



Project Concept Paper

Project Number: 52078-001
May 2018

Proposed Loan Philippines: Capacity Building to Foster Competition Project

Asian Development Bank

CURRENCY EQUIVALENTS

(as of 23 May 2018)

Currency unit	–	peso/s (P)
P1.00	=	\$0.01913
\$1.00	=	P52.26

ABBREVIATIONS

ADB	–	Asian Development Bank
ASEAN	–	Association of Southeast Asian Nations
AEC	–	ASEAN Economic Community
NCP	–	National Competition Policy
PCA	–	Philippine Competition Act
PCC	–	Philippine Competition Commission
PDP	–	Philippine Development Plan
PMU	–	project management unit
TA	–	technical assistance

NOTE

In this report, “\$” refers to United States dollars.

Vice-President	Stephen Groff, Operations 2
Director General	Ramesh Subramaniam, Southeast Asia Department (SERD)
Country Director	Kelly Bird, Country Director, Philippines Country Office, SERD
Officer-in-Charge	Stephen Schuster, Public Management, Financial Sector and Trade Division, SERD
Team leaders	Cristina Lozano, Senior Trade Specialist, SERD Jacqueline Lam, Trade Specialist, SERD
Team members	Florissa Barot, Associate Project Analyst, SERD Aekapol Chongvilaivan, Country Economist, SERD Karen May Sanchez, Senior Project Assistant, SERD
Peer reviewers	Tania Melanie Rajadel, Education Specialist, Sustainable Development and Climate Change Department (SDCC) Hanif Rahemtulla, Senior Public Management Specialist, SDCC

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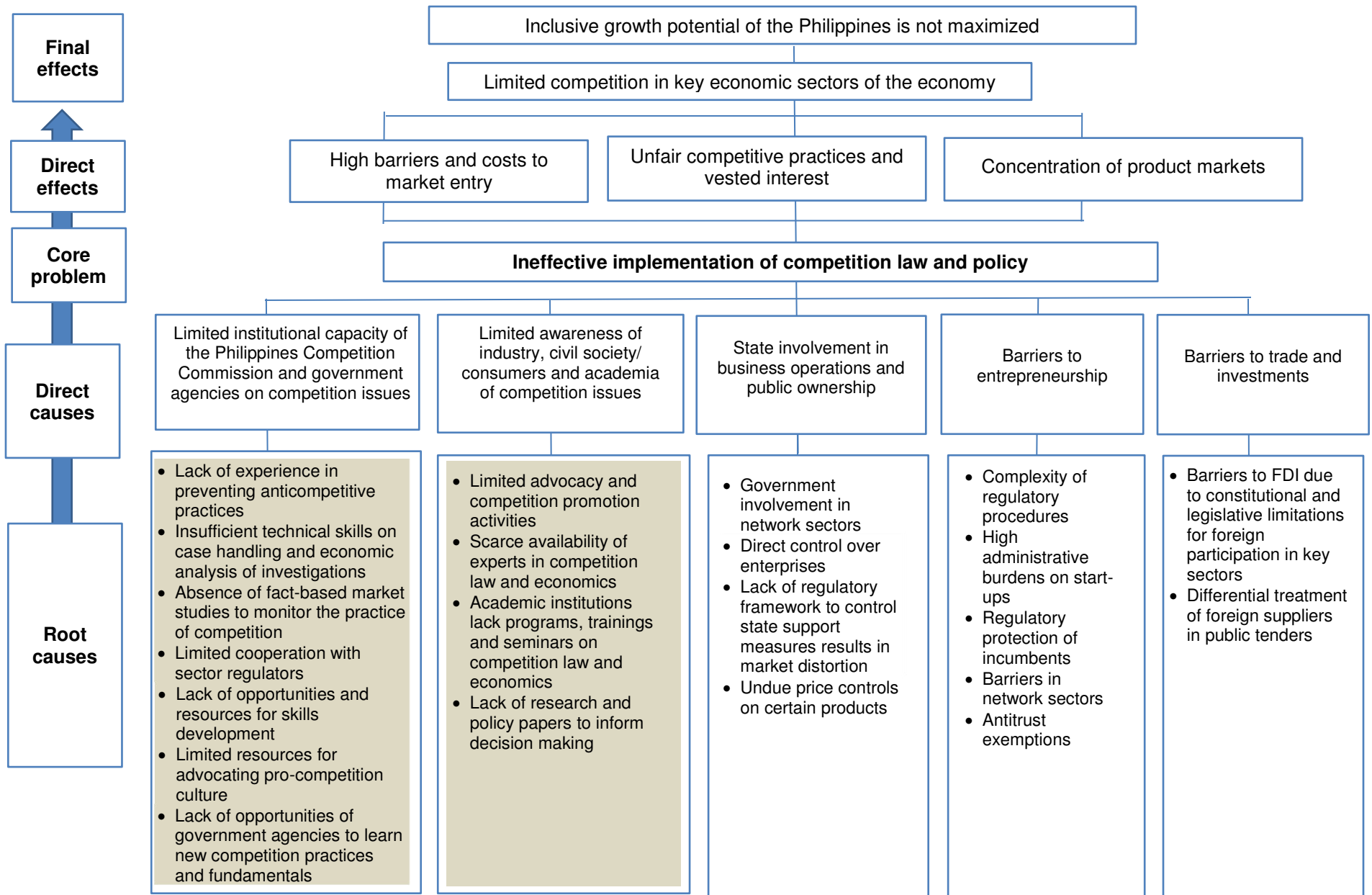
SUPPLEMENTARY APPENDIX

