

“INVESTING IN SKILLS TO PROMOTE INCLUSIVE GROWTH IN MINDANAO”, A WORLD BANK STUDY: LOOKING AT TVET’S ROLE IN PROMOTING INCLUSIVE GROWTH IN MINDANAO

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How can TVET Promote Inclusive Growth in Mindanao?

In its 19th Social Protection Policy Note published in September 2019, the World Bank presented a paper discussing the place of technical education and skills training in improving the socioeconomic landscape of Mindanao, which is considered to have some of the poorest places in the Philippines. Dubbed *Investing in Skills to Promote Inclusive Growth in Mindanao*, the paper elaborated on the incidence of poverty in Mindanao, profiled its state of education, skills training, and employment, and explored how technical-vocational education and training (TVET) and job creation could be used to uplift the lives of Mindanawons.

The purpose of this TVET Brief is to highlight the issues indicated in the World Bank paper, as well as to summarize the recommendations found therein. TESDA could use this information to guide its policies and TVET initiatives in the Mindanao regions (i.e. IX, X, XI, XII, CARAGA, and BARMM) moving forward.

CHALLENGES IN MINDANAO

According to the World Bank, Mindanao had about two million unemployed/underemployed individuals in 2015. In particular, the then-Autonomous Region in Muslim Mindanao (ARMM), today known as the Bangsamorro ARMM (BARMM), had the highest incidence of poverty in the country, as at least half its total population was recorded to live below the

poverty line. Overall, Mindanawons represent about 40% of the country’s poor - the World Bank purported that solving the poverty problem in ARMM and the rest of Mindanao would significantly reduce the incidence of poverty in the Philippines as a whole.

Solving this problem requires significant efforts to sustainably improve livelihoods and develop human capital (i.e. inclusive growth), which is a sentiment echoed by the Duterte Administration’s Philippine Development Plan 2017-2022. Interestingly, however, there was a higher incidence of underemployment in the island-region, rather than unemployment, suggesting that jobs are indeed plentiful Mindanao – it’s only that these jobs may not necessarily be high-paying or gainful, or match the career and economic benefits expected by Mindanawons of working age.

a. Education

Around 22% of the national government’s education budget is allocated to Mindanao in 2017, with Region X and Region Xi receiving the highest shares in total spending, while ARMM and CARAGA received the lowest. It is worth noting that the national budget for education has been steadily increasing for almost ten years, reaching to P218 billion in 2017 compared to P118 billion in 2009, so the quality of education in Mindanao has also steadily increased.

Despite these gains, Mindanao still had the lowest school enrollment and completion rates in the country. For instance, Mindanao only had about 91%

enrollment in primary education and 67% in high school for 2017. These numbers lag behind the national numbers in 2017: enrollment rates of 94% and 76% for primary and high school, respectively. Enrollment in tertiary education did not fare well either, but this could be related to the fact Mindanao only had 94 Higher Education Institutions (HEIs), compared to 363 in the National Capital Region, and 223 and 291 in Regions III and IV-A, respectively.

Participation in the labor force also dropped following the implementation of the K to 12 Program in 2016, as more and more youths enroll into senior high school-level education. Overall, around 35% of Mindanawons of working age had only completed elementary education; 38% only reached high school. Only a fifth of the total workforce in the island-region have reached college, which is an opportunity for the delivery of better services based on technical education and skills training. Figure 1 extrapolates these further by comparing Mindanao's numbers with the Philippines.

career expectations, this could also be caused by a gap between the youth's current skillset and the industries' skills demands.

The World Bank also purported that unemployed Filipinos are typically well-educated young persons who are simply looking for jobs that meet their career expectations. Therefore, not all cases of unemployment or underemployment can be directly attributed to poverty.

