



Initial Poverty and Social Analysis

Project Number: 55300-001
June 2022

Philippines: Post-COVID-19 Business and Employment Recovery 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 6 June 2022)

Currency unit	–	peso/s (₱)
₱1.00	=	\$0.019
\$1.00	=	₱52.86

ABBREVIATIONS

ADB	–	Asian Development Bank
COVID-19	–	coronavirus disease
CSO	–	civil society organization
NERS	–	National Employment Recovery Strategy
PDP	–	Philippine Development Plan
PESO	–	Public Employment Service Office
TA	–	technical assistance
TVET	–	technical-vocational education and training

NOTE

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

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

INITIAL POVERTY AND SOCIAL ANALYSIS

Country:	Philippines	Project Title:	Post-COVID-19 Business and Employment Recovery Program (Subprogram 1)
Lending/Financing Modality:	Policy-Based Lending	Department/Division:	Southeast Asia Department Human and Social Development Division

I. POVERTY IMPACT AND SOCIAL DIMENSIONS

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

The country's long-term vision embodied in AmBisyon Natin 2040 and the Philippine Development Plan (PDP), 2017–2022 emphasizes accelerated human capital development for inclusive growth and reducing poverty and inequality. The mid-term update of the PDP considers the impact of the coronavirus disease (COVID-19) pandemic which drove the Philippine economy into recession in 2020 and reversed gains in poverty reduction. To provide rapid relief to the poor and other vulnerable households, the government through the Bayanihan to Heal as One Act and the Bayanihan to Recover as One Act in 2020 provided social assistance, wage subsidies, and health services to mitigate the pandemic's worst effects. Building on these, the government is undertaking reforms to strengthen social protection and employment programs. The National Employment Recovery Strategy (NERS) was launched in May 2021 to create a policy environment that fosters quality employment. The NERS harmonizes the programs of various government agencies for a holistic approach, including social protection, training, upskilling, and support to businesses. The Post-COVID-19 Business and Employment Recovery Program (Subprogram 1) will provide critical support to the government to achieve the goals of the NERS. The program represents an intersection between the PDP and the third strategic pillar (investing in people) of the country partnership strategy for the Philippines, 2018–2023 of the Asian Development Bank (ADB). The program will comprise two subprograms with three reform areas: (i) post-pandemic business and investment framework liberalized, (ii) pandemic-induced skills mismatches addressed and institutional linkages between skills training and employment strengthened, and (iii) active labor market programs expanded to meet post-pandemic employment needs. Policy actions under reform area (i) support increased labor demand, (ii) improve labor supply, and (iii) facilitate labor market matching between employers and jobseekers. The program will lead to an increase in wage and salary employment in private establishments by an average of 600,000 to 700,000 jobs per year.

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.** The national poverty rate declined from 23.5% in 2015 to 21.1% in the first semester of 2018. Prior to the COVID-19 pandemic, the country was on track to meet the Sustainable Development Goal target of eradicating extreme poverty by 2030. However, there were still 22.3 million poor Filipinos in the first semester of 2018, and the poverty rate in the Philippines is still among the highest in Southeast Asia. Notwithstanding the general downward trend in national poverty incidence prior to the pandemic, regional disparities are significant in Mindanao and the Visayas having higher poverty rates of 37.1% and 26%, respectively. Poverty incidence among women is 16.6% though elevated in some regions, with the highest in the Bangsamoro Autonomous Region in Muslim Mindanao (61.7%). The COVID-19 pandemic also disrupted the labor market. The unemployment rate remains elevated even if economic recovery is underway. From 4.6% unemployment rate in October 2019, it surged to 17.6% in April 2020 during the brunt of lockdowns. As the economy gradually opened, the rate eased though remains high at 6.6% in December 2021, equivalent to 3.3 million jobless workers of which 28% are the youth. Youth unemployment rate significantly improved at 12.8% in December 2021 compared to 19.8% in January 2021. There was a shift from wage and salary employment to self-employment during the pandemic. Wage and salary employment in private establishments declined to 47.1% in December 2021 from 51.5% in January 2020. Consequently, employment has shifted to lower-quality jobs in the informal sector with an additional 3.2 million persons engaged in the informal sector raising its share of total employment from 37.0% in January 2020 to 41.1% in December 2021. The primary beneficiaries of the program will be the vulnerable workers including those in the informal sector, young, and women workers. With the help of this program, more training, reskilling, and upskilling programs can be made available to the informal or vulnerable workers, particularly women.

