



## Initial Poverty and Social Analysis

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### REG: Administration of Equity Investment for Skycatch Inc.

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Asian Development Bank

## **CURRENCY**

Currency unit – US dollars/\$

## **ABBREVIATIONS**

AI	–	artificial intelligence
GPS	–	global positioning system
LIDAR	–	light detection and ranging
SLAM	–	simultaneous localization and mapping

## **NOTE**

- (i) In this report, "\$" refers to United States dollars.

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## INITIAL POVERTY AND SOCIAL ANALYSIS

Country:	Regional	Project Title:	Administration of Equity Investment for Skycatch Inc.
Lending/Financing Modality:	General Corporate Finance	Department/ Division:	Private Sector Operations Department/ Office of the Director General

I. POVERTY IMPACT AND SOCIAL DIMENSIONS
<p><b>A. Links to the National Poverty Reduction Strategy and Country Partnership Strategy</b></p> <p>Infrastructure development in Southeast Asia is at different stages depending on each country’s governing policy on public-private partnership (PPP). While Singapore has the most developed infrastructure in the region, on par or even better than many advanced economies, Cambodia, the Lao People’s Democratic Republic (Lao PDR), Malaysia, and the Philippines lag far behind the average of selected developed economies.<sup>a</sup> ADB supports the Southeast Asian Region under the ADB–ASEAN partnership that started in 2006.<sup>b</sup> The partnership covers five strategic areas: cross-border infrastructure or physical connectivity, environmental sustainability, monetary and financial cooperation and integration, environmental sustainability, and trade and transport facilitation.</p> <p>The Philippines in its latest medium-term development plan (2017-2022) targets poverty reduction from 21.6 percent in 2015 to 14.0 percent by 2022 and ultimately become an upper middle-income country. Among the cross-cutting strategies that are deployed to achieve the targets is the acceleration of strategic infrastructure development in the country, such that the present 2017-2022 will be characterized as the “golden age of infrastructure” with an increase in infrastructure spending from less than three percent of the GDP to at least five percent of the GDP.<sup>c</sup> The CPS for the Philippines (2018-2023) affirms this strategy as reflected in one of its strategic pillars which is to accelerate infrastructure and long-term investments.<sup>d</sup></p> <p>The ADB Ventures investment in Skycatch is consistent with the development goal and Country Partnership Strategies for the Philippines and with the Southeast Asian region as well. It is also reflective of Strategy 2030 that emphasizes infrastructure development as a key in promoting social and economic development. The ADB Ventures funds will support the growth of Skycatch in the development of sales and marketing engine to fuel growth of its current product and for its revenue growth initiatives particularly in research and development that includes the use of AI for predictive analysis and combining GPS and SLAM algorithm for high accuracy using LIDAR. Skycatch substantially contributes to the attainment of operational efficiency in construction and mining industries by providing industry-leading vision technology both software and hardware for generating fast, reliable, survey-grade 3D data (sub 5cm) and analytics using drones saving customers upwards of \$500K per annum per job site, reducing substantially data turnaround time, improving yield, and minimizing total cost of ownership.</p>
<p><b>B. Poverty Targeting</b></p> <p><input checked="" type="checkbox"/> General intervention <input type="checkbox"/> Individual or household (TI-H) <input type="checkbox"/> Geographic (TI-G) <input type="checkbox"/> Non-income MDGs (TI-M1, M2, etc.)</p> <p>The project will greatly aid construction, mining, and renewable energy companies in the attainment of operational efficiency, resilience via predictive maintenance, and preventative measures against disasters in their day-to-day operations that is anticipated to indirectly benefit their workers on and off site with their time being optimized and with a safer work environment. The increase in company gains productivity, the byproduct of operational efficiency attainment will contribute to mitigating poverty in general.</p>
<p><b>C. Poverty and Social Analysis</b></p> <ol style="list-style-type: none"> <li>1. Key issues and potential beneficiaries. The project will contribute in social and economic development in the Philippines as well as in the Southeast Asia region by improving their construction and mining industries together with the energy sector in terms of operational efficiency generating savings estimated at \$500K per annum per job site, resilience via predictive maintenance, and preventative measures against disasters. Due diligence will examine how women and the poor will benefit from the project.</li> <li>2. Impact channels and expected systemic changes. Owners and employees of construction, mining, and renewable energy companies will benefit from the gains in utilizing Skycatch’s industry-leading vision technology that generates fast, reliable, survey-grade 3D data (sub 5cm) using drones. These gains include operational efficiency, resilience via predictive maintenance, and preventative measures against disasters in their day-to-day operations. Women are also targeted to participate in Skycatch training on flying drones and eventually become certified users of Skycatch drones.</li> <li>3. Focus of (and resources allocated in) the transaction TA or due diligence. Due diligence will focus on Skycatch corporate-level and/or site-based systems and processes in managing environmental and social risks and the impacts of its operations. The Company’s labor policies and practices, its compliance with the national labor laws, ordinances, standards set by the certification bodies, and its gender responsiveness will also be reviewed and verified.</li> <li>4. Specific analysis for policy-based lending. Not Applicable.</li> </ol>

