



## Initial Poverty and Social Analysis

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Project Number: 54332-001  
November 2020

### Philippines: Supporting Innovation in the Philippine Technical and Vocational Education and Training Project

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## **CURRENCY EQUIVALENTS**

(as of 10 November 2020)

Currency unit	=	peso/s (₱)
₱1.00	=	\$0.02070
\$1.00	=	₱48.30

## **ABBREVIATIONS**

4IR	–	fourth industrial revolution
ADB	–	Asian Development Bank
COVID-19	–	coronavirus disease
TA	–	Technical assistance

## **NOTE**

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

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## INITIAL POVERTY AND SOCIAL ANALYSIS

Country:	Philippines	Project Title:	Supporting Innovation in the Philippines Technical and Vocational Education and Training Project
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Lending/Financing Modality:	Project	Department/Division:	SERD / SEHS
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### I. POVERTY IMPACT AND SOCIAL DIMENSIONS

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

The Philippine Development Plan (PDP), 2017–2022, aims to lay a strong foundation for inclusive growth, a high-trust and resilient society, and a globally competitive knowledge economy. It recognizes that human development is not just a means to an end (i.e., human capital as a factor of production), but also an end in itself. In the chapter “Accelerating Human Capital Development,” the PDP emphasizes that education, including technical and vocational education and training (TVET), should equip youth with the knowledge and skills necessary for productive and decent jobs and a fulfilling career. Those who are already in the workforce should be able to access opportunities for upskilling and life-long learning so that their skills remain relevant in a changing job market.<sup>a</sup> Through the proposed project, the Technical Education and Skills Development Authority (TESDA) of the Philippines will be supported to work toward its twin goals of (i) strengthening the global competitiveness and readiness of the Philippine mid-level workforce, and (ii) using TVET as an instrument for social equity for workforce inclusion and poverty reduction. The project aligns with the third pillar—investing in people—of the ADB Philippines country partnership strategy, 2018–2023.<sup>b</sup>

#### B. Poverty Targeting:

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

#### C. Poverty and Social Analysis

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

Although the poverty rate in the Philippines declined from 25.2% in 2012 to 23.5% in 2015 to 16.7% in 2018, the absolute level of poverty and inequality remains high. Nearly 17.6 million people continue to live under the poverty line and 14.2 million just above the line and therefore vulnerable to sliding back into poverty due to exogenous shocks. The annual unemployment rate declined from 8.0% in 2006 to 5.1% in 2019, while the underemployment rate fell from 22.6% to 14.0%, still a very high rate. In April 2019, underemployment was highest in the services sector (47.8%), followed by agriculture (33.6%), and industry (18.6%). In January 2020, 13.9 million (about one third) of 42.7 million employed persons were in informal sector employment. The youth (15 to 24 years) labor force participation rate was 37.4% (7.43 million), with an unemployment rate of 13.6% (1.01 million) and an underemployment rate of 12.5% (804,000). About 3.36 million youth are not in education, employment, or training. Owing to the ongoing COVID-19 pandemic, levels of poverty, vulnerability, unemployment, and underemployment are rising fast. Between April 2019 and April 2020, the unemployment rate increased from 5.1% (4.98 million) to 17.7% (7.25 million), while underemployment increased from 13.4% to 18.9%.<sup>c</sup> Assuming businesses can restart their operations in the second half of 2020, the labor market may not be able to recover fully until 2021 or 2022. Even before COVID-19, automation and the use of 4IR technologies was increasing in the Philippines, particularly in the manufacturing sector and business services such as information technology-business process outsourcing. In 2018, ADB’s flagship publication, *Asian Development Outlook*, showed that technology was impacting routine jobs in both manufacturing and services. The pandemic is likely to hasten some of these trends.<sup>d</sup> The loan will expand access to good quality, demand-linked TVET and upskilling opportunities.

