

## INITIAL POVERTY AND SOCIAL ANALYSIS

Country:	Philippines	Project Title:	Mactan-Cebu International Passenger Terminal Project
Lending/Financing Modality:	LIBOR Based Loan	Department/Division:	Private Sector Operations Department/Infrastructure Finance Division 2

### I. POVERTY IMPACT AND SOCIAL DIMENSIONS

#### A. Links to the National Poverty Reduction Strategy and Country Partnership Strategy

The proposed project requests ADB to provide a combination of direct loan and a political risk guarantee totaling \$170 million for the expansion of the passenger terminals at the Mactan-Cebu International Airport (MCIA) and support commercial lenders and/or subordinated debt provided by international shareholders. The proposed project include: (i) construction of a new passenger terminal, (ii) rehabilitation and expansion of the existing terminal, (iii) construction of an apron for the new passenger terminal, and (iv) operation, maintenance, and management of the terminals. The project is expected to improve transportation infrastructure that would help boost the tourism industry in the Central Visayas region as well as support a seamless and more efficient movement of people, goods, and services. The construction activities will also create employment for local workers.

ADB's Philippines: Country Operations Business Plan, 2014-2016 indicated that ADB will support private sector operations focusing on the government's public-private partnership as well as transportation, energy, agribusiness projects, among others. Moreover, the Philippine Development Plan, 2011-2016 has included among its objectives the achievement of "a safe, secure, efficient, viable, competitive, dependable, integrated, environmentally sustainable, and people-oriented Philippine transportation system."

#### B. Targeting Classification

General Intervention  Individual or Household (TI-H)  Geographic (TI-G)  Non-Income MDGs (TI-M1, M2, etc.)

The project is located in Mactan, Lapu-lapu City, Cebu. The project is also expected to create direct employment opportunities during construction. Moreover, the project will also enhance the tourism industry in the area which will increase demand for goods and services from the local communities.

#### C. Poverty and Social Analysis

##### 1. Key issues and potential beneficiaries.

The project supports the development of seamless transportation and more efficient movement of people, goods, and services for better economic growth. This will also help boost the tourism industry in the Central Visayas region that would encourage more entrepreneurial activities for the locals and increase demand for local goods and services.

##### 2. Impact channels and expected systemic changes.

The project is expected to create direct employment opportunities during construction (about [100] skilled and unskilled workers) and also during operations phase (additional [30] personnel). Moreover, the project will also enhance the tourism industry in the area which will increase demand for goods and services from the local communities.

##### 3. Focus of (and resources allocated in) the PPTA or due diligence.

Consultancy and staff resources are allocated to conduct due diligence on safeguards and other social dimensions.

##### 4. Specific analysis for policy-based lending.

Not applicable.

### II. GENDER AND DEVELOPMENT

#### 1. What are the key gender issues in the sector/subsector that are likely to be relevant to this project or program?

The nature of the project presents very limited opportunity to further promote gender mainstreaming. Construction work in the Philippines is not a very attractive area for employment for women. However, the project will explore gender features in the operations phase such as provision of equal opportunities for men and women during (i) recruitment of new staff, (ii) transfer of MCIA staff to new management, and (iii) conduct of trainings.

2. Does the proposed project or program have the potential to make a contribution to the promotion of gender equity and/or empowerment of women by providing women's access to and use of opportunities, services, resources, assets, and participation in decision making?

Yes  No

No.

3. Could the proposed project have an adverse impact on women and/or girls or widen gender inequality?

Yes  No

No

4. Indicate the intended gender mainstreaming category:

GEN (gender equity theme)  EGM (effective gender mainstreaming)

SGE (some gender elements)  NGE (no gender elements)

### III. PARTICIPATION AND EMPOWERMENT

1. Who are the main stakeholders of the project, including beneficiaries and negatively affected people? Identify how they will participate in the project design.

Project stakeholders include the Borrower (Megawide-GMR), MCIAA, relevant national and local government authorities, nearby communities in the project area and NGOs/CSOs.

