ADB

Concept Paper

Project Number: 48458-001
May 2015

Proposed Programmatic Approach and Policy-Based Loan for Subprogram 1
Philippines: Expanding Private Participation in Infrastructure Program

Asian Development Bank

CURRENCY EQUIVALENTS
(as of 20 April 2015)

Currency unit	–	peso/s (P)
P1.00	=	$0.0225
$1.00	=	P44.27

ABBREVIATIONS

ADB	–	Asian Development Bank
DOF	–	Department of Finance
DOTC	–	Department of Transportation and Communications
GDP	–	gross domestic product
LGU	–	local government unit
NEDA	–	National Economic and Development Authority
PDMF	–	project development and monitoring facility
PDP	–	Philippines Development Plan
PPP	–	public–private partnership

NOTE

In this report, "$" refers to US dollars

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PROGRAM AT A GLANCE

1. Basic Data			**Project Number:** 48458-001
Project Name	Expanding Private Participation in Infrastructure Program	**Department /Division**	SERD/SEPF
Country	Philippines	**Executing Agency**	Department of Finance
Borrower	Government of the Philippines		

2. Sector	**Subsector(s)**	**ADB Financing ($ million)**
✓ **Public sector management**	Public administration	150.00
	Public expenditure and fiscal management	150.00
	Total	**300.00**

3. Strategic Agenda	**Subcomponents**	**Climate Change Information**	
Inclusive economic growth (IEG)	Pillar 1: Economic opportunities, including jobs, created and expanded	Climate Change impact on the Project	Low
Environmentally sustainable growth (ESG)	Urban environmental improvement		
Regional integration (RCI)	Pillar 1: Cross-border infrastructure		

4. Drivers of Change	**Components**	**Gender Equity and Mainstreaming**	
Governance and capacity development (GCD)	Institutional development Public financial governance	No gender elements (NGE)	✓
Knowledge solutions (KNS)	Application and use of new knowledge solutions in key operational areas		
Partnerships (PAR)	Implementation International finance institutions (IFI) Official cofinancing Private Sector		
Private sector development (PSD)	Conducive policy and institutional environment Promotion of private sector investment Public sector goods and services essential for private sector development		

5. Poverty Targeting		**Location Impact**	
Project directly targets poverty	No	Nation-wide	High

6. Risk Categorization: Complex

7. Safeguard Categorization **Environment:** C **Involuntary Resettlement:** C **Indigenous Peoples:** C

8. Financing

Modality and Sources	Amount ($ million)
ADB	**300.00**
Sovereign Program loan: Ordinary capital resources	300.00
Cofinancing	**100.00**
Japan International Cooperation Agency	100.00
Counterpart	**0.00**
None	0.00
Total	**400.00**

9. Effective Development Cooperation

Use of country procurement systems	Yes
Use of country public financial management systems	Yes

I. THE PROGRAM

A. Rationale

1. Inadequate infrastructure remains a critical development constraint to economic growth in the Philippines. This is mainly due to low public and private investments in infrastructure. The proposed Expanding Private Participation in Infrastructure Program supports the attainment of the accelerated infrastructure development objectives of the Philippine Development Plan (PDP), 2011–2016.[1] This will be done by supporting sequenced reforms of the Government of the Philippines aimed at stepping up private investment in infrastructure through the promotion of public–private partnership (PPP) projects. The draft design and monitoring framework is in Appendix 1; the problem tree is in Appendix 2. The program is included in the country operations business plan, 2015–2017 for the Philippines of the Asian Development Bank (ADB), for delivery in 2015.[2]

2. **Low investment in infrastructure.** Inadequate supply of infrastructure has become the major constraint to doing business in the Philippines. Poor infrastructure causes significant economic loss—for example, the forgone income due to road congestion in Metro Manila is estimated at 8% of gross domestic product (GDP), affects business investment decisions, and has potentially undermined poverty reduction and income equality.[3] This situation is the result of low public infrastructure investment (2.0% of GDP per annum in 2008–2012) and insignificant private participation in infrastructure (investment commitments under PPP contracts totaled on average 1% of GDP in 1998–2012 compared with 12.5% of GDP in 1997). The country's annual infrastructure investment needs are estimated at 6% of GDP (by sector: 2.3% of GDP in transport, 1.9% of GDP in energy, 1.2% of GDP in telecommunications, and 0.7% of GDP in water and sanitation).[4] Expanded infrastructure investment is important to help the Philippines maximize potential gains from integration in the Association of Southeast Asian Nations.