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

As of March 2020, there were 4,434 TVET institutions (TVIs) in the Philippines, of which 4,027 (90.8%) were private and 407 (9.2%) were public. The public TVIs included 123 TESDA technology institutions (TTIs). Even though there are ten times more private than public TVIs, the public institutions account for about 55% of the enrolled students and 57% of all TVET graduates. Over 2014–2016, on average, private TVIs trained 0.86 million graduates while public TVIs trained 1.16 million graduates per year. Most of the students enrolled in TTIs and public TVIs are from low-income families and reside in disadvantaged areas of the Philippines.<sup>e</sup> Without the publicly provided training by TESDA, the youth from these households will not be able to access opportunities for productive and decent employment. By improving the facilities of 17 selected TTIs and the quality of TVET training they offer, the project will benefit these groups plus the overseas Filipino workers who have had to return to the Philippines owing to the pandemic. In the TTIs located in the mainly agrarian regions of the Philippines (Cordillera Administrative Region; and Regions I, II, III, VI, X, XI, and XII), training programs for agriculture, food processing, fisheries, green skills, and rural livelihoods will be strengthened. In the TTIs where many students from indigenous cultural communities attend, special livelihoods courses and counseling modules will be designed.

**3. Focus of (and resources allocated in) the transaction TA or due diligence.** The TA resources will be used to identify the details of the TVET programs which should be supported in the 17 selected TTIs depending on the

development priorities of the particular region, the profile of the local micro, small, and medium enterprises (MSMEs), and the aspirations and needs of the youth and workers who enroll in these TTIs. Please also see part III, 1 and 2.

## II. GENDER AND DEVELOPMENT

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

The key gender issues in the sector are the following: (i) While females account for the majority of TVET graduates and those with TVET certificates (around 53% in 2019), they have a lower labor force participation rate at 47.6% as compared to males at (74.8%), i.e. a gap of 27.2%.<sup>f</sup> The principal factors for this include reproductive roles that may inhibit women from working, career choices that are often influenced by family preferences based on gender norms and values.<sup>g</sup> (ii) There are more male than female institution-based TVET enrollees and graduates, and more female than male community-based enrollees and graduates. Community-based trainings are often local government unit programs that offer short courses focused on livelihoods, with low-entry requirements, and purposively designed for women.<sup>g</sup> This correlates with (iii) female graduates having a higher share of informal employment engagement (23.8%) when compared to males (14.7%) as they are over-represented in the wholesale and retail sectors which are characterized by low pay, low productivity and precarious employment.<sup>c</sup> (iv) In contrast, more male graduates of TVET found work in the formal sector than female graduates, with an employment to population ratio of 51% and 47%, respectively.<sup>g</sup> Job advertisements, especially those found in newspapers and online, often state an explicit preference towards male applicants, i.e., for engineering and technical jobs. This is confirmed by lower female enrollees and graduates in technical programs such as automotive, construction, metals and engineering, and maritime fields.<sup>g</sup> Over the past 10 years, female graduates from technical areas such as engineering and technology account for less than 30% of graduates. Women who do graduate from such areas constitute less than 4% of those with TVET qualifications in automotive (with the exception of automotive wiring harness assembly NCII), electrical installation, or metals and engineering.<sup>g</sup> Fear of parents and/or female trainees regarding their safety, especially in courses dominated by men, can also suppress female participation.<sup>h</sup>

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 proposed project will promote gender mainstreaming throughout the TVET lifecycle in support of TESDA's objective of social equity for workforce inclusion and poverty reduction. This will be achieved by: (i) introducing specific training courses at higher NC levels in the area of services, industry, and agriculture to expand employment choices for females; (ii) incorporating behavioral change communication and community education/awareness campaigns that unpack gender norms and stereotypes in course and training selections and offerings, as well as career trajectories; (iii) encouraging increased female enrolment in technical programs for entry in higher-productivity sectors in partnership with industry partners, and not only in community-based trainings that are focused on livelihoods, thereby increasing women's access to diversified and industry-responsive skills training; (iv) introducing new training programs drawing on 4IR, thereby enabling men and especially women, to transcend traditional and mobility barriers to access new markets and opportunities to work flexibly and distantly; (v) establishing management information systems in TTIs to track the enrolment, drop-out, and employment rates for female and male trainees; (vi) tailor counseling and placement services specifically to the needs of female and male trainees, while incorporating relevant gender concerns; (vii) building the capacity of the TESDA Committee on Decorum and Investigation (CODI) committee members, gender and development focal points and champions; and, (viii) upgrading the basic facilities of TTIs with gender-responsive and socially-inclusive design features (i.e., 2:1 ratio of female to male toilets at the minimum, well-lighted facilities, PWD accessibility). Sex-disaggregated data will be collected and analyzed to inform policy and decision making. A gender action plan will be prepared during project design.

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

Yes  No

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 project, including beneficiaries and negatively affected people? Identify how they will participate in the project design.

