



Initial Poverty and Social Analysis

June 2018

PHI: Proposed Loan ASA Philippines Foundation, Inc. Fostering Women's Empowerment Through Financial Inclusion in Conflict-Impacted and Lagging Provinces

This document is being disclosed to the public in accordance with ADB's Public Communications Policy 2011.

Asian Development Bank

CURRENCY EQUIVALENTS

(as of 19 June 2018)

Currency unit	–	peso/s (P)
P1.00	=	\$0.0187
\$1.00	=	P53.42

ABBREVIATIONS

ADB	–	Asian Development Bank
ASA	–	ASA Philippines Foundation
MSME	–	Micro, Small, and Medium Enterprise
ASEAN	-	Association of Southeast Asian Nations

NOTE

In this report, "\$" refers to United States dollars

In preparing any country program or strategy, financing any project, or by making any designation of or reference to a particular territory or geographic area in this document, the Asian Development Bank does not intend to make any judgments as to the legal or other status of any territory or area.

INITIAL POVERTY AND SOCIAL ANALYSIS

Country:	Philippines	Project Title:	Fostering Women's Empowerment Through Financial Inclusion in Conflict-Impacted and Lagging Provinces
Lending/Financing Modality:	Financial Intermediary Loan	Department/ Division:	Private Sector Operations Department Private Sector Financial Institutions Division

I. POVERTY IMPACT AND SOCIAL DIMENSIONS

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

ADB will provide debt financing for ASA Philippines Foundation, Inc. (ASA), for an amount of up to \$30 million, in equivalent Philippine peso, in three equal tranches of 3, 4 and 5 years. The proposed project aims to (i) expand ASA business loans portfolio for micro enterprises and (ii) strengthen its resource-base to continuously provide loans for micro-housing, water supply and on-site sanitation. ASA, through the project, will target women borrowers from poor communities within lagging and conflict-impacted provinces in the Philippines. The proposed project indicates alignment with ADB's Midterm Review of Strategy 2020 and Financial Operational Plan which emphasized the need to improve and expand support for micro, small, and medium enterprises (MSMEs) to achieve financial inclusion of poor households by supporting broad-based access to microfinance and housing finance that would lead to inclusive growth.^a It will be responsive to the country partnership strategy for the Philippines accentuating the focus of the private sector operations on (i) infrastructure and housing finance; and (ii) well-targeted, innovatively designed, and market-driven financing for micro, small, and medium-sized enterprises. It is also anticipated to be consistent with the Philippine MSME Development Plan 2017-2022 which exemplifies the country-specific goal in promoting, strengthening, and ensuring the growth and development of MSMEs throughout various sector of the economy. The plan is anchored on the Philippine Development Plan 2017-2022 and the ASEAN Strategic Action Plan for SME Development 2016-2025 which intend to improve MSME's contribution to economic growth as well as employment generation.^b

B. Poverty Targeting

General intervention Individual or household (TI-H) Geographic (TI-G) Non-income MDGs (TI-M1, M2, etc.)

The proposed project is expected to give opportunities for self-employment and to generate household income by providing women, who are engaged in microfinance, access to financial services such as micro enterprise loan financing and savings program.

C. Poverty and Social Analysis

1. Key issues and potential beneficiaries. ADB data shows that a quarter (21.6%) of the Philippine population is still living below the national poverty line and unemployment is pegged at 5.4%. The Philippine government recognized the importance of maximizing MSMEs as a strategy to alleviate poverty and address unemployment gap especially to women. Statistics further illustrate that female labor participation rate at 49.3% is much lesser that of men at 77.6%.^c Increasing women participation in MSMEs will give opportunities for self-employment and will generate income for the family.

2. Impact channels and expected systemic changes. The project is expected to contribute in improving the living situation of poor women and their families through access to financial services that will provide opportunities for self-employment and income generation. The project will also highlight the role of private sector and non-profit organizations in poverty alleviation through financial inclusion.

3. Focus of (and resources allocated in) the transaction TA or due diligence. Due diligence will review the ASA's operations focusing on the nature and scale of its financial services. ASA's systems and processes will be evaluated against ADB Safeguard Policy Statement requirements as well as with the ADB Social Protection Strategy on core labor standards and gender dimension.

4. Specific analysis for policy-based lending. Not applicable.

II. GENDER AND DEVELOPMENT

1. What are the key gender issues in the sector and/or subsector that are likely to be relevant to this project or program? Though women in the Philippines own 63% of business and 52% of these are micro-enterprise, access to financial services remains to be a concern.^d Based on the 2017 data of World Bank on financial inclusion, about 61% of adult women population remain unbanked and 65% has no access to borrow money from any type of financial institutions (banks, microfinance institutions, cooperatives, etc.).^e The most common barriers to access financing are lack of documentation and locations of financial institutions are not easily accessible.