1.	Philippine Competition Policy Sector Assessment (Public Sector Management)	
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PROJECT AT A GLANCE

1. Basic Data		Project Number: 52078-001	
Project Name	Capacity Building to Foster Competition Project	Department /Division	SERD/SEPF
Country	Philippines	Executing Agency	Philippine Competition Commission
Borrower	Republic of the Philippines		
2. Sector	Subsector(s)	ADB Financing (\$ million)	
✓ Public sector management	Economic affairs management		8.00
	Law and judiciary		8.00
	Public administration		9.00
		Total	25.00
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
4. Drivers of Change	Components	Gender Equity and Mainstreaming	
Governance and capacity development (GCD)	Institutional development	Some gender elements (SGE)	✓
Private sector development (PSD)	Conducive policy and institutional environment Public sector goods and services essential for private sector development		
5. Poverty and SDG Targeting		Location Impact	
Geographic Targeting	No	Nation-wide	High
Household Targeting	No		
SDG Targeting	Yes		
SDG Goals	SDG8		
6. Risk Categorization:	Low		
7. Safeguard Categorization	Environment: C Involuntary Resettlement: C Indigenous Peoples: C		
8. Financing			
Modality and Sources		Amount (\$ million)	
ADB		25.00	
Sovereign Project (Regular Loan): Ordinary capital resources		25.00	
Cofinancing		0.00	
None		0.00	
Counterpart		2.00	
Government		2.00	
Total		27.00	

PROBLEM TREE



Note: This problem tree is for the competition subsector. Shaded areas will be addressed by the proposed project.
 Source: Asian Development Bank.

I. THE PROJECT

1. In 2017, the Government of the Philippines (through the Department of Finance) asked the Asian Development Bank (ADB) to prepare a project to support implementing the Philippine Competition Act (PCA),¹ and specifically to foster the government's capacity to enforce the competition law to promote free and fair competition in economic activities and penalize anti-competitive conduct. The project will: (i) strengthen institutional capacity in the Philippine Competition Commission (PCC); (ii) establish a government staff development program for competition policy; and (iii) establish an academic center of excellence in competition law and economic policy.

2. The proposed project is included in the Country Operations Business Plan (2018–2020) for the Philippines² and it is aligned with the Philippine Development Plan 2017–2022³ on leveling the playing field through a National Competition Policy.

A. Rationale

3. **Development challenges.** The Philippine competition environment remains weak. The World Economic Forum Global Competitiveness Report (2016–2017) ranking shows the need to improve business dynamism, product market efficiency, and market size (Table 1). According to Product Market Regulation Indicators, Philippine markets display higher levels of restrictiveness than comparator countries.⁴ The three most competition-restrictive areas are: (i) barriers to trade and investment; (ii) barriers to entrepreneurship; and (iii) state involvement in business operations.⁵ Until 2015, the Philippines lacked a unified competition law and instead relied on dispersed outdated regulations to deal with competition-related issues.⁶ After many attempts, the Government of the Philippines finally enacted a comprehensive competition law. The PCA, (Republic Act No. 10667) was adopted in July 2015 to: (i) protect consumers by giving them access to a wider choice of goods and services at lower prices; and (ii) promote competitive business and encourage market players to be more efficient and innovative.