3. **Good momentum in infrastructure investments.** The fiscal reform initiated in 2010 has enabled the government to increase public infrastructure spending to 3.5% of GDP in 2014, reflecting the government's commitment to meet the PDP target of public infrastructure investments of 5.0% of GDP by 2016. Recognizing the private sector's large untapped potential in infrastructure provision, the government initiated reforms to revive the country's PPP program at the national level and augment public infrastructure investments. These efforts have resulted in award of nine projects (total investment of $2.9 billion) and helped increase the project pipeline from 11 projects ($3.3 billion) in November 2010 to 46 projects ($21.6 billion) in December 2014. Such robust PPP program rollout supports the government's intention to raise private investment in infrastructure from 0.4% of GDP in 2013 to 1.1% of GDP in 2015, which would help attain the PDP's objective of a 22% ratio of investment to GDP by 2016.[5]

4. **Binding constraints.** In 2010–2012, the government had successfully addressed the first set of issues constraining the revival of the national PPP program, such as the absence of a

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1 Government of the Philippines. 2014. *Philippine Development Plan 2011–2016: Midterm Update. With Revalidated Results Matrices*. Manila.

2 ADB. 2014. *Country Operations Business Plan: Philippines, 2015–2017*. Manila.

3 Japan International Cooperation Agency. 2014. *Roadmap for Transport Infrastructure Development for Metro Manila and Its Surrounding Areas*. Tokyo; and Initial Poverty and Social Analysis (Appendix 3).

4 B. Bhattacharyay. 2010. Estimating Demand for Infrastructure in Energy, Transport, Telecommunications, Water and Sanitation in Asia and the Pacific: 2010–2020. *ADBI Working Paper No. 248*. Tokyo.

5 In 2000–2013, the Philippines' ratio of investments to GDP averaged 20.2%, which was lower than that in Malaysia (23.1%), Thailand (25.6%), Indonesia (25.9%), and Viet Nam (29.6%).

public office for PPP program facilitation, lack of a credible project pipeline, and inadequate implementing rules and regulations of the build–operate–transfer (BOT) law.[6] To sustain and go beyond the planned level of private investment in infrastructure of 1.0% of GDP in the medium term and leverage private investment to meet overall and sector infrastructure investment needs, the government needs to tackle the next set of challenges, such as the lack of long-term integrated infrastructure planning to better inform investors' decisions, incomplete PPP legal and regulatory frameworks, lack of private participation in local infrastructure, apprehensions over the fairness of the PPP project procurement process, weak government capacity in managing PPP project implementation, concerns over the sustainability of budget funding for the government's direct and contingent obligations in PPPs, and lack of financing mechanisms and instruments to leverage capital market-driven, long-term financing for a growing PPP project pipeline. Rectifying these shortcomings will enable the Philippines to gradually catch up with its regional peers in infrastructure investment.

5. **ADB's engagement in public–private partnership reforms.** ADB has long been supporting PPPs through sector projects, technical assistance (TA) projects, and policy-based loans in public sector management. Since 2011, ADB has provided comprehensive dedicated support to PPPs through (i) the Increasing Competitiveness for Inclusive Growth Program, which supported reform to revive the PPP program; (ii) large and innovative TA projects co-financed by the governments of Australia and Canada; and (iii) private sector operations in infrastructure finance and capital markets. ADB's support for PPPs in the Philippines takes a programmatic approach that combines sequenced policy reforms, medium-term TA, and project investment through public and private sector operations.

6. **Program design.** The program will be part of ADB's policy-based support to help address the major development challenges of the country: creating more and better jobs, and improving infrastructure.[7] The program, building on the accomplishments and post-program partnership framework of the Increasing Competitiveness for Inclusive Growth Program, will be ADB's first policy-based operation in the Philippines to be fully focused on PPP reforms. It will comprise two subprograms as part of a medium-term PPP reform. A third subprogram may be added to allow the government to further sequence infrastructure reforms to sustain the infrastructure agenda over a longer term.[8] The program is informed by comprehensive knowledge work already undertaken and close coordination with development partners, and is based on explicit government commitment to rectify the country's infrastructure inadequacy.

