



# Initial Poverty and Social Analysis

---

Project Number: 55268-001  
January 2022

## Philippines: Climate Change Policy Program, Subprogram 1

This document is being disclosed to the public in accordance with ADB's Access to Information Policy.

Asian Development Bank



## CURRENCY EQUIVALENTS

(as of 12 October 2021)

Currency unit	–	peso (₱)
₱1.00	=	\$0.02
\$1.00	=	₱50.84

## ABBREVIATIONS

ADB	–	Asian Development Bank
COVID-19	–	coronavirus disease
DOE	–	Department of Energy
DOTr	–	Department of Transportation
GHG	–	greenhouse gas
LLDA	–	Laguna Lake Development Authority
NDC	–	Nationally Determined Contribution
NEDA	–	National Economic Development Authority
SDG	–	Sustainable Development Goal
TA	–	technical assistance

## NOTES

- (i) The fiscal year of the Government of the Philippines and its agencies ends on 31 December.
- (i) In this report, "\$" refers to United States dollars unless otherwise stated.

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:	Climate Change Policy Program, Subprogram 1
Lending/Financing Modality:	Policy-Based Loan (PBL)	Department/ Division:	Southeast Asia Department/ Energy Division; Environment, Natural Resources and Agriculture Division; Office of the Director General

### I. POVERTY IMPACT AND SOCIAL DIMENSION

**A. Links to the National Poverty Reduction Strategy and Country Partnership Strategy** The proposed program will pursue policy reforms on social inclusion in climate action, clean energy, public transportation, resilient agriculture, and climate finance, with the aim to strengthen resilience, cut greenhouse gas (GHG) emissions, and reduce vulnerability of citizens, including women and children. This is consistent with the “inequality reducing transformation” pillar of the *Philippine Development Plan 2017–2022*, which aims to increase investment in agriculture research, modernize agriculture, improve access to innovative finance and manage energy costs as well as energy demand, and limit greenhouse gas emissions.<sup>1</sup> The proposed program supports the Asian Development Bank (ADB) Country Partnership Strategy for the Philippines, 2018–2023<sup>2</sup> with its focus on low carbon development and increasing the resilience of vulnerable communities to disasters and climate change risk. Through policy support and capacity development, ADB has also committed to add value by introducing green finance, supporting development of road maps and implementing rules, and addressing regional development issues. The program contributes to the achievement of Sustainable Development Goals (SDGs) including SDG 2: zero hunger, SDG 7: clean energy, SDG 10: reducing inequality within the country, SDG 13: action on climate change; and includes contributions to SDG 5: gender equality by mainstreaming gender through the policy actions. The ADB Strategy 2030<sup>3</sup> operational priorities (OPs) OP2 on accelerating gender equality, OP3 on climate change and OP5 on food security are operationalized through the proposed policy actions.

**B. Poverty Targeting**  
 General intervention  Individual or household (TI-H)  Geographic (TI-G)  Non-income MDGs (TI-M1, M2, etc.). The multi-sector program will support adaptation and mitigation actions across clean energy, emission reduction, agriculture resilience, water management and green finance to encourage sustainable and inclusive economic growth.

**C. Poverty and Social Analysis**

**1. Key issues and potential beneficiaries.** The poverty rate has increased from 16% in 2018 to 21% in 2020<sup>4</sup>, primarily driven by the coronavirus disease (COVID-19) pandemic. The Philippines is ranked as moderate on the Global Hunger Scale (2020) although this is data up until and including 2019 and does not account for COVID-19 pandemic-related impacts.<sup>5</sup> Climate change impacts are estimated to cause a decline of between 9%–21% of agricultural productivity by 2050.<sup>6</sup> The Philippines is recognized as a country with high natural disaster risk levels, and these are exacerbated by climate-related risks. Climate change impacts are supercharging natural hazard impacts because of sea-level rise and increased wind and rain intensity. Modeling indicates further increased cyclone intensity and frequency.<sup>7</sup> Recent climate-related hazards such as cyclones and/or typhoons affected up to 3.2 million people across urban and rural areas and caused \$85 million in damages to infrastructure and agriculture.<sup>8</sup> Exposure to economic and social risks from climate change contribute to poverty and vulnerability for the poor and low-income groups. Women are particularly vulnerable to the impacts of climate change because of social and economic factors. Energy costs are high, with rural areas particularly suffering from lack of affordable supply.<sup>9</sup> Gaps in supply also exist on outer islands, with only 72% of households in Mindanao having access to electricity.<sup>10</sup> Rural and isolated areas rely on higher cost, GHG-emitting diesel generators and/or heavy fuel oil, which contribute to air pollution. Ambient air pollution (all sources) accounts for 46.3 deaths per 100,000 in Philippines, the third highest in the world, primarily driven by fossil fuel vehicular transportation.<sup>11</sup> Food insecurity, health and energy deprivation are aspects of poverty, and the estimated 22 million people