## 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? Latest statistics in Asia and the Pacific shows that women are marginally represented in both construction and mining sector workforce that stands at 7.7% and 14.8%, respectively.<sup>e</sup> Women are clustered in low-skilled and low-paid jobs in the construction sector, as limited by skepticism about women's ability to undertake skilled construction work.<sup>f</sup> In addition to the disproportionately low representation of women in the mining sector, research has found that mining impacts more negatively on women than men, while men often benefit from the increased work opportunities mining brings.<sup>g</sup> In the same manner, women in Asia are underrepresented in STEM professions and suffer from persisting inequalities in status and wages; in 2015, only three of 18 countries in Asia had an equal or greater proportion of women researchers in STEM fields: the Philippines (52%), Thailand (51%), and Kazakhstan (50%).<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 project aims to increase women participation at different levels and different areas during the project implementation thereby contributing to closing the gender gap in labor, board and senior advisory representation, in STEM professions, and in the supply chain. Due diligence will closely monitor Skycatch commitments and capacities to enhance gender equality at the workplace and contribute to better awareness of sexual harassment issues. Gender and development indicators to be incorporated in the project design will be discussed with the client as part of the due diligence process.

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

Yes  No

The project will not have an adverse impact on women and/or girls nor will it widen gender inequality.

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 Company shareholders, investors, senior managers, employees and customers are the main stakeholders of the project.

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? The Project will support the growth of Skycatch in the development of sales and marketing engine to fuel development of its current product as well as its revenue growth initiatives particularly the field of research and development to generate better technology solutions that will allow construction, mining, and renewable energy companies attain operational efficiency, resilience via predictive maintenance, and preventative measures against disasters in their day-to-day operations. The Skycatch's employees, women employees, and company's clients are expected to directly benefit from the project. The poor, vulnerable and excluded groups are not expected to participate in the project design.

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?

L Information generation and sharing  N Consultation  N Collaboration  N Partnership

Skycatch website is made accessible to all including any CSO who may be interested.

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?  Yes  No

## IV. SOCIAL SAFEGUARDS

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

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

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

Resettlement plan  Resettlement framework  Social impact matrix  
 Environmental and social management system arrangement  None

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

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

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

3. Will the project 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 transaction TA or due diligence process?

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

#### V. OTHER SOCIAL ISSUES AND RISKS

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

- Creating decent jobs and employment    L 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: Compliance to several applicable national labour laws and ordinances

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

A Corrective Action Plan is prepared instructing Skycatch US to issue such corresponding policies and to remain compliant to state-mandated labor and human resources laws in their DMC operations.

#### VI. TRANSACTION TA OR DUE DILIGENCE RESOURCE REQUIREMENT

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?

- Yes    No

A dedicated social safeguards consultant and one gender consultant who are assigned to the project have identified areas for clarification on the part of the Company during the due diligence phase.

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? One social safeguards consultant and one gender consultant have been conducting the necessary poverty, social, and/or gender analysis, and participation plan during the transaction TA or due diligence phase.

<sup>a</sup> Zen, Fauziah. 2018. Public–Private Partnership Development in Southeast Asia. ADB Economics Working Paper Series. Manila

<sup>b</sup> ADB. 2016. ASEAN–ADB Cooperation toward the ASEAN Community: Advancing Integration and Sustainable Development in Southeast Asia. Manila.

<sup>c</sup> National and Economic Development Authority. 2017. The Philippine Development Plan 2017-2022 <http://www.neda.gov.ph/philippine-development-plan-2017-2022/>

<sup>d</sup> ADB. 2018. Country Partnership Strategy: Philippines, 2018–2023 — Accelerating Inclusive Economic Transformation. Manila. <https://www.adb.org/documents/philippines-country-partnership-strategy-2018-2023>

<sup>e</sup> International Labour Organization. “[Employment by sex and economic activity -- ILO estimates, Nov. 2019 \(thousands\) - Annual](https://ilostat.ilo.org/data).” ILOSTAT database, <https://ilostat.ilo.org/data>. Accessed 24-11-2020.

<sup>f</sup> Baruah, Bipasha. February, 2010. “[Women and Globalisation: Challenges and Opportunities Facing Construction Workers in Contemporary India](#).” Development in Practice, Taylor & Francis, Ltd.

<sup>g</sup> Lahiri-Dutt, K. 2011. [Gendering the Field: Towards Sustainable Livelihoods for Mining Communities](#), Anu Press.

<sup>h</sup> UNESCO Office Bangkok and Regional Bureau for Education in Asia and the Pacific, 2015. “A Complex formula: girls and women in science, technology, engineering and mathematics in Asia.”