

INITIAL POVERTY AND SOCIAL ANALYSIS

Country: Project Title:

Lending/Financing Modality: Department/Division:

I. POVERTY IMPACT AND SOCIAL DIMENSIONS

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

The new Philippine Development Plan 2014-2018 emphasizes private sector solutions for driving decent employment creation and services delivery for the poor. One of its aims is to achieve inclusive growth is create at least one million new jobs per year, especially in the rural areas. This project will be the government's direct contribution to this development goal by enhancing rural enterprises to create new jobs for the poor and low income people in the rural areas (villages and smaller towns) of the Philippines. The project directly addresses income poverty and vulnerability. The proposed project is also aligned with Philippines Country Partnership Strategy (CPS) 2011- 2016.

B. Targeting Classification

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

The project is classified as a targeted intervention – addressing geographical and other systemic causes of poverty among the low income people (those below the PHP12,000 poverty line per family per month, equivalent to the \$2 international poverty line. Due to the high incidence of transition poverty, the project follows a broader approach of broadening the target group to low income people up to the \$3 international poverty line (PHP18,000 monthly household income). Details about poverty levels, unemployment and underemployment rates, socio economic situation of low income underemployed women and men in rural areas, and positive and negative impacts on proposed project will be collected as part of the PPTA, and fed into project design.

C. Poverty and Social Analysis

1. Key issues and potential beneficiaries.

The expected beneficiaries of the project are poor and low income underemployed women and men in rural areas (villages and poorer towns) of the Philippines. Rural communities have limited skills in agribusiness development and tourism, and they lack access to capital and markets. Opportunities for productive employment are also limited.

2. Impact channels and expected systemic changes.

Creating in scale - productive jobs and income opportunities through decent employment for poor and vulnerable (i.e. those below the \$3 international poverty line, or PhP18,000 a month per family) income bracket is the objective of this project. Applying a private sector driven approach, including supporting inclusive businesses whose core business model is to generate decent and productive employment through distribution and supply chain mechanisms, the project addresses the key problem of income poverty in the Philippines. This will also include support to skills development according to the potential markets of employment in participating project areas.

3. Focus of (and resources allocated in) the PPTA or due diligence.

During the PPTA, various assessments will be done that provide insights on (a) investment plans of companies and their value chains to provide income opportunities for the low income people, (b) labor market studies, (c) gender implications of such income opportunities, (d) studies on what impedes the private sector to create more decent jobs, (e) suggestions on a flexible implementation structure which is private sector driven, and (f) a monitoring and ex-ante impact assessment system that provides government and industries with data on created job results.

4. Specific analysis for policy-based lending.

During the PPTA, studies will be carried out to identify policy issues that need to be addressed as part of the project.

II. GENDER AND DEVELOPMENT

1. What are the key gender issues in the sector/subsector that are likely to be relevant to this project or program?
Women in the Philippines have a relatively high socio-economic status. However, women's participation in the labor force is relatively low (currently 50% women against 80% men, HDR 2013). According to a recent study by DTI/GTZ, women own and manage half of the 825,000 registered enterprises. Also women are more active in starting a business than men (women comprise 51% of new business owners).

The project will have specific design features that contribute to create new opportunities for low income women in the productive labor force. A component of the project will focus on facilitating skills development in accordance to the market demands (food processing, tourism, etc). Typical sectors where such decent jobs could be created are some agro-processing, tourism as well as rural services industries value chains. More opportunities for men are perhaps in directly agriculture and construction as well as other agro-business related jobs (e.g. cacao, coconut and banana supply chains are mainly served by men, while coffee and vegetables are often particularly harvested by women).

2. Does the proposed project or program have the potential to make a contribution 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 action plan will be prepared during PPTA based on gender analysis as well reviewing the study of the gender equality at the labor market in the Philippines.

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

Yes No

At this preliminary design stage, a systemic adverse impact on gender relations is not anticipated. The project will thrive to create jobs for both women and men and will facilitate opportunities for women's skill development that can contribute to accessing better employment and income generating activities.

4. Indicate the intended gender mainstreaming category:

GEN (gender equity theme) 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 project will particularly target poor women and men in the labor force or "near hires".

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?

Stakeholders, including the poor, in the agro-processing value chains need to be organized to maximize supply chain efficiencies and to create a conducive environment for enterprise growth. For rural tourism, both supplier communities and destination communities will be engaged. Business oriented NGOs and foundations may be engaged in this project.

3. What are the key, active, and relevant civil society organizations in the project area? What is the level of civil society organization participation in the project design?

L Information generation and sharing **M** Consultation **L** Collaboration **M** Partnership

The Philippines has about 300,000 civil society organizations (NGOs, cooperatives, local groups, foundations, etc) and civil society groups, estimated 20,000 social enterprises, but only 30-100 inclusive business ventures. As described above, the project will explore how to work closer with relevant civil society organizations especially in the context of value chain related job creation. Foundations such as the Philippine Business Social Progress will be consulted and are expected to be able to participate in the project design.

4. Are there issues during project design for which participation of the poor and excluded is important? What are they and how shall they be addressed? Yes No

The whole rationale of the project is about participation of the poor in the labor market. All design features of the project are relevant to achieve this goal.

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 expected to require involuntary land acquisition or displacements. A resettlement framework will be developed to ensure that the EA and IAs comply with ADB's Safeguard Policy Statement.

2. What action plan is required to address involuntary resettlement as part of the PPTA 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 F1

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

In selected cases of upland value chain agriculture, territories of indigenous people may be affected. However the project will support income opportunities for those people, such as in the case of cacao or coffee. The impact is positive rather than negative.

3. Will the project require broad community support of affected indigenous communities? Yes No

The project will require community support, particularly if cultural tourism (tourism in rural areas showcasing the traditions of indigenous cultural communities [i.e. festivals, rituals], and their values and lifestyle) is supported by the project. The project will ensure that IP will get access to project information and assets and ensure that culturally sensitive information and capacity development are equally available for IP. IPPF will be prepared to ensure that negative impacts will be avoided and positive impacts will be enhanced.

4. What action plan is required to address risks to indigenous peoples as part of the PPTA 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(H) Adhering to core labor standards(M) 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 Creating decent employment opportunities is the core rationale of the project.

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

No social risk for the poor is identified at present. However at PPTA this will be studied in further detail.

VI. PPTA OR DUE DILIGENCE RESOURCE REQUIREMENT

1. Do the terms of reference for the PPTA (or other due diligence) contain key information needed to be gathered during PPTA or due diligence process to better analyze (i) poverty and social impact; (ii) gender impact, (iii) participation dimensions; (iv) social safeguards; and (vi) 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 PPTA or due diligence?

Social safeguards and gender consultants (international; 1 person-month and national; 3 person-months) and a resettlement specialist (2 months) will be engaged. The PPTA will include a group of up to five advisors (as individual consultants) to provide peer review and industry liaison, one of whom will be responsible for gender and social issues. ADB specialist will spend adequate time to guide the consultants.