<sup>1</sup> National Economic and Development Authority. 2021. [Updated Philippine Development Plan, 2017-2022](#). Pasig City.

<sup>2</sup> ADB. 2018. [Philippines: Country Partnership Strategy \(2018-2023\)](#). Manila

<sup>3</sup> ADB 2018. [Strategy 2030: Achieving a Prosperous, Inclusive, Resilient, and Sustainable Asia and the Pacific](#). Manila.

<sup>4</sup> World Bank. 2021. [Philippines Economic Update, June 2021 Edition. Navigating a Challenging Recovery](#).

<sup>5</sup> [Global Hunger Index 2020](#). Washington, DC.

<sup>6</sup> World Bank. [Climate Change Portal - Philippines](#)

<sup>7</sup> ADB. 2021. [Climate Risk Country Profile: Philippines](#). Manila.

<sup>8</sup> ADB. 2021. [Typhoon Ursula \(Phanfone\) in Climate Risk Country Profile: Philippines](#). Manila.

<sup>9</sup> Taniguchi, S. 2019. [Securing Access to Electricity with Variable Renewable Energy in the Philippines: Learning from the Nordic Model](#). [ADB Working Paper](#) 1009. Asian Development Bank Institute. Tokyo.

<sup>10</sup> Government of the Philippines, National Economic and Development Authority. 2017. [Philippines Development Plan 2017–2022](#). Manila.

<sup>11</sup> World Health Organization. 2021. [Ambient Air Pollution Attributable to Death Rate \(per 100 000 population\)](#) (accessed 10 September 2021).

below the poverty line are anticipated beneficiaries of the policy change.<sup>12</sup> Principal beneficiaries of contributions to food security including through adaptive plant breeding include women and children, with 33% of children under 5 suffering from stunted growth due to poor nutrition.<sup>13</sup>

**2. Impact channels and expected systemic changes.** The program will address policy changes in key reform areas in social inclusion, clean energy, electric mobility, climate financing, and food security. This policy reform in energy will encourage the uptake of clean energy by improving clean supply and efficiency. This policy reform will have potential cost reductions for consumers, reduce financial risks for investors, and create a national policy supporting use of electric vehicles for public transportation. New agriculture policies will support adaptation and institutionalize or embed a climate resilient agriculture approach in the Department of Agriculture and improve productivity and resilience for staple crops after extreme climate events to improve food security. Creating new agriculture research centers will promote gender-sensitive and climate-resilient plant breeding. A nationally determined contribution will drive further policy efforts to reduce GHG emissions and a new sustainable finance policy will support green projects.

**3. Focus of (and resources allocated in) the transaction TA or due diligence.** Analysis and due diligence will address (i) climate change sector analysis; (ii) poverty and social analysis; (iii) social and environmental safeguards; (iv) gender analysis; and (v) financial management, fiduciary, and governance risk assessment.

**4. Specific analysis for the policy-based loan.** This policy-based loan focuses on multisectoral mitigation, climate adaptation, and mobilizing public and private climate finance. Among the poor, women are particularly vulnerable to the impacts of climate change because of social and economic factors.

