



THE CHANGING DEMOGRAPHICS OF THE PHILIPPINE WORKFORCE

(First of a Three-Part Series)

This LABSTAT issue is the first of a three-part series on the changing demographics of the Philippine workforce based on the results of the 2000 Census-Based Population Projection recently published by the National Statistics Office (NSO). This issue examines the implications of the latest population projection on the changes in the size and demographic characteristics of the country's working age population over the next 35 years.

Population Projection

The Philippine population is projected to grow by 8.8 million over the 2005-2010 period, increasing from 85.3 million to 94.0 million. This absolute growth translates into an annual average growth rate of 1.95 percent – a much slower pace of growth than the 2.05 percent growth rate over the 2000-2005 period, as indicated in the 2000 Census-Based Population Projection:

2000-2040 (medium growth assumption series).

The declining trend can be attributed primarily to the observed falling birthrate in many regions of the country due to the pressure of rapid urbanization. The downtrend will continue until 2040 when annual growth rate is projected to fall below one percent (0.92%).

Table 1
POPULATION PROJECTION BY FIVE-YEAR INTERVAL AND
ANNUAL AVERAGE GEOMETRIC GROWTH RATE, PHILIPPINES: 2000-2040

Year	Population (in thousands)	Geometric Annual Growth Rate (%)
2000	76,946	
2005	85,259	2.05
2010	94,012	1.95
2015	102,965	1.82
2020	111,783	1.64
2025	120,223	1.46
2030	128,107	1.27
2035	135,301	1.09
2040	141,669	0.92

Source: National Statistics Office.

Working Age Population: Its Changing Demographics

Age Structure

A crucial component of population projection is the changes in the size and the composition of

the working age population (defined as persons 15 years old and over) as they characterize the country's

potential labor supply. Projection data indicate that their number is expected to reach 62.9 million in 2010, an increase of 7.5 million from 2005.

It can be observed that the annual growth of working age population estimated at 2.57 percent in 2005-2010 period will exceed the growth in total population at 1.95 percent as a result of the high fertility rate experienced in the past three decades. By the year 2040, the working age population will reach 108.3 million or twice its size in 2000.

Increases in population will be accompanied by progressive aging of the working age population. While the current age structure reflects a relatively young population, the proportion or share of young persons (15 to 24 years old) to total working age population will decline from 31.3 percent in 2000 to 21.0 percent in 2040.

In comparison, the share of elderly persons (55 years old and over) will rise from 13.4 percent to 24.7 percent. By the year 2035, the number of persons aged 55 years old and over will overtake those in age group 15 to 24 years old.

Table 2
WORKING AGE POPULATION PROJECTION BY FIVE-YEAR
INTERVAL AND AGE GROUP, PHILIPPINES: 2000-2040
(In thousands, except percent)

Year	Working Age Population		Age Group					
	Number	Annual Growth Rate* (%)	15 to 24		25 to 54		55 and over	
			Number	% Share	Number	% Share	Number	% Share
2000	48,400		15,155	31.3	26,769	55.3	6,506	13.4
2005	55,357	2.72	16,868	30.5	30,743	55.5	7,747	14.0
2010	62,855	2.57	18,461	29.4	34,975	55.6	9,419	15.0
2015	70,284	2.26	19,303	27.5	39,389	56.0	11,591	16.5
2020	77,949	2.09	19,994	25.7	43,855	56.3	14,099	18.1
2025	85,839	1.95	21,107	24.6	39,142	45.6	15,772	18.4
2030	93,721	1.77	22,085	23.6	51,861	55.3	19,775	21.1
2035	101,289	1.57	22,650	22.4	55,529	54.8	23,112	22.8
2040	108,310	1.53	22,774	21.0	58,766	54.3	26,770	24.7

* Geometric growth rate.

Source: National Statistics Office.

Potential New Entrants to the Labor Force

Also of interest to demographers is the number of young persons reaching working age, because their participation in the labor market will further enlarge the country's labor supply. This refers to persons in the age group 10 to 14 years old who in the next five years will be turning 15 years old.

In 2005 for instance, there were 9.6 million persons in this age

bracket who have the potential to enter the labor market in the next five years.

