs.
**Jobs with GRDP in terms of labor productivity**: Relative to output per person employed, for the period of 3 years, labor productivity is contracting. The industry sector which generated the lowest jobs has the highest labor productivity as compared to agriculture and services sectors.
**Jobs with Tertiary Graduates**: The courses or disciplines of the graduate students do not match the requirements of the current industries in the region. The presence of high unemployment particularly the youth came mostly from the medical and allied science, business administration & related courses, education & teaching training and IT-related disciplines. The situation of the region complements the study of Esguerra (2010), which posits that the high rates of unemployment among those with at least high school education can be the effect of the following: 1) higher reservation wages which pertains to the lowest wage which an individual will accept for a job; 2) the results of worker-job mismatch in some lines of work; and 3) problem of employability. This situation does not only apply in Region 1 but is common to all regions in the country.
**Jobs and Poverty Incidence**. The relationship is very high but not significant and it should have been inversely related - as employment rises, poverty situation eases. However, in the case of the region, as jobs declined, poverty incidence also declined. The possible reason of improved poverty is brought about by the rising overseas

placement for the region - growing on the average of 10.3 percent. The quality of work provided in the region is a big factor in reducing poverty.

**Table 1: Correlating Jobs with Economic Growth and Poverty, Region 1, CY 2005-2009**

| Indicator | Correlation Coefficient | Interpretation* | |
|---|---|---|---|
| 1.   Total employment  and GRDP | 0.97 | Very high relationship | |
| 2.   Sectoral Employment and sectoral / subsectoral GVA | | | |
|   o   Agriculture sector employment and  GVA | 0.94 | Very high relationship | |
|   o   Industry sector employment and GVA | 0.14 | Negligible relationship | ns |
|     -   Mining & Quarrying (M&Q) subsector employment and GVA | 0.86 | High relationship | ns |
|     -   Manufacturing subsector employment and GVA | 0.67 | Marked / moderate relationship | ns |
|     -   Construction subsector Employment and GVA | 0.31 | Low or slight relationship | ns |
|     -   Electricity, Gas & Water (EGW) subsector employment and EGW subsector GVA | 0.30 | Low or slight relationship | ns |
|   o   Service sector employment and GVA | 0.67 | Marked / moderate relship | ns |
|     -   Trade subsector employment GVA** | 0.76 | High relationship | |
|     -   Transportation, Communication & Storage (TCS) subsector employment and TCS subsector GVA | 0.81 | High relationship | |
|     -   Finance subsector employment and GVA | 0.32 | Low or slight relationship | ns |
|     -   Occupied dwellings and real estate (ODWRE) subsector employment and GVA | 0.67 | Marked or moderate relationship | ns |
|     -   Private Services subsector employment and GVA | 0.99 | Very high relationship | |
| 3.   Total employment  and poverty | 0.91 | Very high relationship | ns |
| 4.   Total employment and tertiary graduates | 0.58 | Marked/moderate relship | ns |

*Significant at 0.05 level of significance

ns – not significant

** result not reliable due to limitation of data

[1]/data for poverty incidence covers: 2003-2009 to have better correlation

The successful implementation of socio-economic reforms will depend on the pattern and sources of growth as well as the manner in which its benefits are distributed. This is extremely critical from the approach of attaining the goal of poverty reduction. In this regard, the importance of employment as the key link between growth and poverty alleviation must be seriously considered by policy makers and implementers.