44% of all workers in Mindanao were also considered 'vulnerable', in that they're self-employed, low-level producers of goods and services such as street vendors and jeepney drivers. Vulnerable workers also included unpaid family workers, who typically run small businesses from their homes like sari-sari stores. This proportion of vulnerable workers was considered significantly high by the World Bank, as these individuals are typically not covered by labor laws and standards. In addition to this, three out of ten workers in Mindanao are engaged in unskilled

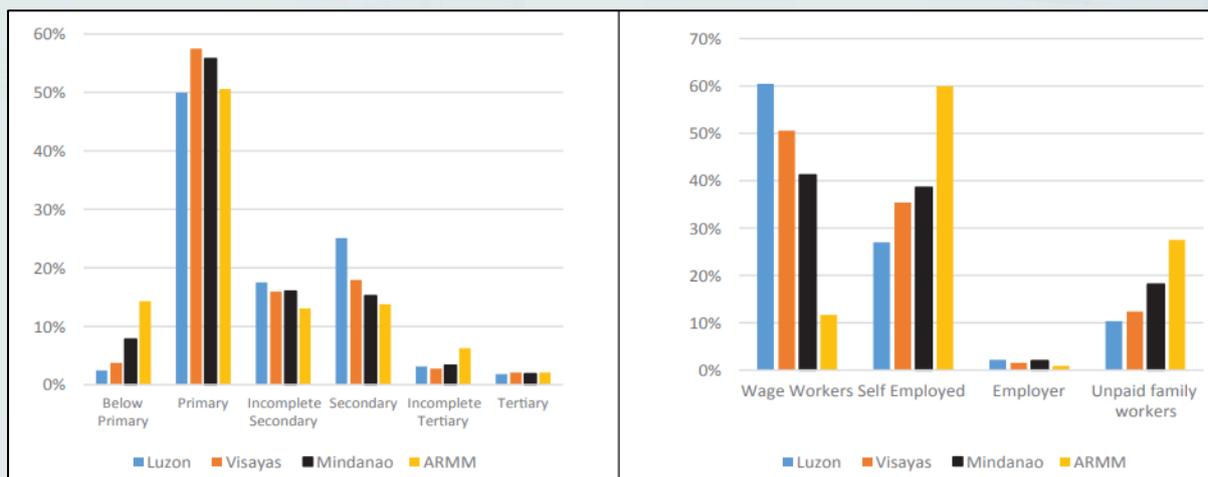


Fig.1 Workers in the Philippines Based on Educational Attainment (L) and Class (R), 2018 (World Bank)

b. Labor Participation

The World Bank reported that 22% of youths and young adults in Mindanao (i.e. aged 16-24) are considered not in education, employment or training (NEET), which also reflects the huge proportion of out of school youths (OSYs) compared to the rest of the country. ARMM again had the highest proportion of OSYs compared to national statistics, sitting at around 36%. In addition, some 18% of Mindanawons aged 18 to 24 were unemployed in 2018, which was also more than twice the overall unemployment rate in the island-region (see Figure 2). While it's possible these numbers was caused by poor job searching or mismatching

labor, which goes in-line with the island-region's largely agricultural economy, but also means a rather large deficit in managers or professionals.

c. Training for Employment

The World Bank once conducted the 2015 Skills Toward Employability and Productivity (STEP)¹ survey in Mindanao. This survey discovered that an additional year devoted to education or learning skills led to a 5% increase in household income for Mindanawons, compared to the 3% in other places in the country. The survey also discovered that socioemotional skills did not significantly improve

¹ Not to be confused with TESDA's Special Training for Employment Program, also known as STEP

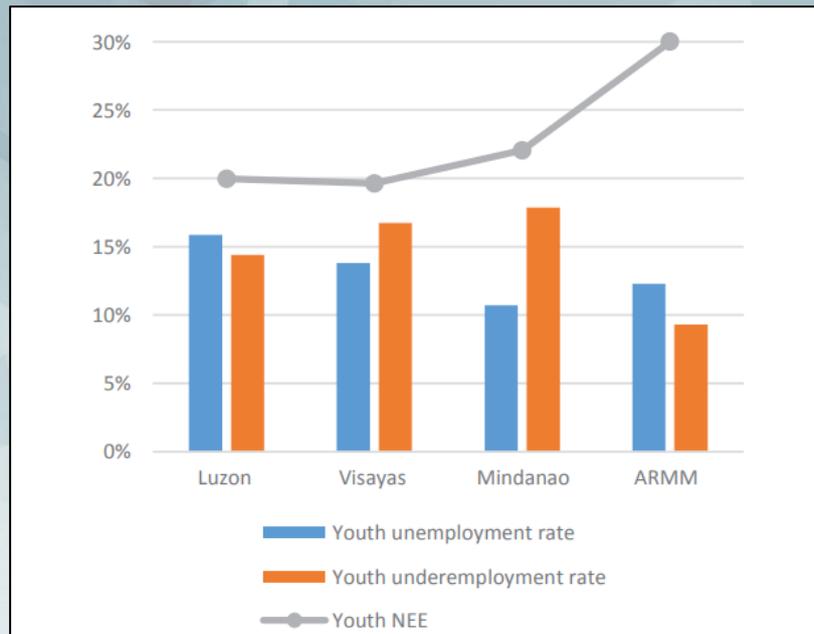


Fig.2 Youth unemployment, underemployment, and NEETs in the Philippines 2018 (World Bank)