B. Impact, Outcome, and Outputs

7. The program's impact will be increased investment in infrastructure. The outcome will be improved private participation in infrastructure, which will be achieved through policy reforms that build on Increasing Competitiveness for Inclusive Growth Program's PPP agenda. These reforms are highlighted below:

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[6] Republic Act 6957, dated 9 July 1990 (as amended by Republic Act 7718, dated 8 May 1994). This law sets a uniform framework for undertaking PPPs to be followed in all sectors and by all levels of government.

[7] The program will be complemented by the Encouraging Investment through Capital Market Reforms Program planned for 2015; the Local Government Finance and Fiscal Decentralization Reform Program, subprogram 2, planned for 2016; and the Facilitating Youth School-to-Work Transition Program planned for 2016.

[8] During processing of subprogram 2, ADB and the government will discuss the expediency of enhancing the program through a third subprogram to sustain increased private participation in infrastructure over a longer term.

8. **Output 1: Strengthened government financial support to PPPs.** Under this policy output, the program will support reforms to ensure adequate and fiscally sustainable financing of the government's share in PPP projects. Subprogram 1 will support (i) development of a viability gap-funding scheme to improve the bankability of economically viable projects; (ii) sustainable budget funding of right-of-way and land acquisition, resettlement, and interface infrastructure; and (iii) strengthening of systems for fiscally sustainable management and funding of PPP contingent liabilities. Subprogram 2 will support (i) viability gap-funding operationalization, (ii) adequate provision of budget funding to PPPs, (iii) implementation of PPP contingent liability funding and fiscal sustainability frameworks, and (iv) facilitation of infrastructure finance mechanisms and tools to leverage capital market resources for PPPs.

9. **Output 2: Expanded and efficiently implemented pipeline of PPP projects.** Under this policy output, the program will support the expansion of project pipeline delivery through continued institutional development and improvements to the planning, procurement, and audit procedures. Subprogram 1 will support (i) strengthening the long and medium-term transport infrastructure planning and programming frameworks,[9] (ii) increasing the institutional scope of the project development and monitoring facility (PDMF) to cover development of local PPPs;[10] (iii) improving PPP project implementation oversight, procurement procedures, and audit; and (iv) improving the PPP project appraisal system. Subprogram 2 will support (i) development of a local government's PPP pipeline; (ii) implementation of improved procurement procedures; (iii) application of the new PPP project appraisal system, and development of model PPP bidding documents and contracts; and (iv) institutionalization of PPP management systems in national and local government contracting agencies.

10. **Output 3: Strengthened legal and regulatory frameworks for PPPs.** Under this policy output, the program will support the completion and subsequent implementation of legal and regulatory reforms required for sustaining an efficient PPP program. Subprogram 1 will support the development of (i) amendments to the BOT law to sustain the improved PPP institutional, procedural, budgetary, and regulatory frameworks;[11] and (ii) development of PPP-related implementing regulations and guidelines (e.g., alternative dispute resolution mechanisms, material adverse government action,[12] and termination payments) to enhance the quality of PPPs during preparation and implementation. Subprogram 2 will support the implementation of PPP regulations and procedures, including those arising from eventual adoption of amendments to the BOT law.

C. Program Costs and Financing

11. Subprograms 1 and 2 are envisaged as single-tranche policy-based loans. The loan amounts reflect the development financing needs and indicative costs of reforms. The government's financing needs for 2015 are budgeted at $6.5 billion, of which programmed official external borrowing amounts to $2.2 billion. The government has requested a loan of $300 million from ADB's ordinary capital resources to help finance subprogram 1. The program impact assessment will further discuss the links between the proposed reforms and the

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9 More than two-thirds of the PPP projects in the pipeline are in the transport sector. Of these, some 50% concern the urban transit, airport, and rail subsectors covered by the Department of Transportation and Communications.
10 Possible criteria for local government units' access to the PDMF is under development.
11 BOT law amendments are in the government's priority legislative agenda for adoption by Congress in 2015.
12 Any event or action under the control of the government that would adversely impact the economic balance of the project and thus interfere with the private parties' obligations under the various agreements.

government's expenditure program. The Government of Japan (through the Japan International Cooperation Agency) is considering co-financing the program.