Table 1: Global Competitiveness Index Rankings of Nine ASEAN Member States

Business Dynamism		Product Market Efficiency		Market Size	
Singapore	12	Singapore	1	Indonesia	10
Malaysia	21	Malaysia	12	Thailand	18
Brunei Darussalam	56	Thailand	37	Malaysia	24
Viet Nam	76	Indonesia	58	Philippines	31
Philippines	86	Brunei Darussalam	68	Viet Nam	32
Thailand	93	Lao PDR	72	Singapore	37
Indonesia	98	Cambodia	76	Cambodia	86
Lao PDR	129	Viet Nam	81	Lao PDR	108

¹ Republic Act 10667 was signed into law on 21 July 2015.

² ADB. 2017. *Philippines: Country Operations Business Plan (2018–2020)*. Manila.

³ Government of the Philippines. National Economic and Development Authority. 2017. *Philippine Development Plan 2017–2022, Chapter 16*. <http://www.neda.gov.ph/2017/07/26/philippine-development-plan-2017-2022>.

⁴ Product Market Regulation (PMR) indicators are based on a qualitative analysis of the regulatory framework collected through a questionnaire that assesses regulations both economy-wide and in key sectors of the economy. Separate sectoral indicators are built for network industries.

⁵ World Bank. 2017. *Fostering Competition in the Philippines: the challenge of restrictive regulations*. Manila.

⁶ The 1987 Philippine Constitution, and numerous legislation (e.g. Corporation Code, Price Act, Electric Power Industry Reform Act), governed the prohibition and regulation of monopolies, combinations in restraint of trade, and other unfair competitive practices.

Business Dynamism		Product Market Efficiency		Market Size	
Cambodia	131	Philippines	99	Brunei Darussalam	116

Source: Global Competitiveness Report (2016–2017).

4. Adopting the PCA into law formally created the PCC, an independent quasi-judicial body. The PCC promotes competition across all economic sectors to benefit consumers and businesses. The PCC can help improve these weaknesses through its core functions including closely cooperating with sector regulators and developing market studies in sectors with competition concerns. To achieve this goal, the PCC mandate includes original and primary jurisdiction over enforcing and implementing PCA provisions and implementing rules and regulations. These mandates include the following: (i) reviewing mergers and acquisitions; (ii) investigating and rendering decisions on antitrust cases; (iii) imposing sanctions and penalties; (iv) conducting economic and legal research on competition-related matters; (v) issuing advisory opinions; (vi) advocating pro-competition culture in policy and business; (vii) monitoring the environment for competition-related matters; and (viii) monitoring and analyzing competition practices in markets. The PCA allows for formulating a National Competition Policy to steer government agency regulations and administrative procedures toward promoting competition. The PCA also strengthens and enforces anti-trust laws and ensures competitive neutrality.

5. The PCA is a much-needed reform. First, the competition law and the corresponding enforcement mechanism is an essential component of the National Competition Policy. It can remove barriers to entry and reduce costs for micro, small and medium enterprises so that they can actively participate in the market. The PCA facilitates innovation and promotes efficiency, thereby expanding economic growth opportunities. But, to do so, it must develop and continuously strengthen the skills of its technical staff, and those of government staff involved in competition. At the global level, developments in technology, business and trade resulted in new business models using interlinked supply chains for international production. With the significant reduction of cross-border trade barriers, behind the border measures, particularly the domestic competition law can increasingly impact trade and investment flows.

6. These reforms jive with the ASEAN Economic Community (AEC) Blueprint 2025, which has consistent regulatory and policy environment for competition as a key priority. In response, countries adopted the ASEAN Competition Action Plan (2016–2025) with five strategic goals: (i) enacting national competition legislations; (ii) strengthening competition authorities capacities; (iii) establishing regional cooperation arrangements; (iv) fostering competition awareness; and (v) harmonizing competition policy and law.

7. **Binding constraints.** While the recent initiatives will help the Philippines meet the AEC 2025 requirements, as a new competition authority, the PCC faces three primary constraints in the implementation and enforcement of competition law.