This figure translates to an average of 1.9 million persons a year. They will be counted as part of the labor force depending on whether they actually work (employed) or seek and available for work (unemployed). Otherwise, they

will be treated as "persons not in the labor force".

The magnitude of young persons entering their working age

will grow to more than 10 million in 2015 and 2020. It will reach its peak to 11.5 million in 2030 and decline thereafter due to falling birth rate.

Table 3
PROJECTED POTENTIAL NEW ENTRANTS TO THE LABOR FORCE
BY FIVE-YEAR INTERVAL, PHILIPPINES: 2000-2040
(In thousands)

Year	Population 10 to 14 years old	Annual Average
2000	8,960	
2005	9,647	1,929
2010	9,801	1,960
2015	10,343	2,068
2020	10,923	2,184
2025	11,336	2,267
2030	11,503	2,300
2035	11,473	2,295
2040	11,336	2,267

Source: National Statistics Office.

Sex Distribution and Life Expectancy

The latest population projection data indicate very little change in the sex distribution of the working age population over the projection period. The current distribution which reflects an almost even proportion between male and female will be maintained until 2040. However, the proportion will gradually shift in favor of the female working age population such that by 2040 females will surpass males by 741,000.

It is in the area of life expectancy that the difference between male and female will be considerable. Projection data envisioned a longer life span for female than male. The projected life expectancy for female will improve from 70.14 to 78.34 while that for male will increase at slower pace from 64.11 to 73.01. These figures imply that female will live and probably may work longer than male by an average of five or six years.

Table 4
WORKING AGE POPULATION PROJECTION AND LIFE EXPECTANCY
BY SEX AND FIVE-YEAR INTERVAL, PHILIPPINES: 2000-2040
(In thousands, except percent)

YEAR	BOTH SEXES	MALE			FEMALE		
		Number	% Share	Life Expectancy	Number	% Share	Life Expectancy
2000	48,400	24,199	50.0	-	24,201	50.0	-
2005	55,358	27,609	49.9	64.11	27,749	50.1	70.14
2010	62,855	31,349	49.9	66.11	31,506	50.1	71.64
2015	70,284	35,041	49.8	67.61	35,244	50.1	73.14
2020	77,949	38,825	49.8	68.81	39,124	50.2	74.34
2025	85,839	42,723	49.8	70.01	43,116	50.2	75.54
2030	93,721	46,607	49.7	71.01	47,114	50.3	76.54
2035	101,289	50,330	49.7	72.01	50,959	50.3	77.54
2040	108,310	53,785	49.7	73.01	54,526	50.3	78.34

Source: National Statistics Office.

Dependency Ratio

Dependency ratio refers to the proportion of the young (0 to 14 years) and the old (65 years and over) population to those in the working ages. This concept provides a measure of the support burden facing people of working age. It does not, however, take account of the number of people actually working but only the size of the working-age population.

Being a country with very young population, the young dependency ratio (below 15 years to those in the working ages) makes up the bulk of the dependency burden. In 2005, it was estimated that there

were 58 young dependents for every 100 persons of working age. By 2040, the ratio of young dependents will fall sharply to 35. In contrast, the old-age dependency ratio (65 years old and over) will rise rapidly over the next 40 years as more people move into the older age group and fertility rate falls. In 2005, the old-age dependency ratio was placed at 7 old dependents per 100 working-age persons. By the end of the projection period, this ratio is expected to double with 14 old dependents for every 100 persons of working age.

Table 5
DEPENDENCY RATIOS, PHILIPPINES: 2000-2040
(Number of dependents for every 100 working-age population)

Year	Total Dependency Ratio	Youth Dependency Ratio	Old-Age Dependency Ratio
2000	69.3	62.8	6.5
2005	64.4	57.7	6.7
2010	59.9	53.0	6.9
2015	57.7	50.0	7.7
2020	55.9	47.2	8.7
2025	54.1	44.1	10.0
2030	53.0	41.4	11.6
2035	50.8	37.9	12.9
2040	49.5	35.2	14.3

Source of basic data: National Statistics Office.

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