D. Indicative Implementation Arrangements

12. The Department of Finance will be the executing agency. The National Economic and Development Authority, the Department of Budget and Management, the Department of Transportation and Communications, and the PPP Center will be the implementing agencies. The program will be overseen by the steering committee chaired by the Department of Finance with implementing agencies as members. The implementation period is June 2013–June 2015 for subprogram 1, and July 2015–June 2017 for subprogram 2. The policy-based loans will be disbursed upon accomplishment of policy triggers.

II. DUE DILIGENCE REQUIRED

13. ADB will undertake assessments of PPPs, contingent liabilities arising from PPPs, infrastructure finance mechanisms, political risks, and poverty and social analysis, as well as fiduciary risk and program impact assessments. The program is expected to be classified as category C for all safeguard aspects. The initial poverty and social analysis is in Appendix 3.

III. PROCESSING PLAN

A. Risk Categorization

14. As the loan amount for each subprogram exceeds $50 million, the program is proposed to be categorized as complex.

B. Resource Requirements

15. The estimated internal resource requirement for processing the two subprograms is as follows: mission leader, 8 months; principal PPP specialist, 3 months; senior country specialist from ADB's Philippines Country Office, 3 months; two principal financial management specialists, 2 months each; legal counsel, 6 weeks; social development specialist, 2 months; national officers and analysts, 2 months in total; and operations assistant, 5 months.

C. Processing Schedule

Proposed Processing Schedule

Milestones	Expected Completion Date
Loan fact-finding mission	24 April 2015
Management review meeting	19 June 2015
Loan negotiations	10 July 2015
Board circulation	3 September 2015
Board consideration	24 September 2015

Source: Asian Development Bank.

IV. KEY ISSUES

16. A review of PPP reforms will entail intense coordination between national government agencies (especially given the change in government in June 2016) and a wide range of private sector representatives.

DESIGN AND MONITORING FRAMEWORK

Impacts the Project is aligned with:
The Expanding Private Participation in Infrastructure Program is aligned with the Philippine Development Plan, 2011–2016[1] and will contribute to meeting the government's targeted investment rate, including public and private spending on infrastructure.

Project Results Chain	Performance Indicators with Targets and Baselines	Data Sources and Reporting	Risks
Outcome Improved private participation in infrastructure	In 2015–2018: (i) average annual increase of gross value of private construction (in constant prices) is at least 15% (2011–2013 baseline: average annual increase of 10%), and (ii) private sector investment commitment in infrastructure through PPPs (except in telecommunications) averages $3 billion per year (2011–2013 baseline: average of $1.2 billion).	Philippine Statistics Authority website and reports World Bank's PPI database, PPP Center	Delayed or adverse BOT law amendments Limited infrastructure finance from the banking industry Decisions of the judiciary affecting private infrastructure investments
Outputs 1. Strengthened government financial support to PPPs	In 2015, adequate budget coverage allocated for (i) the right-of-way and land acquisition, and resettlement in PPP projects, (ii) building adequate access infrastructure to major airports and RORO facilities developed through PPPs, (iii) viability gap funding for PPPs, and (iv) contingent liabilities arising from PPP projects (2012 baseline: N/A) By June 2017, a 3-year rolling estimate of government's budget coverage will be developed (2012 baseline: N/A)	DBM reports and website DOF and PPP Center's reports	Diverting budgeted funds to other purposes due to political considerations Staff turnover at implementing agencies and
2. Expanded and efficiently implemented pipeline of PPP projects	By June 2015: (i) transport master plan for Metro Manila adopted (2012 baseline: N/A), and (ii) seven national PDMF-supported PPP projects awarded (2012 baseline: 1) By July 2017: (i) Philippine Transport Infrastructure Development Framework Plan adopted (2012 baseline: N/A),	NEDA and DOTC's reports PPP Center's website and reports NEDA and PPP Center's reports	Staff turnover at national and local oversight and implementing agencies Weak inter- and intra-agency coordination in the executive

[1] Government of the Philippines. 2014. Philippine Development Plan, 2011–2016. Manila.