2. How can the project contribute (in a systemic way) to engaging and empowering stakeholders and beneficiaries, particularly, the poor, vulnerable and excluded groups? What issues in the project design require participation of the poor and excluded? During the conduct of the IEE, meeting and interviews has been conducted with the MCIAA personnel, airport tenants and EMB. Series of initial workshops and consultations have also been carried out. The Sponsor will continue to conduct dialogues and consultations with other stakeholders as necessary.

3. What are the key, active, and relevant civil society organizations in the project area? What is the level of civil society organization participation in the project design?

**L** Information generation and sharing **N** Consultation **N** Collaboration **N** Partnership

Low for Information generation and sharing and Not Applicable for Consultation, Collaboration and Partnership.

4. Are there issues during project design for which participation of the poor and excluded is important? What are they and how shall they be addressed?  Yes  No

The project will be carried out in an existing MCIAA land and is not expected to cause any displacement or have an adverse social impacts on nearby communities.

### IV. SOCIAL SAFEGUARDS

**A. Involuntary Resettlement Category**  A  B  C  FI

1. Does the project have the potential to involve involuntary land acquisition resulting in physical and economic displacement?  Yes  No

The airport is located in two barangays (Ibo and Mactan) in Lapu-lapu City. The project will occupy the 43,000 square meters owned by MCIAA, and will not require displacement or resettlement of people. Should the project require additional lands, the government has earlier permitted to use the land by the Philippine Airforce.

2. What action plan is required to address involuntary resettlement as part of the PPTA or due diligence process?

Resettlement plan  Resettlement framework  Social impact matrix

Environmental and social management system arrangement  None

**B. Indigenous Peoples Category**  A  B  C  FI

1. Does the proposed project have the potential to directly or indirectly affect the dignity, human rights, livelihood systems, or culture of indigenous peoples?  Yes  No

2. Does it affect the territories or natural and cultural resources indigenous peoples own, use, occupy, or claim, as their ancestral domain?  Yes  No

The project is located in Lapu Lapu City in Mactan Island and is home to approximately 430,000 people and to several industrial factories within the Mactan Export Processing Zone. It is a highly urbanized area and there are no indigenous peoples or tribal groups in the project area.

3. Will the project require broad community support of affected indigenous communities?  Yes  No

No IPs will be affected hence requirement for broad community support will not be triggered.

4. What action plan is required to address risks to indigenous peoples as part of the PPTA or due diligence process?

- Indigenous peoples plan       Indigenous peoples planning framework       Social impact matrix  
 Environmental and social management system arrangement       None

#### V. OTHER SOCIAL ISSUES AND RISKS

1. What other social issues and risks should be considered in the project design?

- Creating decent jobs and employment(M)       Adhering to core labor standards(M)       Labor retrenchment(N)  
 Spread of communicable diseases, including HIV/AIDS (N)       Increase in human trafficking (N)       Affordability(N)  
 Increase in unplanned migration(N)       Increase in vulnerability to natural disasters(N)       Creating political instability(N)  
 Creating internal social conflicts(N)       Others, please specify(N) Not applicable

2. How are these additional social issues and risks going to be addressed in the project design?

It is indicated that MCIAA will make arrangements for transfer of personnel to the new management by providing the list of employees in T1 operations with their corresponding positions, salaries, and benefits. The transferred employees will be taken on 180-day probationary period before regularization. MCIAA will pay the retirement and/or separation benefits of its employees.

In the conduct of the civil works and during operations phase, the Sponsors and their contractors and subcontractors will comply with the national labor laws and will take measure to adhere to the internationally recognized core labor standards in compliance with ADB's Social Protection Strategy (2001).

#### VI. PPTA OR DUE DILIGENCE RESOURCE REQUIREMENT

1. Do the terms of reference for the PPTA (or other due diligence) contain key information needed to be gathered during PPTA or due diligence process to better analyze (i) poverty and social impact; (ii) gender impact, (iii) participation dimensions; (iv) social safeguards; and (vi) other social risks. Are the relevant specialists identified?

- Yes       No

ADB Staff resources will be allocated for the conduct of social due diligence.

2. What resources (e.g., consultants, survey budget, and workshop) are allocated for conducting poverty, social and/or gender analysis, and participation plan during the PPTA or due diligence?

ADB Staff resources will be allocated for the conduct of social due diligence.