Recognizing the importance of employment creation to poverty reduction, some challenges were noted on the state of the region's labor and employment from 2005-2011. Among these are the:

a)       Continued high unemployment growth

b)       Laggard growth of quality jobs for the rapidly growing labor force as the main providers of jobs in the region were the agriculture with poorer and broader base and the informal segment of the trade sector

c)       Gradual shifting of the economy from an agriculture base towards services, with trade as the biggest contributor of employment  and further still, where the informal sector, with unskilled, low productivity workers, thrive.

d)       Mismatch between the courses or disciplines of the graduate students and the requirements of the current industries in the region widespread underutilization of the productive capacity of the employed population

e)       Gender disparities among labor entrants and the employed due to very low LFPR and share in total employed

f)       Economic growth that is not investment-led which explains why economic expansion has not been as employment creating as desired

g)       Prevalence of underemployment and vulnerable workers (about 50 percent) in sectors with high employment (i.e., agriculture, trade, Transportation, communication & storage, and private services).

h)       Job-providing sectors and subsectors of the economy (i.e., manufacturing , services and occupied dwellings and real estate) that are not fast growth gainers

i)       Economic growth driver sectors (i.e., industry sector & its subsectors – construction & electricity, water & gas subsectors) that are not necessarily job providers but due to increasing capital equipment rather than infusion of additional labor.

*3.3 Priority Policy Options Identified in the FGD*

All of the identified specific policy options received relatively high ratings of 3.70 to 4.70 based on feasibility, advisability, efficiency and urgency (from a scale of 1 to 5 where 5 is highest). The following are the policy options identified as priority for implementation:

a)      Strengthen employment protection legislation to reinforce job security of the employees;

b)      Partnership between HEIs and industry associations or individual companies to support people development and training programs;

c)      Strengthen Joint-Academe-Industry review of courses and curriculum;

d)      Continue developing a Bridging Program for the inclusion of specialized skills in the curriculum of courses;

e)      Prepare Competitive Landscape Studies and Roadmaps for emerging industries in the region;

f)      Continuing review and improving the operation of the K to12 and institutionalize it in the entire education system for graduates and professionals to be comparable with APEC and global counterparts.

The initial recommendations of the researcher were found valid by the group experts and the latter provided indication on the specific policy options in terms of feasibility, advisability, efficiency and urgency.

The adoption or implementation of each of the validated policy options will not only respond to a specific development concern but each has contribution in solving the unemployment and underemployment problem, improving economic growth, and in reducing poverty in the region. Among the policy options identified to make a positive contribution to poverty reduction, which are consistent with the outlined development strategy of this study, include structural transformation of employment towards manufacturing and other non-farm sectors, education, improving labor productivity and lowering of the dependency burden.

## 4. CONCLUSION

The key conclusions arrived at in this study are enumerated in the following:

a)  The examination of the socio-economic condition of the region particularly in terms of economic growth, jobs, and poverty indicates that the pattern of growth, especially in terms of employment creation as a result of growth, play an important role in poverty reduction.

b)  While the economy is growing, the capacity of the region to transform growth to poverty reduction is weak.

c)  There is slow growth of high-quality employment opportunities for the rapidly growing labor force.

d)  Economic gains have not been broadly distributed across the different sectors of the region's population.

e)  Economic growth by itself would not create employment as seen in many high growth economies in the region.

f)  Despite the changing economic structure, where the services sector increasingly contributes the highest share in the regional economy the main employment providers in Region 1 still remain to be agriculture and the informal sectors.

It is concluded further that the productive capacity of the employed population in the region is underutilized as manifested by the increasing number of underemployed. There is also a large portion of the employed population holding vulnerable employment with inadequate social protection and safety nets, work benefits and other rights such as collective bargaining and freedom of association as shown in the findings of the study.

The key reform areas if pursued will possibly enlarge the economy, with focus on those reforms which could help address the increasing joblessness and underemployment in the region.

## 5. RECOMMENDATIONS

The following are recommended to further improve economic growth, solve employment and underemployment problems and reduce poverty in the region:

a)  Adopt and implement a development strategy (Figure 1) anchored on rapid and sustained economic growth, improving employment opportunities and fast reduction on poverty;

b)  Draw purposeful policy actions to move forward by capitalizing on the strengths and unique advantages of the region;

c)  Take a balanced approach on government interventions required to ensure a broad-based and distributive growth;

d)  Revisit the existing growth strategy and undertake bold reform measures to unlock investment, drive labor productivity and boost efficiency and attain economic growth rate of about 6 to 7 percent and sustained over a period of 7 to 10 years;