The primary stakeholders are the trainees who enroll in TTIs and their faculty and instructors. The secondary stakeholders are industry associations, enterprises, and employers which employ these trainees after they graduate from TESDA institutions, representatives of industry associations which have or seek to have partnerships with TESDA, and local government units. Detailed surveys focusing on the institutional, economic, social, and gender aspects of TTIs, and their potential links with local micro, small, and medium enterprises will be conducted for the 17 selected TTIs. Consultations and workshops will be organized to receive feedback from trainees, TTI faculty, and local industry associations on the design of specific project components. (Part I, C, point 3)

2. How can the project contribute 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?

<p>The feedback received during the stakeholder consultations will be used to guide institutional reforms within TESDA and the TTIs. Design of the counseling and placement material will be improved to reflect the different aspirations and concerns of trainees from cities and rural areas, males and females, those interested in finding work in their own provinces and those willing to migrate to bigger cities and other countries.</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"/> M Information generation and sharing <input checked="" type="checkbox"/> M Consultation <input type="checkbox"/> L Collaboration <input checked="" type="checkbox"/> N Partnership</p> <p>Key CSOs include the Philippine Chamber of Commerce and Industry (PCCI), industry bodies and associations and CSO training institutes, particularly those listed in the eight sector studies (SD F).</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>
<b>IV. SOCIAL SAFEGUARDS</b>
<b>A. Involuntary Resettlement Category</b> <input type="checkbox"/> A <input type="checkbox"/> B <input checked="" type="checkbox"/> C <input type="checkbox"/> FI
<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 All civil works will be undertaken within the premises of the existing 17 TTIs. No additional land will be acquired, and no one will have to be resettled.</p> <p>2. What action plan is required to address involuntary resettlement as part of the transaction TA or due diligence process?</p> <p><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>B. Indigenous Peoples Category</b> <input type="checkbox"/> A <input type="checkbox"/> B <input checked="" type="checkbox"/> C <input type="checkbox"/> FI
<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</p> <p>3. Will the project require broad community support of affected indigenous communities? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No</p> <p>4. What action plan is required to address risks to indigenous peoples as part of the transaction TA/due diligence?</p> <p><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>
<b>V. OTHER SOCIAL ISSUES AND RISKS</b>
<p>1. What other social issues and risks should be considered in the project design?</p> <p><input checked="" type="checkbox"/> L Creating decent jobs and employment <input type="checkbox"/> L Adhering to core labor standards <input type="checkbox"/> L Labor retrenchment  <input type="checkbox"/> L Spread of communicable diseases, including HIV/AIDS <input type="checkbox"/> L Increase in human trafficking <input type="checkbox"/> Affordability  <input type="checkbox"/> L Increase in unplanned migration <input type="checkbox"/> L Increase in vulnerability to natural disasters <input type="checkbox"/> L Creating political instability  <input checked="" type="checkbox"/> L 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?  The proposed project will improve access to quality TVET for Filipino youth and mid-level human resources, thereby helping them to compete for decent jobs and employment. There are no social risks from this project.</p>
<b>VI. TRANSACTION TA OR DUE DILIGENCE RESOURCE REQUIREMENT</b>
<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 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?  Three person-months have been allocated in the transaction TA facility for the gender analysis. In addition, a senior social development specialist (gender and development) from the Southeast Asia Human and Social Development Division, is part of the project team.</p>

4IR = fourth industrial revolution, ADB = Asian Development Bank, COVID-19 = coronavirus disease, TA = technical assistance.

<sup>a</sup> National Economic and Development Authority. 2017. *Philippine Development Plan, 2017–2022*. Manila. Chapter 10, Accelerating Human Capital Development.

<sup>b</sup> ADB. 2018. *Country Partnership Strategy: Philippines, 2018–2023. High and Inclusive Growth*. Manila.

<sup>c</sup> Philippine Statistics Authority (PSA). Various years. *Poverty Statistics and Labor Force Survey*. Manila.

<sup>d</sup> ADB. 2020. *Asian Development Outlook 2020: What Drives Innovation in Asia?* Manila.

<sup>e</sup> See Sector Assessment (Summary): Education in Appendix 2 of this concept paper.

<sup>f</sup> PSA. 2020. *2020 Factsheet on Women and Men*. Manila.

<sup>g</sup> Philippine Information Agency. 2019. [TESDA Exec Underscores Role to Make Change Work for Women in TVET](#).

<sup>h</sup> TESDA. *Gender Profile of the TVET Sector*. Manila.