8. The PCC is not yet a well-recognized and respected authority and needs to strengthen fundamental institutional areas and functions. It is critical to build technical skills and develop more specific rules to enforce the law and use its powers and mechanisms to investigate, stop, and prevent anticompetitive practices. In particular, it is a must to ensure that its enforcement activities are based solely on an objective and transparent application of the relevant legislative and judicial precedents. Also, enforcement becomes more effective following intensive advocacy programs as these ensure increased awareness and understanding of the law and the role of the competition agency.

9. Secondly, the participation of other government agencies must be assured as the PCC interacts with institutions and groups of individuals, particularly: (i) sector regulators and other government agencies with competition-related mandates (such as the Department of Justice and the Office of the Solicitor General); (ii) the academic community which has a crucial role in developing and fostering a continuous supply of highly qualified research and policy experts in competition law and economics; and (iii) the judiciary which will resolve the inevitable legal conflicts and ultimately build the case law that will reinforce the PCA.

10. All these agencies and institutions are indispensable partners of the PCC and will impact how the PCC exercises its powers and functions. Therefore, sustained support must be provided to improve the technical capacity of the agencies mandated to promote and enforce market competition. The staff of these agencies and institutions do not have the incentives and opportunities to continuously learn new trends, best theories, state of the art practices, and latest research on competition law and policy.

11. Finally, there is lack of awareness of the competition policy framework among industry, civil society/consumers, journalists and academia. The academic and research institutions lack programs, courses and seminars on competition law and economics. This prevents the creation of a sustained and reliable source of highly qualified competition law and economics specialists who can improve the competition regime over time. Therefore, there are no contributions in the form of research and policy papers on competition issues to inform the formulation of pro-competitive regulations and development of market studies on sectors with competition concerns.

12. **Government Strategy and ADB Assistance.** The Philippine Development Plan (2017–2022) incorporates a chapter dedicated to competition policy. It calls for enhancing market competition by fostering an environment that penalizes anti-competitive practices, facilitates entry of players, and supports regulatory reforms to stimulate investments and innovation. The government recognizes the importance of strengthening institutional and individual capacities to create a knowledge base for the effective implementation of the PCA. The PCC developed a Strategic and Operational Business Plan which incorporates an Institutional Capacity Development Assistance Framework.⁷ This constitutes a diagnostics assessment on capacity gaps and support needed. Additionally, a capacity and training needs assessment for the judiciary and lawyers in government agencies with competition-related mandates was developed.⁸

13. The ADB supported competition policy reforms through an investment climate TA,⁹ the Increasing Competitiveness for Inclusive Growth Program,¹⁰ and its post-partnership framework. Currently, ADB is supporting the PCC as it drafts rules and guidelines through a technical assistance on supporting the commitments under the AEC Blueprint 2025.¹¹ The ADB was nominated by the PCC as the lead development partner to coordinate all related assistance on competition policy.

⁷ The Institutional Capacity Development Assistance Framework (2017–2019) was developed with support from the Australian competition authority.

⁸ The training needs assessment was conducted as part of the project “Sharing UK competition policy and best practice to support the formulation of the Philippines’ first National Competition Policy by strengthening regulatory skills to enable increased growth and reduced barriers to investment”.

⁹ ADB. 2011. *Technical Assistance to the Republic of the Philippines for Strengthening Institutions for an Improved Investment Climate*. Manila.

¹⁰ ADB. 2014. *Report and Recommendation of the President to the Board of Directors: Proposed Policy-Based Loan for Subprogram 2 to the Republic of the Philippines: Increasing Competitiveness for Inclusive Growth*. Manila.

¹¹ ADB. 2016. *Technical Assistance for Support to the Association of Southeast Asian Nations Economic Community*. Manila.

B. Proposed Solutions

14. The project will implement a long-term capacity building plan for the PCC, and other agencies with competition-related mandates.¹² This will help to improve the climate for competition in the Philippine marketplace.¹³ The project will have the following outcome: government's capacity for competition policy implementation improved.¹⁴ The project will be aligned with the following impact: market competition enhanced (footnote 3).