e)  Engage more the private sector to contribute towards economic expansion

f)  Undertake policy actions that are in line with the principle of inclusive growth, like ensuring that the bottom 30 percent of households who are below the poverty line be given priority in giving assistance; ensuring equitable and fair opportunities through transparent processes; allowing access to resources on

the basis of needs and merit to enable improvement in capacity, incomes and well-being; and having sound institutional framework for better monitoring and implementation; and

g) Support policy options and reforms that are sustainable in both economic and environmental terms to attain economic growth, decent work and eventual reduction of poverty incidence.

With the conclusion of the study that quality of employment is critical in reducing poverty, the focus or challenge of the government is to "spread the benefits of economic growth – more broad-based, decent, productive and full job-creating growth". Economic growth should be high enough to generate jobs and to significantly reduce the region's poverty incidence.

One of the critical findings of the study is the shifting structure of the economy from agriculture to services sector as the growth engine. While the sector hosts many emerging activities that will provide decent work, the greater part of employment is still accounted for by the wholesale and retail trade, and community, social, and personal services sectors where the informal sector thrives.

Whether the services sector should be affirmed as the engine of growth and source of employment or not, it is a concern that must be addressed by policy makers in the region through a careful study of the existing conditions of the region and the opportunities that are available. The study will be a basis for adopting policy measures that will eventually lead the region's economy to a path of sustainable growth, providing productive, full and decent work and improved poverty situation.

One of the greater issues why the region is facing the problem of unemployment is the need to address industry mismatch for gainful employment. It is imperative to mainstream public-private partnership in education for gainful employment agenda.

Finally, to make these policy options/recommendations the priorities of implementers, it is crucial that these recommended policy options will serve as inputs in the updating of the Regional Development Plan (RDP) of Region 1. The purpose of the midterm updating of the RDP is to make the plan more responsive to the region's development concerns and more aggressive to accelerate economic growth, improve the employment situation and reduce poverty with the expanded involvement of stakeholders in the region including ground implementers and the legislators at the national level.
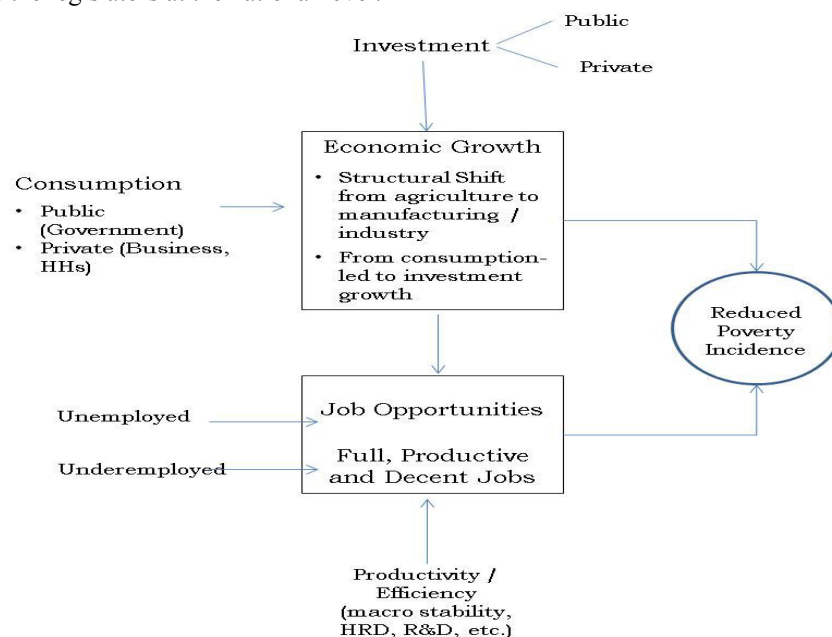


*Figure 1: Recommended Development Strategy: Region 1 Jobs, Poverty and Economic Growth Concerns*

## 6. Acknowledgment

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