Project Results Chain	Performance Indicators with Targets and Baselines	Data Sources and Reporting	Risks
	(ii) at least 15 national PDMF-supported PPP projects awarded (2012 baseline: 1) (iii) feasibility studies and bidding documents for at least 5 local PPP projects prepared with support of PDMF (2012 baseline: 0) (iv) construction supervision consultants for at least 5 PPP projects recruited through PDMF (2013 baseline: 0) (v) DOTC established a PPP implementation unit and a standing PPP implementation committee (2013 baseline: 0)	NEDA and DOTC's reports PPP Center's website and reports PPP Center's website and reports DOTC's website and reports	Loss of commitment at LGUs due to political cycle
3. Strengthened legal and regulatory frameworks for PPPs	By June 2015: (i) government submitted to Congress the consolidated comments to the BOT law amendments (2014 baseline: N/A), and (ii) government issued implementing rules and regulations to Executive Order 78 on alternative dispute resolution mechanism in PPPs (2012 baseline: 0). By July 2017, review of PPP institutional, legal and regulatory frameworks submitted to PPP Governing Board (2014 baseline: N/A)	PPPC's reports NEDA's website and reports PPPC's reports	Inadequate coordination between the executive and the legislature Weak capacity and systems, and staff turnover in oversight and key infrastructure delivery agencies

Key Activities with Milestones: Policy Matrix being formulated

Inputs
Asian Development Bank:
Subprogram 1 $300,000,000
Subprogram 2 $300,000,000[a]

Japan International Cooperation Agency:
Subprogram 1 $100,000,000[a]
Subprogram 2 $100,000,000[a]

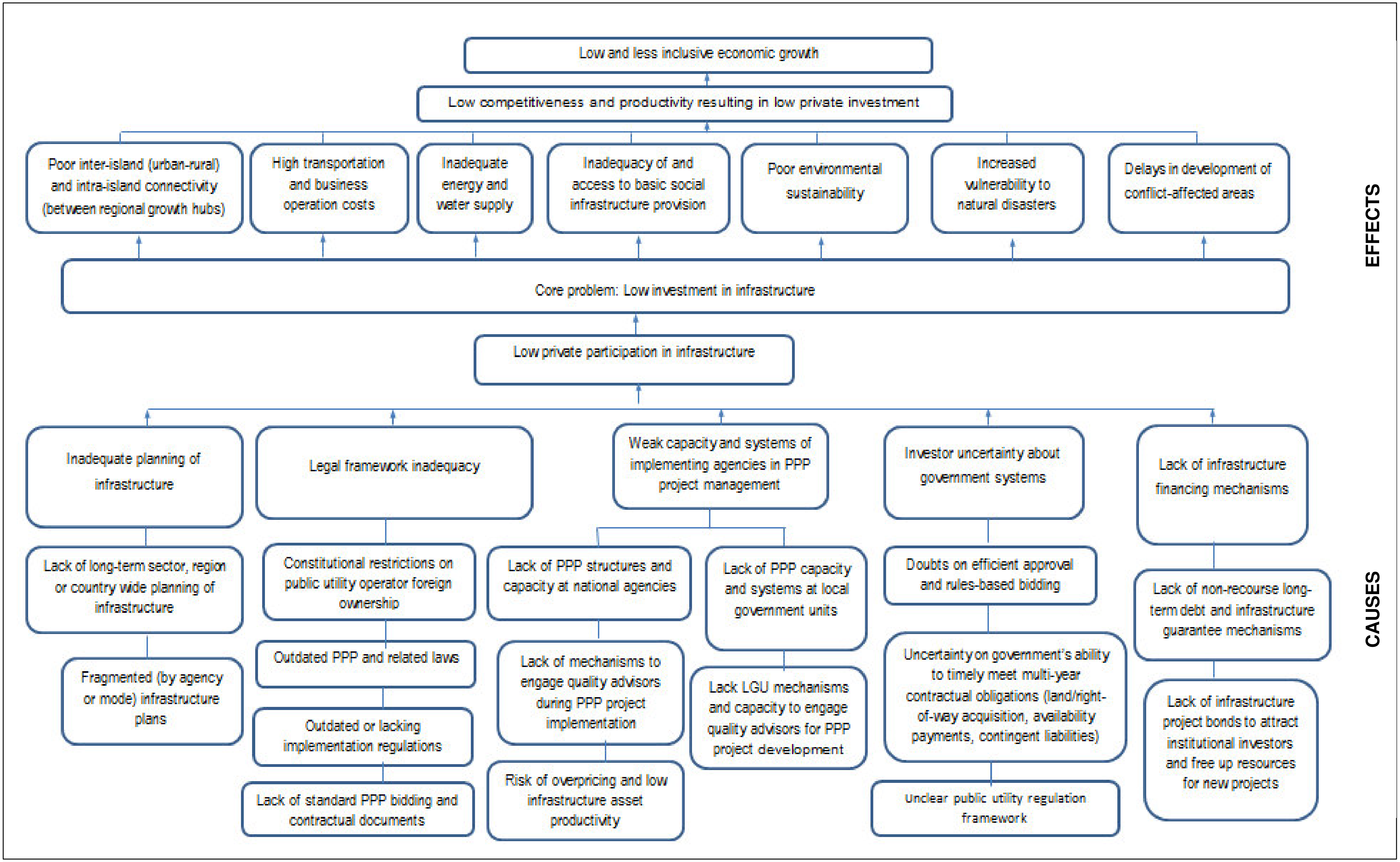
Assumptions for Partner Financing: Not applicable