15. **Output 1: Institutional Capacity of the PCC strengthened.** This output will build systems and enhance the capacity of the PCC to increase the effectiveness of its core functions of enforcement, economics investigation and advocacy. Through the human resources division, international expertise will be provided to fill in technical gaps and provide on-the-job training and advisory services. Areas of focus will be: (i) developing and improving investigation techniques, formulating enforcement guidelines, adopting policies to facilitate case-work prioritization and establishing a document management system; (ii) providing economic analysis in support of detection and investigation of anti-competitive behavior, (iii) conducting market studies in priority sectors where substantial impact on consumer welfare and market efficiency are expected; (iv) coordinating with sector regulators to issue rules and regulations and avoid jurisdictional and enforcement conflicts;¹⁵ and (v) formulating and implementing communication strategies and outreach programs.

16. **Output 2: Government Staff Development Program for Competition established.** This output will build the skills and capabilities of the PCC, and other government agencies with competition-related mandates. Agencies include, the Office of the Solicitor General, the Office for Competition of the Department of Justice and the National Economic and Development Authority. The establishment of a staff development program will: (i) provide key staff with opportunities to build their skills, knowledge and capabilities; (ii) strengthen human resources in key functional areas; and (iii) enhance the ability of key staff to initiate and manage reforms. The program is limited to a few agencies so as to not dilute the training and to enable the limited resources to develop a critical mass of skilled and reform-minded staff. The staff development program will also provide support for staff to pursue foreign or domestic degrees and non-degree programs, as well as secondment and work exchanges.¹⁶ The output will incorporate the competitive selection of candidates and the award of scholarships to successful candidates in the fields relevant to core functional areas on competition. The inclusion of non-degree and domestic degree programs should encourage more women to participate, given the relatively grater constraints they face on going for longer duration overseas training.

17. **Output 3: An Academic Center of Excellence in Competition Law and Economic Policy established.** This output will support the establishment of a university-based center of excellence to promote specialization and nurture local expertise in competition law, policy and economics. The Center will carry out outreach activities to promote better understanding of competition policy and build up knowledge through research and publications. The Center will

¹² The interventions of this project are informed by the PCC's Institutional Capacity Development Assistance Framework.

¹³ The government requested a long-term capacity building program (10 years). The proposed loan is the first phase, additional financing will be considered after 5 years.

¹⁴ The design and monitoring framework is in Appendix 1. Indicators draw on the results matrix from the PDP.

¹⁵ The PCC signs Memorandum of Agreements with sector regulators and other government agencies to streamline procedures and share information and technical expertise.

¹⁶ PhD and MS fellowships and non-degree programs will be directly aligned with the priorities of the PCC as indicated in its Strategic and Operational Business Plan and Institutional Capacity Development Assistance Framework 2017–2019.

provide incentives (like fellowships and research grants) to perform world-class research and attract talented researchers, experts and students. The Center will establish collaborative arrangements with other centers of excellence and universities.¹⁷

18. The proposed project will build participating agencies' capacity by: (i) strengthening their human resource in competition-related functional areas; and (ii) enhancing their ability to initiate and manage reforms. Beneficiaries of the capacity building support will lead reform efforts as well as cascade their knowledge to other colleagues. This will develop in a virtuous cycle that further builds institutional capacity and improves the internal operating environment of their respective agencies and institutions.

C. Proposed Financing Plans and Modality

19. A project loan is proposed as the financing modality. The project is estimated to cost \$27 million with \$25 million from ADB's ordinary capital resources (Table 2). Government counterpart contribution is indicatively estimated at \$2.0 million equivalent.

Table 2: Indicative Financing Plan

Source	Amount (\$ million)	Share of Total (%)
Asian Development Bank		
Ordinary capital resources (regular loan)	25.0	93.0
Government	2.0	7.0
Total	27.0	100.0

Source: Asian Development Bank.

D. Implementation Arrangements

20. A project management unit (PMU) will be established within and overseen by the PCC. The PMU will be responsible for the day-to-day coordination and oversight of the project. A project management firm will be selected for overall project management. Tasks of the PMU will include: management of procurement activities, develop guidelines for scholar eligibility, carry out competitive selection process, scholar placement, scholarship program management, development of a scholar re-entry and career development program, project monitoring and evaluation among others. Additionally, a panel of consulting firms will be established to provide institutional advice on highly technical issues to the PCC on key functions. Two procurement packages are envisaged (PMU and output 1). All procurement will be carried out in accordance with ADB's Procurement Guidelines (2017, as amended from time to time).

