



Initial Poverty and Social Analysis

Project Number: 56236-001
October 2022

Philippines: Wyntron Electric Vehicle Charger Production Expansion Project

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Asian Development Bank

CURRENCY EQUIVALENTS

(as of 13 October 2022)

Currency unit	–	Philippine peso(s) (₱)
₱1.00	=	\$0.17
\$1.00	=	₱58.98

ABBREVIATIONS

ADB	–	Asian Development Bank
CPS	–	country partnership strategy
COVID-19	–	coronavirus disease
EV	–	electric vehicle
GVC	–	global value chain

NOTE(S)

- (i) The fiscal year (FY) of Wyntron, Inc. ends on 31 December.
- (ii) In this report, "\$" refers to United States dollars.

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INITIAL POVERTY AND SOCIAL ANALYSIS

Country:	Philippines	Project Title:	Wyntron Electric Vehicle Charger Production Expansion Project
Lending/Financing Modality:	Corporate Finance	Department/ Division:	Private Sector Operations Department Infrastructure Finance Division 2

I. POVERTY IMPACT AND SOCIAL DIMENSIONS

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

Asian Development Bank (ADB) intends to provide a loan of up to \$20 million to Wyntron Inc. for the expansion of the company's electric vehicle (EV) charger production facilities, including the purchase of a factory building and its refurbishment. The transaction will promote the development of the Philippines' EV industry and will contribute to its integration into the EV global value chain. The project is aligned with ADB's Strategy 2030, particularly key operational priorities on: (a) addressing remaining poverty and reducing inequalities; (b) accelerating progress in gender equality; (c) tackling climate change, building climate and disaster resilience, and enhancing environmental sustainability; and (d) making cities more livable.^a It also responds to the country partnership strategy, 2018–2023, for the Philippines, which focuses on accelerating climate-resilient infrastructure development and investing in people through employment generation and skills training.^b

B. Poverty Targeting

General Intervention Individual or Household (TI-H) Geographic (TI-G) Non-Income MDGs (TI-M1, M2, etc.)

The project will support Wyntron's expansion, which in turn is expected to result in generating additional employment opportunities for local residents. It will also promote decarbonization of the transportation sector, thereby contributing to addressing climate change that disproportionately impacts poor and vulnerable groups.

C. Poverty and Social Analysis

1 **Key issues and potential beneficiaries.** The Philippines achieved a notable decline in poverty from 25.2% in 2012 to 16.6% in 2018.^c Severe impacts from the coronavirus disease (COVID-19) pandemic, however, reversed the country's gains in poverty reduction. Poverty incidence rose to 18.1% in 2021 due to massive job losses following border closures and strict imposition of lockdowns.^d To ensure sustained progress, creation of decent employment opportunities should be a key consideration in economic recovery and poverty reduction strategies. Despite the initial shock at onset of the pandemic, global value chains (GVCs) have proven to be resilient and remain an important driver of economic growth and job creation. The Philippines therefore needs to maximize favorable global trends that present opportunities for deeper participation in GVCs. With the increased shift from internal combustion engine cars to electric vehicles (EVs) in different parts of the world, the country can leverage its existing capabilities in electronic component manufacturing that are useful to the EV industry.^e By financing Wyntron's planned expansion, the proposed project will pave the way for the development of the Philippines' EV industry and its integration into the GVC. This in turn can boost inclusive growth, promote job creation, and support poverty alleviation.

2 **Impact channels and expected systemic changes.** Poor and vulnerable groups will benefit through the employment opportunities generated from the company's expansion. The project will also help ease climate change which disrupts livelihoods and pushes people into poverty.

3 **Focus of (and resources allocated in) the transaction TA or due diligence.** A corporate audit of Wyntron's existing environmental and social management system (ESMS) and an assessment of the company's past and current performance against the objectives, principles, and requirements of ADB's Safeguard Policy Statement (2009) will be conducted by a qualified and experienced external expert.

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?

In the 2022 Global Gender Gap Index of the World Economic Forum (WEF), Philippines ranks 19th out of 146 countries, two places lower than last year. The report noted gender parity decreased in educational attainment with a notably larger share of boys than girls in overall enrolment numbers. In terms of economic opportunity and participation, the country is one of the highest in Southeast Asia at 79.4%, however the gender gap in workforce participation is still significant, with the share of men 24.5 percentage points higher than women.^f Women's participation and leadership in science, technology, engineering and mathematics (STEM) are critical for economic growth and development and advancing gender equality. In the Philippines female women students make up 43% of STEM enrollments, however, they are mostly in non-engineering or non-IT fields with only two in seven engineering students female in 2017.^g Upon graduation, women typically work in low-skilled STEM positions^h or chose not to pursue a STEM career, reporting that they feel ill-equipped and not fully informed of possible job opportunities.ⁱ As a result, women make up a fraction of the STEM workforce despite recent progress to increase diversity and inclusion

in STEM fields.^j In 2017 women in the Philippines were estimated to be 140% more likely to lose their job due to automation than men.^k The gender gap in the STEM industry has significant opportunity costs for both companies and economies which needs to be addressed.^l Women own the majority of micro, small and medium-sized enterprises (MSMEs) in the Philippines (63% in 2017).⁶ However, women's access to business networks tends to lag behind men's, thus limiting their opportunities to learn from the experience of others, develop useful business contacts, and gain market information.^m Globally, only 1% of the \$11 trillion spent annually on public procurement is awarded to women-owned businesses.ⁿ Gender inclusive procurement has the potential to promote gender equality through a company's procurement practices.^o

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

During gender due diligence, potential gender measures to be examined include targeting gender equity for the new operational jobs, implementation of a gender inclusive procurement policy, management training or other career development opportunities for female staff, paid on-the-job training or internship for women and training on anti-sexual harassment and gender equality.