BOT = build–operate–transfer, DBM = Department of Budget and Management, DOF = Department of Finance, DOTC = Department of Transportation and Communications, GDP = gross domestic product, LGU = local government unit, N/A = not applicable, NEDA = National Economic and Development Authority, PDMF = project development and monitoring facility, PPI = private participation in infrastructure, PPP = public–private partnership, Q = quarter, RORO = roll-on/roll-off.

[a] Numbers are indicative and are subject to the government's request, and approval by the Asian Development Bank and the Japan International Cooperation Agency.

Source: Asian Development Bank.

PROBLEM TREE



INITIAL POVERTY AND SOCIAL ANALYSIS

Country:	Philippines	Project Title:	Expanding Private Participation in Infrastructure Program, Subprogram 1
Lending/Financing Modality:	Policy-based loan	Department/ Division:	Southeast Asia Department/ Public Management, Financial Sector, and Trade Division

I. POVERTY IMPACT AND SOCIALDIMENSIONS

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

Inclusive growth is the overarching theme of the Philippine Development Plan (PDP), 2011–2016, which focuses on three strategic objectives: (i) attaining a sustained and high rate of economic growth that provides productive employment opportunities, (ii) equalizing access to development opportunities for all Filipinos, and (iii) implementing effective social safety nets to protect and enable those who do not have the capability to participate in the economic growth process. To achieve (i), the PDP calls for a stable macroeconomic environment, increased infrastructure investment and competitiveness, and improved governance. To enable (ii), the PDP calls for increased investment in human capital (education and health) and improved access to infrastructure, finance, land, and other assets. For (iii), the plan lays out the needs for developing effective and responsive safety nets. The April 2014 midterm update of the PDP highlights the country's robust economic performance, strong fiscal space, and unprecedented level of international confidence.[a] It also outlines remaining challenges, e.g., slow implementation of vital infrastructure projects, continued high cost of doing business and, most fundamentally, evidence that the benefits of growth have not yet translated into poverty reduction.

The country partnership strategy, 2011–2016 for the Philippines of the Asian Development Bank (ADB) is based on the intersection of PDP priorities with Strategy 2020 consistent with the needs of a lower-middle-income country.[b] To support the government's objective of high, inclusive, and sustainable growth, ADB's country partnership strategy focuses on three core operational areas: infrastructure, environment, and education. The midterm review of the PDP states the government's strategy to invest massively in infrastructure development by increasing public infrastructure spending to at least 5% of gross domestic product (GDP) by 2016. The public–private partnership (PPP) projects are estimated to raise private investment in infrastructure from 0.4% of GDP in 2013 to 1.1% of GDP in 2015.This will, among other outcomes, result in improvement of human capabilities and reduction of vulnerabilities.