Table 3: Indicative Implementation Arrangements

Aspects	Arrangements
Indicative implementation period	1 February 2019 –31 January 2024
Indicative completion date	31 January 2024
Management	
(i) Executing agency	Philippine Competition Commission
(ii) Key implementing agencies	Philippine Competition Commission, Office of the Solicitor General, Office for Competition of the Department of Justice, National Economic and Development Authority, a national university.

Source: Asian Development Bank.

¹⁷ Collaborative arrangements may include: holding graduate/masters classes, mentoring of faculty and graduate students, conducting seminars and collaborating with faculty on publications and twinning arrangements.

II. PROJECT PREPARATION AND READINESS

21. Project due diligence will be conducted by using staff and staff consultants, no project preparatory TA will be sought. Advance contracting will be undertaken for the establishment of the PMU.

III. DELIBERATIVE AND DECISION-MAKING ITEMS

A. Risk Categorization

22. Following the staff instruction on business processes for sovereign operations, the proposed project is categorized as low risk. ADB will brief the PCC on ADB's procurement regulations and the PMU will have a procurement specialist to manage procurement activities.

B. Project Procurement Classification

23. The project procurement categorization is B (Appendix 2).

C. Scope of Due Diligence

Due Diligence Outputs	To be undertaken by
Development coordination	Staff
Economic analysis	Consultant/Staff
Financial management assessment, financial evaluation, and financial analysis	Consultant/Staff
Safeguard screening and categorization results	Staff
Initial poverty and social analysis	Staff
Project administration manual	Staff
Risk assessment and management plan	Staff
Safeguard documents on environment, involuntary resettlement, and/or indigenous peoples	Staff
Sector assessment	Staff
Summary poverty reduction and social strategy	Staff

Source: Asian Development Bank.

D. Processing Schedule and Sector Group's Participation

Table 4: Processing Schedule by Milestone

Milestones	Expected Completion Date
1. Concept approval	May 2018
2. Loan fact-finding	4–8 June 2018
3. Staff Review Meeting	16 August 2018
4. Loan Negotiations	19 September 2018
5. Board Consideration	28 November 2018
6. Loan Signing	17 December 2018

Source: Asian Development Bank.

E. Key Processing Issues and Mitigation Measures

24. No major processing issues.

PRELIMINARY DESIGN AND MONITORING FRAMEWORK

Impact of the Project is Aligned with: Market competition enhanced. (Philippine Development Plan, 2017–2022) ^a			
Results Chain	Performance Indicators with Targets and Baselines	Data Sources and Reporting	Risks
Outcome Government's capacity for competition policy implementation improved	By 2025: a. Business dynamism improved to top 40% countries Baseline 2017: Top 60% b. Product market efficiency improved to top 50% countries Baseline 2017: Top 70%	a. Global Competitiveness Index b. PCC's Annual Reports	Low retention of scholars after training
Outputs 1. Institutional Capacity of the PCC strengthened 2. Government Staff Development Program for Competition established	By 2024: 1a. Competition practice monitored and analysed in at least 3 markets Baseline 2017: 0 1.b Adoption of Operations Manual for Enforcement and merger and acquisitions office Baseline 2017: 0 1.c At least 4 new competition cases conducted per year Baseline 2017: 4 ongoing (since 2015) 1.d Additional 5 Memoranda of Agreement signed Baseline 2017: 5 2a. Competitive selection of scholars undertaken. Baseline 2017: NA 2.b Scholar re-entry and career development program adopted Baseline 2017: NA	1a-d. PCC data 2a-b Project Monitoring Reports	Insufficient number government staff participating in the trainings