2 **Impact channels and expected systemic changes.** The program will increase formal wage employment and reduce poverty. For the informal or vulnerable workers, this impact will be achieved through measures designed to (i) expand labor market programs, particularly for the women, the youth, and displaced workers; and (ii) provide timely and quality technical and vocational education and training (TVET) by the government and the private sector. A proposed regulation on unemployment benefit program will improve employability of the unemployed persons through

labor market activation measures and a contributory scheme. Wider geographic coverage of active labor market programs and more relevant and timely trainings will increase employability of the informal, young and women workers.

3. **Focus of (and resources allocated in) the transaction technical assistance (TA) or due diligence.** Wide and sustained support from the private sector, including industry associations, is important to the program's success. ADB, through an existing technical assistance (Support to the Association of Southeast Asian Nations), will pilot an employer demand driven technical skills development funding model in the Philippines. SkillsUpNet Philippines is a private sector driven and brings companies together to identify shared training needs.

4. **Specific analysis for policy-based lending.** The policy reforms included in the program will address the skills–job mismatch by strengthening the linkage between skills training and employment and expanding access to labor market programs. In the near-term, the government will implement skills training programs targeted at groups affected by job losses from the pandemic. These include: (i) the Pivot Embrace Technology Project that aids workers displaced by the pandemic with digital skills, and (ii) expanded JobStart Philippines program for at-risk youths. In the medium-term, the Technical Education and Skills Development Authority (TESDA), in support of the Philippine Skills Framework, will renovate and upgrade 17 TVET technical institutes to build regional technical innovation centers. In addition, the Department of Labor and Employment will pilot the innovative private sector-led SkillsUpNet Philippines scheme providing grants to networks of enterprises to fund workplace skills training.

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 key gender issues relevant to this program are: (i) Women's low labor force participation rate aggravated by the COVID-19 pandemic. The national women's low labor force participation rate is 47.6% compared to men at 74.8%, as of 2019. The pandemic further eroded this to 45.9% for women and 73.1% for men as of 2020,¹ improving in 2021 to 54.0% for women and 76.1% for men.² (ii) Gender segregation in labor and predominantly women in sectors highly affected by the pandemic. Women dominate the services sector at 75%, compared to men at 45% who dominate the agriculture and industry sector. Women are also largely overrepresented in informal sector employment characterized by a lack of social protection, low remuneration, and poor working conditions. (iii) Violence against women. Violence is one of the major barriers to women's full economic participation. About 18.5% of women aged 15–49 have experienced various forms of physical or sexual violence, including sexual harassment in the workplace. (iv) Weak institutional capacity for gender mainstreaming. Agencies involved in employment lack capacity to collect sex-disaggregated and gender-specific data, and/or gender analysis in order to inform program planning, implementation, and evaluation, and to effectively address gender determinants of unemployment.

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 access to and use of opportunities, services, resources, assets, and participation in decision-making? Yes No

The program will address the foregoing gender issues through the following key actions: (i) setting gender targets in jobskilling activities, including higher-level TVET programs, JobStart Philippines, and SkillsUpNet Philippines; and (ii) integrating gender-responsive physical design features in the regional technical innovation centers.

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

1. Participatory approaches and project activities. The program emphasizes participatory approaches that are key to ensuring improvements in local employment facilitation services through the expanded Public Employment Service Office (PESOs) at the subnational level and JobStart Philippines youth program and Pivot Embrace Technology for displaced workers.

2. Civil society organizations (CSOs). Community-based organizations and nongovernment organizations are also engaged with PESOs. This is critical for effectively implementing active labor market programs in local government units and for achieving job placement targets. Industry consultations are also important for PESOs, JobStart, SkillsUpNet, and industry boards with TESDA.

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

Yes No

Targeting the vulnerable, including those in the informal sector, young, and women workers may be more effective if there is a database of these workers or if they are enrolled in the national ID system. Collection of sex-disaggregated data is also key to ensure that more women benefit from the program.

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?

The program supports government consultation and participation processes.

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

Information generation and sharing (M) Consultation (M) Collaboration 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

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? NA

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

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 the participation plan during the transaction TA or due diligence? None.

ADB = Asian Development Bank, COVID-19 = coronavirus disease, CSO = civil society organization, NA = not applicable, NERS = National Employment Recovery Strategy, PDP = Philippine Development Plan, PESO = Public Employment Service Office, TA = technical assistance, TVET = technical-vocational education and training.

¹ Philippine Statistics Authority (PSA). 2019. *Labor Force Survey 2019*. Manila; PSA. 2020. *Labor Force Survey 2020*. Manila; and PSA. 2021. *Labor Force Survey 2021*. Manila.

² PSA. 2022. *Unemployment Rate in December 2021 is Estimated at 6.6 Percent*. Manila.