B. Poverty Targeting:

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

The overall design of the program is pro-poor. The program provides direct support to government reforms to achieve the goals set out under the midterm review of PDP and the revalidated Public Investment Program by, for example, supporting improved public infrastructure investment management and sustaining PPP investments. Improved infrastructure will help reduce the vulnerability of the poor or the likelihood that the near-poor will fall into poverty as a result of shocks.

C. Poverty and Social Analysis

1. Key issues and potential beneficiaries. Reducing poverty and eliminating the vulnerabilities of large sections of the population remain one of the country's principal challenges. Although poverty rates in the Philippines were higher than in Indonesia, Malaysia, Thailand, and Viet Nam in 1991–2012, good progress in poverty reduction was made: in the first half of 2013, the poverty incidence fell by 3 percentage points (ppt) to 24.9%, down from 27.9% in first-half 2012. This represents around 2.5 million Filipinos uplifted from poverty. It comes after many years of weak poverty reduction (averaging 0.2 ppt during 2006–2012). Still, some 45% of the population remains vulnerable to falling into poverty. Inequality has declined modestly between 2003 and 2012 and remains relatively high. In 2012, inequality in income distribution as measured by the Gini coefficient was 47.3, only slightly lower than in 2003 when it was 48.9. Inequality in consumption expenditure distribution is somewhat lower– the Gini index was 43 in 2012, versus 44 in 2003. Both Gini indexes put the Philippines among the countries with the highest inequality in the region.[c] While the Philippines shows the usual inverse relationship between economic growth and poverty incidence, the poverty–growth relationship is weaker compared with other economies in Southeast Asia. In particular, poverty remains highly concentrated in rural areas, where 75% of poor households live. Poor Filipinos belong to households with larger families, have more young- and old-age dependents, and have less access to basic infrastructure and services.

Poor infrastructure has kept the Philippines' economic growth below its potential.[d] Research also suggests a potentially positive impact of infrastructure improvement (both in quantity and quality) on income equality and poverty: First, catching up to the 2010 average levels of infrastructure quantity and quality indexes in advanced economies is estimated to reduce the Gini index by about 2 ppt. Second, in the long run and assuming 0.2 for the elasticity of output to public capital increase and foreign financing of public investment, a 1% increase in public capital is estimated to reduce the poverty headcount by 2.6 ppt.[e]

The potential beneficiaries of the program will be enterprises, consumers, employees, and the poor in general. Enterprises will benefit from better competitiveness due to better infrastructure provision. Consumers will gain from greater domestic competition because it will lower prices and improve services (e.g., in the tourism sector due to better connectivity). Employees will gain from easier access to work and other income opportunities, including from infrastructure facilities' construction and operation. The poor, especially in low-income regions, will benefit because improved connectivity allows them to participate in wealthier urban markets.

2. Impact channels and expected systemic changes. The labor market will be among the most important channels: higher private infrastructure investments will directly and indirectly create more decent and productive jobs such as in tourism and agriculture. Growth of promising sectors such as tourism, which is labor intensive, linked to other economic sectors, and is geographically spread across the Philippines, will support poverty reduction.

3. Focus of (and resources allocated in) project preparation or due diligence. Not applicable. In poverty and social issues, the program will be informed by the knowledge work of the government and development partners.

4. Specific analysis for policy-based lending. Program impact is likely to be high due to increased economic growth and incomes caused by higher public and private infrastructure investments. All factors remaining the same, the impact is likely to be felt already in the short term, though a more tangible impact can be expected over the medium term.[f] Additionally, strengthened public investment management and sustainable private infrastructure investments will contribute to increased spending on human capital, especially in education, health, and other basic social services (likely to be felt 2–3 years after the program).

II. GENDER AND DEVELOPMENT

1. What are the key gender issues in the sector/subsector that are likely to be relevant to this program? – Not applicable. The program does not incorporate any gender-specific elements.

2. Does the proposed 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 Overall, the Philippines fares well on gender equality and has recorded gains in the political participation of women: it ranked fifth out of 135 countries on the 2013 Global Gender Index, an improvement on its eighth place in 2012. However, challenges remain in attaining key Millennium Development Goals relating to women and women's participation in the labor market. In terms of gender equality in infrastructure projects, gender responsiveness is effectively mainstreamed in public investment preparation and appraisal in the Philippines.[g] With support from ADB's technical assistance (TA) for Strengthening Public–Private Partnerships in the Philippines, gender responsiveness has also been mainstreamed in PPP project preparation and appraisal, including application of a gender checklist for PPP projects supported through a project development and monitoring facility under ADB's TA for Strengthening Public–Private Partnerships in the Philippines.[h] The new PPP framework provides an opportunity to ensure that PPPs are properly gender mainstreamed, and that they offer equitable access to economic opportunities and resources created from infrastructure PPPs.