Results Chain	Performance Indicators with Targets and Baselines	Data Sources and Reporting	Risks
3. An Academic Center of Excellence in Competition Law and Economic Policy established	<p>2.c At least 20 PhD and master's level fellows graduated (at least x for women) Baseline 2017: 0</p> <p>2d. 200 short-term secondments and non-degree trainings undertaken (at least x for women) Baseline 2017: 0</p> <p>3a. 10 knowledge products and research papers published. (at least 1 gender related) Baseline 2017:0</p> <p>3b. At least 5 collaborative arrangements with other centers and universities signed Baseline 2017: 0</p>	<p>2c. Graduation Certificates</p> <p>2d. Project Monitoring Reports</p> <p>3a. Publications</p> <p>3b. Project Monitoring Reports</p>	
<p>Key Activities with Milestones</p> <p>1. Institutional Capacity of the PCC strengthened</p> <p>1.1 Establish a panel of pre-qualified firms (Q1 2019)</p> <p>1.2 Conduct on-the-job training on investigation techniques with quotas for female participation (Q2 2020)</p> <p>1.3 Develop operations manuals for various offices/functions (Q4 2019)</p> <p>1.4 Conduct on-the-job training on economic techniques for competition with gender quotas for female participation (Q2 2020)</p> <p>1.5 Develop market studies (Q4 2023)</p> <p>1.6 Formulate a communication strategy (Q3 2019)</p> <p>1.7 Undertake outreach activities (Q4 2023)</p> <p>2. Government Staff Development Program for Competition established</p> <p>2.1 Develop scholarship eligibility, application and selection procedures for PhD and Masters with non-discriminatory selection criteria and procedures (Q3 2019)</p> <p>2.2 Establish a grants/scholarship award committee ensuring female participation (Q3 2019)</p> <p>2.3 Develop a secondment program with partner institutions. (Q4 2019)</p> <p>2.4 Develop selection guidelines for attendance in international conferences, workshops and seminars with no- discriminatory selection procedures (Q2 2019)</p> <p>2.5 Conduct selection process and award 1st batch of PhD and master's grants (Q1 2020)</p> <p>2.6 Conduct selection process and award 2nd batch of PhD and master's grants (Q1 2021)</p> <p>3. An Academic Center of Excellence in Competition Law and Economic Policy established</p> <p>3.1 Sign agreement between two universities signed. (Q1 2020)</p> <p>3.2 Develop work plan for the Center of Excellence (Q4 2019)</p> <p>3.3 Develop guidelines for research grants (Q4 2019)</p> <p>3.4 Establish research grant award committee (Q1 2020)</p> <p>3.5 Selection and award of research grants (Q3 2020)</p>			

<p>Project Management Activities</p> <ul style="list-style-type: none"> (i) Management of procurement activities (ii) Competitive selection of candidates (iii) Scholarship program management (matching scholars to institutions, payment of fees and stipends). (iv) Technical audit of scholarship program compliance (v) Project monitoring and evaluation including collection of sex-disaggregated data of all project activities
<p>Inputs</p> <p>ADB: \$25 million loan (ordinary capital resources) Government: \$2 million</p>
<p>Assumptions for Partner Financing</p> <p>Not Applicable.</p>

PCC = Philippine Competition Commission.

^a Government of the Philippines. National Economic and Development Authority. 2017. *Philippine Development Plan 2017–2022, Chapter 16*. <http://www.neda.gov.ph/2017/07/26/philippine-development-plan-2017–2022>.

Source: Asian Development Bank.

PROJECT PROCUREMENT CLASSIFICATION

Characteristic	Assessor's Rating:
Is the procurement environment risk for this project assessed to be <i>high</i> based on the country and sector and/or agency risk assessments?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
Are multiple (typically more than three) and/or diverse executing agencies and/or implementing agencies envisaged during project implementation? Do they lack prior experience in implementation under an ADB-financed project?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> Unknown
Are multiple contract packages and/or complex and high-value contracts (compared with recent externally financed projects in the developing member country (DMC) expected?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> Unknown
Does the project plan to use innovative contracts (public-private partnership, performance-based, design and build, operation and maintenance, etc.)?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No <input type="checkbox"/> Unknown
Are contracts distributed in more than three geographical locations?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No <input type="checkbox"/> Unknown
Are there significant ongoing contractual and/or procurement issues under ADB (or other externally) financed projects? Has misprocurement been declared in the DMC?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No <input type="checkbox"/> Unknown
Does the DMC have prolonged procurement lead times, experience implementation delays, or otherwise consistently fail to meet procurement time frames?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No <input type="checkbox"/> Unknown
Do executing and/or implementing agencies lack capacity to manage new and ongoing procurement? Have executing and/or implementing agencies requested ADB for procurement support under previous projects?	<input type="checkbox"/> Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> Unknown
Regional department's overall recommendation (Cristina Lozano)	
Overall project categorization recommended	<input type="checkbox"/> Category A <input checked="" type="checkbox"/> Category B
There will be no physical construction work under the project. The contracts will not be particularly complex and high-value. However, PFP2 will brief the PCC on ADB's procurement regulations and will support implementation.	
PPFD's recommendation	
Ms. Lila Mallory, Senior Procurement Specialist, PFP2 confirms the classification during interdepartmental circulation of the project concept paper.	