## 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? The impacts of climate change exacerbate existing gender inequalities. In the Philippines, rural women rely mostly on agricultural crops and fish for their main source of income and food for the household, thus bearing the food insecurity caused by disasters. The Philippines Statistics Authority reports women comprise about 25% of workers in the agricultural sector and acknowledges that this may be underestimated because women's agriculture work is normally considered an extension of their household tasks, and women are not always identified as agricultural workers. This invisibility in turn leads to unequal access to land ownership, credit, agricultural extension services, and information, exposing them further to disaster-induced losses. Women are primary consumers of energy and managers of household water and sanitation and are most affected by lack of clean, affordable, and reliable energy and water. Gender equality in climate financing has been uneven across climate-related sectors—well-integrated in agriculture and water but poorly addressed in the infrastructure and energy sectors.<sup>14</sup> The policy environment is characterized at the national level by a range of pro-active gender policies, including a requirement for GAD plans and commitment of 5% of budget allocation to GAD activities and programs. However, implementation is limited and lacks coherency with broader sectoral programs and policies. Addressing persistent gender gaps in climate resilience and mitigation actions is limited due to the lack of an integrated, inclusive, and consolidated mechanism to measure, monitor, and disaggregate the impacts of climate change with reference to women and vulnerable sectors.

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

A gender-responsive approach to adaptation and mitigation will strengthen resilience of men, women, and vulnerable groups, and deliver greater economic and social inclusion. This program will strengthen policy measures to improve women's access to information and their participation in capacity-building opportunities; ensure gender-responsive infrastructure and technology in agriculture, energy, and transportation; and strengthen gender-mainstreaming in climate change monitoring, planning, budgeting, implementation, and evaluation across all climate-related sector.

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 EMPOWERING THE POOR

and CSO training institutes would participate in policy review, information sharing and building consensus around the policy reform, and enhancing the capacity of involved agencies to implement the programs. The social assessment will further determine the relevant NGOs that involved with the policy reform and implementation of the programs.

3. Are there issues during project design for which participation of the poor and excluded is important?

Yes  No; If yes, what are these issues

4. How will the project ensure the participation of beneficiaries and affected people, particularly the poor and vulnerable and/or CSOs, during project design to address these issues?

<sup>12</sup> World Bank. 2018. [Making Growth Work for the Poor: A Poverty Assessment for the Philippines](#)

<sup>13</sup> Stockholm Environment Institute. [Food security in the Philippines](#) (accessed 10 September 2021).

<sup>14</sup> Organization for Economic Co-operation and Development. 2016. [Making climate finance work for women: Overview of bilateral ODA to gender and climate change](#).

The program builds on the stakeholder and civil society engagements that informed the inclusive and gender-mainstreamed Nationally Determined Contribution (NDC). The program will enhance the NDC implementation in food security, local government capacities, and climate finance. Proposed policy reforms will include access to climate finance at the national level and support for local governments to identify, procure, and finance small renewable energy and energy efficiency, which can save money and improve resiliency. Other policy actions require consultation of women and vulnerable populations to reach fruition, such as: (i) the LLDA's assessments to inform floating solar photovoltaic locations, capacities, and management priorities; (ii) DOTr's assessment and design of public transportation routes and electric vehicle and charging infrastructure design; (iii) DOE's approach to financial de-risking of geothermal predevelopment; and (iv) NEDA's implementation planning for improved sanitation and septage management.

5. What level of CSO participation is planned during the project design?

M Information generation and sharing M Consultation NA Collaboration NA Partnership

#### 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 Proposed policy actions do not envisage direct or indirect impacts on involuntary land acquisitions. The proposed categorization will be confirmed detail assessment of the proposed policy actions. Safeguard impact assessment will be prepared.

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 The proposed policy actions do not envisage negative impacts on the indigenous community living in the project areas. The proposed categorization will be confirmed upon the completion of social impacts assessment.

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  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?

No additional social issues or risks are anticipated.

#### 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

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?

TA consultants have been mobilized to conduct due diligence on the proposed policy actions; prepare a matrix on impacts assessment and mitigation, as needed; prepare a gender action plan, and provide input to TA processing in support of policy action development.