<p>2. Does the proposed project or program have the potential to contribute 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? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No</p> <p>The proposed project will address constraints in providing women, from urban and rural poor communities, access to financial services that will help develop and sustain small business activities and will provide support in enhancing the living situation of their families.</p> <p>3. Could the proposed project have an adverse impact on women and/or girls or widen gender inequality? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No</p> <p>The proposed project will specifically target women as end beneficiaries and is expected to result to gender equality and/or women's empowerment.</p> <p>4. Indicate the intended gender mainstreaming category: <input checked="" type="checkbox"/> GEN (gender equity) <input type="checkbox"/> EGM (effective gender mainstreaming) <input type="checkbox"/> SGE (some gender elements) <input type="checkbox"/> NGE (no gender elements)</p>
III. PARTICIPATION AND EMPOWERMENT
<p>1. Who are the main stakeholders of the project, including beneficiaries and negatively affected people? Key stakeholders are women borrowers of ASA. This will be an important consideration in defining project targets and success indicators.</p> <p>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? ASA employs participatory approaches in its operations. It coordinates with the Local Government Units that have jurisdiction over the potential area for operations. Women borrowers are formed into groups that regularly convened to monitor loan payments and business activities.</p> <p>3. What are the key, active, and relevant civil society organizations (CSOs) in the project area? What is the level of civil society organization participation in the project design? <input checked="" type="checkbox"/> (L) Information generation and sharing <input checked="" type="checkbox"/> (L) Consultation <input checked="" type="checkbox"/> (L) Collaboration <input checked="" type="checkbox"/> (L) Partnership</p> <p>4. Are there issues during project design for which participation of the poor and excluded is important? What are they and how should they be addressed? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No</p> <p>ASA's financial services are limited in providing capital to interested women borrowers through regular business financing programs to sustain and expand existing business which involve enterprise and trading, manufacture and production, agriculture, and services. Subsidiary financing is also offered for home improvement, solar electrification, improvement of water and sanitation facilities, education financing, and rehabilitation assistance in calamity areas.</p>
IV. SOCIAL SAFEGUARDS
A. Involuntary Resettlement Category <input type="checkbox"/> A <input type="checkbox"/> B <input type="checkbox"/> C <input checked="" type="checkbox"/> FI (treated as C)
<p>1. Does the project have the potential to involve involuntary land acquisition resulting in physical and economic displacement? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No ASA's average loan transaction size is approximately USD200 and greater number of its borrowers have USD 600 or less loan amount to fund business activities that are not expected to cause involuntary resettlement impacts.</p> <p>2. What action plan is required to address involuntary resettlement as part of the transaction TA or due diligence process? <input type="checkbox"/> Resettlement plan <input type="checkbox"/> Resettlement framework <input type="checkbox"/> Social impact matrix <input type="checkbox"/> Environmental and social management system arrangement <input checked="" type="checkbox"/> None</p>
B. Indigenous Peoples Category <input type="checkbox"/> A <input type="checkbox"/> B <input type="checkbox"/> C <input checked="" type="checkbox"/> FI (treated as C)
<p>1. Does the proposed project have the potential to directly or indirectly affect the dignity, human rights, livelihood systems, or culture of indigenous peoples? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No</p> <p>2. Does it affect the territories or natural and cultural resources indigenous peoples own, use, occupy, or claim, as their ancestral domain? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No The nature and scale of ASA borrowers' business activities are unlikely to cause impact to Indigenous Peoples' dignity, human rights, socio-cultural beliefs or will result in commercial development of their cultural and natural resources as well as displacement from their traditional land.</p> <p>3. Will the project require broad community support of affected indigenous communities? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No Not applicable</p> <p>4. What action plan is required to address risks to indigenous peoples as part of the transaction TA or due diligence process? <input type="checkbox"/> Indigenous peoples plan <input type="checkbox"/> Indigenous peoples planning framework <input type="checkbox"/> Social impact matrix <input type="checkbox"/> Environmental and social management system arrangement <input checked="" type="checkbox"/> None</p>

V. OTHER SOCIAL ISSUES AND RISKS
<p>1. What other social issues and risks should be considered in the project design?</p> <p> <input type="checkbox"/> Creating decent jobs and employment <input checked="" type="checkbox"/> (L) Adhering to core labor standards <input type="checkbox"/> Labor retrenchment <input type="checkbox"/> Spread of communicable diseases, including HIV/AIDS <input type="checkbox"/> Increase in human trafficking <input type="checkbox"/> Affordability <input type="checkbox"/> Increase in unplanned migration <input type="checkbox"/> Increase in vulnerability to natural disasters <input type="checkbox"/> Creating political instability <input type="checkbox"/> Creating internal social conflicts <input type="checkbox"/> Others, please specify _____ </p> <p>2. How are these additional social issues and risks going to be addressed in the project design?</p> <p>Due diligence will verify compliance of ASA and its borrowers with core labor standards.</p>
VI. TRANSACTION TA OR DUE DILIGENCE RESOURCE REQUIREMENT
<p>1. Do the terms of reference for the transaction TA (or other due diligence) contain key information needed to be gathered during transaction TA 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?</p> <p> <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No </p> <p>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 transaction TA or due diligence?</p> <p>Due diligence and assessment of poverty, social, and gender aspects of the proposed project will be undertaken by ADB staff.</p>

-
- ^a ADB. 2014. *Midterm Review of Strategy 2020: Meeting the Challenges of a Transforming Asia and Pacific*. Manila; ADB. 2011. *Financial Sector Operational Plan*. Manila.
- ^b Government of the Philippines. 2017. *Philippine Development Plan, 2017-2022*. Manila; ASEAN. 2015. *Strategic Action Plan for SME Development 2016-2025*. Jakarta.
- ^c ADB. 2017. *Key Indicators for Asia and the Pacific*. Manila.
- ^d Government of the Philippines and Department of Trade and Industry. 2017. *Micro, Small and Medium Enterprise Development Plan, 2017-2022*. Manila.
- ^e Demirgüç-Kunt, Asli, et al. 2018. *The Global Findex Database 2017: Measuring Financial Inclusion and the Fintech Revolution*. World Bank: Washington, DC.