individual earnings in the island-region (but they did for low-educated workers), although this is more likely because Mindanao is a largely-agricultural region, rather than service-oriented like in Luzon. This could prove to be problematic, as the country's economy is veering towards services and industries, where soft skills such as numeracy, decision-making, and critical thinking would be valued highly.

Skills training and retraining might seem to be the answer to meet this foreseen need. Though out of all the existing mechanisms, the World Bank was particularly impressed with the Dual Training System (DTS) employed in Mindanao and the rest of the country. DTS, which combines classroom learning with practical, hands-on instruction at the workplace, is perceived to have higher returns to labor costs compared to standard TVET instruction methods. DTS is also noted to be particularly effective on Mindanawons who did not finish secondary-level education, as this System provides clear instructions and practical skills applications in the same delivery method. Despite its benefits, DTS and other enterprise-based systems only account for a small portion of TVET graduates. Also presenting a challenge is the prevailing perception across the Philippines is that TVET is only a complement to formal education.

UTILIZING TVET TO MEET THESE CHALLENGES

The World Bank purported in their paper that the creation of quality jobs would be the key to uplift Mindanao from poverty, and to do this would require initiatives geared towards promoting inclusive growth and creating quality jobs. However, doing the latter would be a significant challenge due to the current gap between the skills demanded by industries and business, and the actual skills possessed by students in Mindanao. This was gleaned from the rather high youth underemployment and unemployment rates in the island-region, which have not changed much for the last four years as the World Bank noted.

And while most workers in Mindanao have attained at least secondary education, BARMM's workers only have an elementary-level education, which seem to indicate the underlying constraints less-well-off individuals face before they could attain employment. Compounding matters is Mindanawons' generally poor retention of scientific, mathematical, and socioemotional skills: things that most employers now look for from their prospective workers. NEETs and OSYs levels are also deemed high enough to warrant the need for TVET interventions and give them the means to attain gainful livelihoods.

It is for these aforementioned reasons that the World Bank proposed a more systematic approach to skills development in the island-region, and maybe even the rest of the country, which they based on their STEP framework (see Figure 3). Specifically, the World Bank recommends for the training of job-relevant skills (i.e. #3 in the framework) among children as a matter of course, rather than as an option, in the current education system. This can ensure the steady instruction of mathematical, scientific, and socioemotional skills throughout childhood and beyond, making Mindanawons as “job-ready” as possible, especially if they decided not to pursue tertiary education.

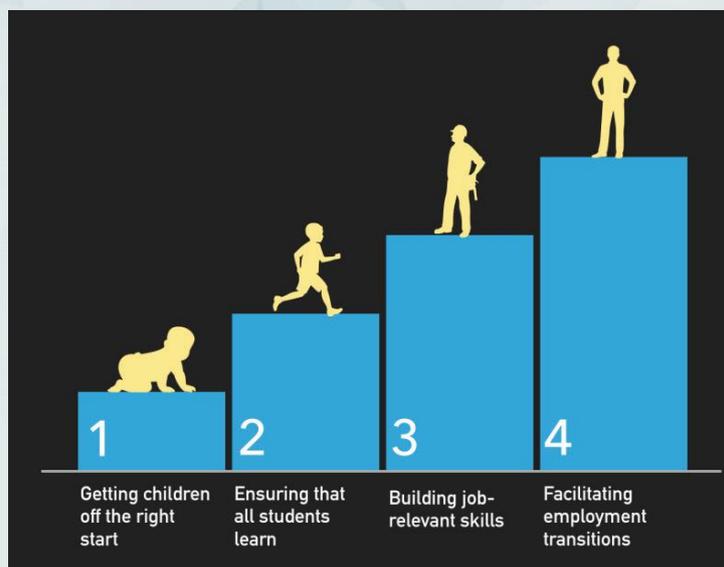


Fig.3 Modified World Bank STEP Framework, proposed for Mindanao

The DTS can go a long way to equip NEETs and OSYs, as the melding of both classroom and on-the-job learning environments prove effective on those who did not attain higher levels of education. However, programs like the DTS should be supported over the long term (particularly financially), as well as popularized enough so that more learners could avail of them. This could also mean drastically changing one’s perception about TVET, as the World Bank data suggests that this level of education is not just a mere complement to traditional education.