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. Who are the main stakeholders of the project, including beneficiaries and affected people? Explain how they will each participate in the project's design. The primary direct beneficiaries of the project are Wyntron and its employees, while indirectly benefitting are customers and companies within its supply chain. Due diligence will review Wyntron's relevant stakeholder engagement activities and grievance redressal.

2. Who are the key, active, and relevant CSOs in the project area? Specific CSOs will be identified during diligence.

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

Yes No

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? An Information, Education, and Communication (IEC) plan will be prepared to comply with applicable national regulations. The IEC Plan will include communication of potential environmental and social risks associated with the project.

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

 Information generation and sharing N/A Consultation N/A Collaboration N/A 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

The project is not envisaged to entail physical and economic displacement impacts since the land will be leased on a voluntary basis.

2. What action plan is required to address involuntary resettlement as part of the transaction TA or due diligence process? Wyntron's ESMS will be enhanced to comply with the requirements of ADB's SPS, including screening procedures.

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 project is located within an industrial economic zone, away from areas where indigenous peoples/ ethnic minorities can be found.

<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 Project activities are not anticipated to result in commercial development of cultural resources and knowledge of distinct and vulnerable ethnic minority groups, displacement of such groups from their traditional land, or commercial development of any natural resources within customary land.</p> <p>4. What action plan is required to address risks to indigenous peoples as part of the transaction TA or due diligence process? Wyntron's ESMS will be enhanced to comply with the requirements of ADB's SPS, including screening procedures.</p> <p><input type="checkbox"/> Indigenous peoples plan <input type="checkbox"/> Indigenous peoples planning framework <input type="checkbox"/> Social impact matrix <input checked="" type="checkbox"/> Environmental and social management system arrangement <input 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?</p> <p><input checked="" type="checkbox"/> Creating decent jobs and employment (L) <input checked="" type="checkbox"/> Adhering to core labor standards (L) <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? Due diligence will review Wyntron's compliance with national labor laws and regulations. Its ESMS will also be examined to ensure it contains measures to adhere to international core labor standards, pursuant to ADB's Social Protection Strategy (2001).</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?</p> <p><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 the participation plan during the transaction TA or due diligence? A qualified and experienced external expert will carry out a corporate audit of Wyntron's existing ESMS and an assessment of its past and current E&S performance, in accordance with the requirements of ADB's SPS.</p>

- ^a Asian Development Bank (ADB). 2018. [Strategy 2030. Achieving Prosperous, Inclusive, Resilient, and Sustainable Asia and the Pacific](#). Manila.
- ^b ADB. 2018. [Country Partnership Strategy: Philippines, 2018–2022—High and Inclusive Growth](#). Manila.
- ^c Asian Development Bank Institute (ADBI). 2021. [Protecting the Poor and Vulnerable against the Pandemic](#). Tokyo.
- ^d Philippine Statistics Authority (PSA). 2021. [Proportion of poor Filipinos was recorded at 18.1 percent in 2021](#). Manila.
- ^e Rosellon, Maureen Anne. (2021). [Clean energy technology in the Philippines: Case of the electric vehicle industry](#). Philippine Institute for Development Studies (PIDS) Discussion Paper. Quezon City.
- ^f World Economic Forum. 2022. [Global Gender Gap Report 2022 Insight Report](#). Geneva.
- ^g Commission on Higher Education. [2017 Higher Education Facts and Figures](#).
- ^h Philippine Legislators' Committee on Population and Development Foundation, Inc., and WomensHub. 2003. [Gender and ICT in The Philippines: A Proposed Policy Framework](#). Manila.
- ⁱ Philippine Business Coalition for Women Empowerment. 2019. [Women in STEM. A Baseline Study](#). Manila
- ^j Philippine Business Coalition for Women Empowerment. 2019. [Women in STEM. A Baseline Study](#). Manila
- ^k International Labour Organization. 2017. [Women in STEM Workforce Readiness and Development Programme in the Philippines](#). Manila.
- ^l The Asia Foundation. 2021. [Accelerating women's advancement in STEM: Emerging lessons on network strategies and Approaches in Asia](#).
- ^m The Asia Foundation. 2013. [Access to Trade and Growth of Women's SMEs in APEC Developing Economies: Evaluating Business Environments in Malaysia, Philippines, Thailand, Singapore: Asia Pacific Economic Cooperation](#) (APEC) Secretariat. San Francisco.
- ⁿ World Bank. 2021. [Gender Equality in Public Procurement](#). Washington DC.
- ^o UN Women. 2017. [The power of procurement: How to source from women-owned businesses](#). New York.