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

☐ Yes ☒ No The program supports high-level PPP reforms that are unlikely to widen gender inequality or to have a negative impact on women.

4. Indicate the intended gender mainstreaming category:

☐ GEN (gender equity) ☐ EGM (effective gender mainstreaming)
☐ SGE (some gender elements) ☒ NGE (no gender elements)

III. PARTICIPATION AND EMPOWERMENT

1. Who are the main stakeholders of the program, including beneficiaries and negatively affected people? Identify how they will participate in the program design. – Key immediate stakeholders include the government, through the Department of Finance, the National Economic and Development Authority (NEDA), the PPP Center, the Department of Transportation and Communications, the Department of Public Works and Highways, the Department of Education, the Department of Health, and the Department of Agriculture. On a wider basis, beneficiaries will include infrastructure investors and financiers. Participation has been facilitated through ADB's TA for Strengthening Public–Private Partnerships in the Philippines and ADB's TA for Strengthening Evaluation and Fiscal Cost Management of Public–Private Partnerships missions, knowledge work, and continuous policy dialogue with the government, donor partners, and the private sector.[i] To maximize the benefit to the poor, stakeholder consultations are being considered during implementation of subprogram 2, which would include policy dialogue with national and local governments, the private sector, and, if necessary, beneficiaries of selected major infrastructure projects and civil society organizations

2. How can the program contribute (in a systemic way) to engaging and empowering stakeholders and beneficiaries, particularly the poor, vulnerable, and excluded groups? What issues in the program design require participation of the poor and excluded? – The program will be overseen by the PPP Governing Board, which has representation from the private sector. Also, ADB will consider outreach to civil society should the need arise.

3. What are the key, active, and relevant civil society organizations in the program area? What is the level of civil society organization participation in the program design? – Not applicable for subprogram 1.

☐ Information generation and sharing ☐ Consultation ☐ Collaboration ☐ Partnership

4. Are there issues during program design for which participation of the poor and excluded is important? What are they and how shall they be addressed? ☐ Yes ☒ No Given the program's high-level focus, and emphasis on the development of an enabling environment, direct participation by the poor is considered premature.
IV. SOCIAL SAFEGUARDS
A. Involuntary Resettlement Category ☐ A ☐ B ☒ C ☐ FI
1. Does the program have the potential to involve involuntary land acquisition resulting in physical and economic displacement? ☐ Yes ☒ No 2. What action plan is required to address involuntary resettlement as part of the project preparatory technical assistance (PPTA) or due diligence process? Not applicable. ☐ 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 program 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 3. Will the program require broad community support of affected indigenous communities? ☐ Yes ☒ No 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 program design? – None. ☐ Creating decent jobs and employment ☐ Adhering to core labor standards ☐ Labor retrenchment ☐ Spread of communicable diseases, including HIV/AIDS ☐ Increase in human trafficking ☐ Affordability ☐ Increase in unplanned migration ☐ Increase in vulnerability to natural disasters ☐ Creating political instability ☐ Creating internal social conflicts ☐ Others, please specify ___________________ 2. How are these additional social issues and risks going to be addressed in the project design? – Not applicable.
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 (v) other social risks. Are the relevant specialists identified? ☐ Yes ☒ No
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? None.

[a] NEDA. 2014. *Philippine Development Plan 2011–2016: Midterm Update with Revalidated Results Matrices*. Pasig City.
[b] ADB. 2008. *Strategy 2020: The Long-Term Strategic Framework of the Asian Development Bank, 2008–2010*. Manila.
[c] World Bank. 2014. *Country Partnership Strategy for FY2015–2018*. Washington, DC.
[d] ADB. ADB Institute. 2009. *Infrastructure for a Seamless Asia*. Tokyo.
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Source: Asian Development Bank.