CURRENT TVET INITIATIVES

As the leading authority for TVET in the Philippines, TESDA has instituted several scholarship programs aimed at helping low-income learners obtain job-relevant skills through technical education. As lifted from the latest Omnibus Guidelines, these are:

a. Training for Work Scholarship Program (TWSP)

The TWSP provides immediate interventions to produce the needed skilled and certified workers and fill-up the unfilled jobs in key industry sectors in the country. The TWSP seeks to support rapid, inclusive and sustained economic growth through course offerings in priority industries and key employment generators. In addition to these, TWSP utilizes the DTS.

b. Private Education Student Financial Assistance (PESFA)

PESFA offers educational grants to qualified and deserving college freshmen both in degree and non-degree courses. The program seeks to extend financial assistance to marginalized but deserving students in post-secondary non-degree courses, promote TVET, contribute to the development of a competent skilled workforce and assist private institutions in their development efforts by assuring a steady supply of enrollees to their course offerings.

c. Tulong Trabaho Scholarship Program (TTSP)

TTSP provides more innovative approaches to TVET, linked to the requirements of industry, in order to address unemployment and job-skill mismatch through the delivery of Selected Training Programs (STPs) to qualified recipients.

d. Special Training for Employment Program

This employs community-based training to address the specific skills needs of the communities and promote employment, through entrepreneurial, self-employment, and service-oriented activities. Again, this Program should not be confused with the aforementioned STEP Framework by the World Bank.

TESDA also offers scholarship programs under the **Universal Access to Quality Tertiary Education Act (UAQTEA)**, although they are not a sole initiative of the agency as the Act is also implemented by the Department of Education and the Commission on Higher Education. TESDA scholarships under the UAQTEA aims to provide free tuition for scholars in state-run technical vocational institutions.

Historically, the TWSP had the greatest share of TESDA's scholarship budget (approximately 43% every year), and beneficiaries (78%). Further, the Special Training for Employment Program had the largest budget per enrollee until 2017, but it was overtaken by TWSP in 2019. This indicates that TESDA is currently focusing on meeting skills needs in priority sectors, which could be a boon for Mindanao if it also shares the same priorities.

WORLD BANK'S RECOMMENDATIONS

Going by the World Bank's strategy for development in the island-region, TESDA can lend a hand in boosting human development (See Figure 4). However, given the issues mentioned in the Policy Note, the agency has to take certain steps to ensure the programs are utilized to the fullest:

- a. **Enhance monitoring mechanisms** – This recommendation is twofold: more effective monitoring methods mean better, more accurate data that TESDA could gather, thereby ensuring continuous improvement of the scholarship programs' delivery. More effective monitoring methods also mean better allocation of scholarship funds, thereby allowing more resources to be funneled into in certain regions/programs that need them more than others.
- b. **Scale-up scholarship programs to reach more people** – This recommendation can mean expanding the budget for scholarship programs, particularly for TWSP given that it can be administered using a DTS (which, as said before, proves particularly effective for