INITIAL POVERTY AND SOCIAL ANALYSIS

Country:	PHI	Project Title:	Capacity Building to Foster Competition in Government Project
Lending/Financing Modality:	Project loan	Department/Division:	SERD/SEPF

I. POVERTY IMPACT AND SOCIAL DIMENSIONS

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

The project directly supports the Philippine Development Plan 2017–2022, which lists competition policy as one of the national priorities for inclusive growth and economic development. One of the chapters in the PDP is dedicated to government actions for improving competition policy, and the proposed interventions of the project would support the implementation of these measures through building capacity of the Philippine Competition Commission (PCC) as well as other government agencies with competition-related mandates. The new Country Partnership Strategy (2018–2023) to be approved in August 2018 emphasizes the need to increase capacity building efforts in critical areas including for competition related issues.

B. Poverty Targeting

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

Competition policy targets abuse of market dominance by monopolies and big corporations. The objective of introducing competition into the market is to prevent control of the market in a select few companies, which might then lead to collusion and price distortion against consumer welfare. It is envisaged the competition policy will bring down prices for key goods and services, thereby improving access and socioeconomic opportunities for those in the low-income groups.

C. Poverty and Social Analysis

- Key issues and potential beneficiaries. The project will improve consumer welfare by reducing prices and enhancing quality of service delivery in the sectors where competition is being enforced effectively. This could potentially result in lower food prices, cost of utilities and telecommunications which would lead to better socioeconomic opportunities for the low-income group.
- Impact channels and expected systemic changes. The project would have regulatory and policy level impact on effecting systemic change in improving competition in the Philippines. Potential constraints such as inadequate government capacity would be addressed through technical assistance and training activities to ensure sufficient expertise and competence within the government for implementing competition policy effectively.
- Focus of (and resources allocated in) the transaction TA or due diligence: There are no resources allocated for transaction technical assistance.
- Specific analysis for policy-based lending. NA.

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? Generally improved market access in key sectors such as telecommunications, utilities and retail, including for women-owned or managed companies. The project will enhance capacity of staff of government agencies and academia on competition law and economics. Women participation in all capacity building related activities will be ensured.

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? Yes No
The project would improve market access and consumer welfare in general, thus indirectly benefitting women as a class of business owners and consumers.

3. Could the proposed project have an adverse impact on women and/or girls or widen gender inequality? Yes No
The project is unlikely to have any adverse impact on the community at large.

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
<p>1. Who are the main stakeholders of the project, including beneficiaries and negatively affected people? The main beneficiaries will be consumers at large, as well as potential companies participating in the Philippine market. Their feedback on market sector inefficiency, has been taken on board in project design, and building PCC capacity will allow the agency to better address and tackle market sector inefficiencies.</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? With improved capacity, the PCC will be better equipped to undertake regular consultations with industry and consumers for competition policy development and implementation, in turn achieving their objective of improving consumer welfare.</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"/> Information generation and sharing (L) <input type="checkbox"/> Consultation <input type="checkbox"/> Collaboration <input type="checkbox"/> 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 The project will address consumer welfare at large, without specifically focusing on the low-income group of consumers.</p>
IV. SOCIAL SAFEGUARDS
<p>A. Involuntary Resettlement Category <input type="checkbox"/> A <input type="checkbox"/> B <input checked="" type="checkbox"/> C <input type="checkbox"/> FI</p> <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 This project focuses on government agency training and capacity building which will take place in existing government buildings.</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>
<p>B. Indigenous Peoples Category <input type="checkbox"/> A <input type="checkbox"/> B <input checked="" type="checkbox"/> C <input type="checkbox"/> FI</p> <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 This project does not involve indigenous peoples and has a remote possibility of improving their access to public services should these become more competitive and provided in their place of dwelling.</p> <p>3. Will the project require broad community support of affected indigenous communities? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No The project does not specifically target indigenous peoples.</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? <input type="checkbox"/> Creating decent jobs and employment <input type="checkbox"/> 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? NA.</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? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> NA</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? NA

NA = not applicable, PCC = Philippine Competition Commission, TA = technical assistance, TRTA = transaction technical assistance.