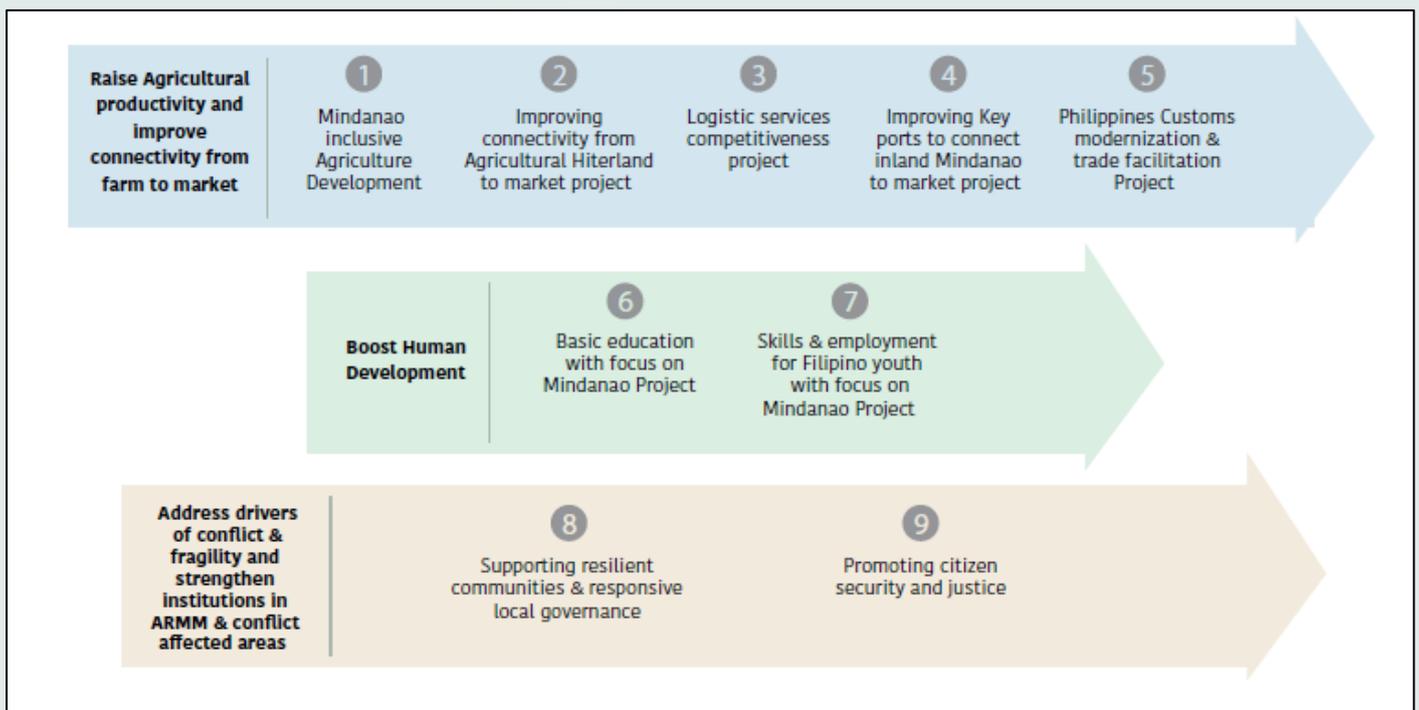


Fig.4 World Bank's overall Development Strategy for Mindanao (2015)

Mindanawons who did not finish secondary education). However, scaling-up such programs can also mean improving incentives for training providers (i.e. private institutions and technical-vocational institutions) in offering DTS-type courses. This would give learners more opportunities, and therefore more reason, to avail of these scholarships.

c. Focus efforts on key priority sectors and beyond

– This recommendation can prove challenging in the Mindanao context, given its mostly-agricultural economy. But while it is important to support the island-region’s agriculture, its burgeoning services sector should not be left out as well, considering the country’s economy is shifting towards non-agricultural industries. Current and future employers now look for workers who have high mathematical, scientific, and socioemotional skills; it’s important for Mindanawons to obtain these skills as early as possible if they wish to remain competitive in the labor market.

The study also highlighted that the scholarship provision in the implementation of the DTS is one of the gaps. In the development/ enhancement of the Implementing Guidelines for the Scholarship programs, the Scholarship Management Division has to take into consideration how this issue will be addressed. Likewise, the Regional and Provincial Office in the Mindanao Region has to strengthen its advocacy program to encourage more training institutions to utilize DTS.

- b. In the application of the socioemotional skills, the study emphasized the need to start teaching socioemotional skills from basic education. The Joint Working Group (JWG) of TESDA and DepEd must look into the possibility of including the instruction of socioemotional skills in the existing curricula (i.e. from basic to secondary education). This is to ensure that such skills are already ingrained on learners while they are young, thus helping to bridging the gap between industry skills demands and the learners’ own job-related skills. Doing so will also help minimize the problem of learners lacking socioemotional skills before they reach tertiary-level education or TVET.

WAY FORWARD

Given the aforementioned recommendations, TESDA may wish to undertake the following actions in to ensure more effective delivery of its TVET programs in Mindanao:

- a. As the DTS is the most recognized training venue, it is recommended that the Partnership and Linkages Office, as the office-in-charge in the implementation of DTS, will look into the current status of DTS in Mindanao, and determine strategies how to further strengthen the implementation in the region.

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