

SUMMARY POVERTY REDUCTION AND SOCIAL STRATEGY

Country:	Philippines	Project Title:	Facilitating Youth School-to-Work Transition Program, Subprogram 2
Lending/Financing Modality:	Programmatic Policy-Based Lending	Department/Division:	Southeast Asia Department Public Management, Financial Sector, and Trade Division

I. POVERTY AND SOCIAL ANALYSIS AND STRATEGY

Poverty targeting: general intervention

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

The Philippines has made good progress in poverty reduction. The national poverty rate fell to 21.6% in 2015, declining from by an average of 1.2 percentage points per year during 2012–2015 compared with 0.6 percentage points per year during 2006–2015.^b However challenges remain, with poverty rates still among the highest in Southeast Asia. This is largely driven by the country's less pro-poor pattern of growth, high inequality of income and wealth, and increasing vulnerability to disasters and conflict. In response, the Government of the Philippines has formulated AmBisyon Natin 2040 and the Philippine Development Plan, 2017–2022 as key strategies for the long-term vision to (i) reduce poverty, (ii) improve the lives of the poorest segments of the population, and (iii) serve as the blueprint for the country's development.^c Subprogram 2 of the Facilitating Youth School-to-Work Transition Program has been supporting the government in strengthening policies and programs for labor market activation and helping the youth in accessing decent employment opportunities within a reasonable time. The program is closely aligned with the "high and inclusive growth" objective of the country partnership strategy for the Philippines, 2018–2023 of the Asian Development Bank (ADB), and it reinforces the country partnership strategy's third strategic pillar of investing in people.^d

B. Results from the Poverty and Social Analysis during Project Preparatory Technical Assistance or Due Diligence

1. **Key poverty and social issues.** Sustained economic growth over the past 10 years has led to progress on poverty reduction, with increases in wage income and movement of workers out of agriculture contributing to about two-thirds of the poverty decline. Nevertheless, the current rate translates to nearly 22 million poor people. Contrary to national trends, poverty incidence is on the rise in parts of Eastern Visayas, and in southern and western Mindanao. In these areas, poverty incidence often exceeds 30%. Women belonging to poor families have higher poverty rate (22.5%) than the general population (21.6%); poverty incidence among women is highest in the Autonomous Region in Muslim Mindanao (55.1%). Given the Philippines' high average annual population growth rate (1.72% during 2010–2015), and its young demographic profile (about 51.3% of the population was below 25 years of age in 2015), it is critical for the country to enhance the employability of its youth.

2. **Beneficiaries.** Youth unemployment is a dominant problem in the labor market. In 2018, the unemployment rate among youth (15–24 years old) was 13.4%, compared to the national unemployment rate of 5.3%. In 2017, the share of the youth working population not in employment, education or training (NEET rate) reached 21.7%, indicating that about 4.4 million young Filipinos are underutilized, with their skills not being enhanced by education, training, or employment. Labor market demand is shifting toward college-educated and highly skilled workers, making it more difficult for those without post-secondary schooling to find work. NEET rates are twice as high in low-income households than in well-off households. This perpetuates poverty and income inequality between generations. Further, on average it takes 4 years for a high school graduate and 2 years for a college graduate to find permanent wage jobs. The slow school-to-work transition is the result of inefficient and fragmented labor market programs, weak links between education and skills training, and the changing demand for jobs. The program therefore focuses on enhancing the employability and improving the employment prospects of the youth who are NEET.

3. **Impact channels.** The reform program supports the government in reducing poverty and achieving inclusive growth by addressing the following: (i) improving youth labor market programs; (ii) enhancing youth training systems, and (iii) strengthening labor market policies for the benefit of the youth. The program targets poverty reduction and inclusive growth through sustained, equitable, and long-term economic growth built on improved labor market activation programs and employment facilitation services, expanding opportunities for upskilling job seekers through internships, apprenticeships, and dual training programs, and strengthening industry engagement.

4. **Other social and poverty issues.** The impact of ADB support for the Pantawid Pamilya Pilipino Program, a conditional cash transfer program, and for the implementation of the Senior High School Support Program bears highlighting.^e Overall, this integrated package of long-run ADB assistance for social protection and senior high school education reforms has reinforced the policy level initiatives supported by the Facilitating Youth School-to-Work Transition Program to strengthen the supply side of the labor market.

5. **Design features.** The program improves employability of at-risk youth and facilitates young Filipinos' transition to the workforce. The program targets three reform areas: (i) improving government employment facilitation services, (ii) enhancing skills development and training systems; and (iii) strengthening labor market policies.

<p>1. Key impacts. This is a programmatic policy-based loan. Assessment of the policy actions has confirmed that the program will not involve any land acquisition or construction work resulting in the physical and economic displacement of people.</p> <p>2. Strategy to address the impacts. Not applicable.</p> <p>3. Plan or other Actions.</p> <table border="0"> <tr> <td><input type="checkbox"/> Resettlement plan</td> <td><input type="checkbox"/> Combined resettlement and indigenous peoples plan</td> </tr> <tr> <td><input type="checkbox"/> Resettlement framework</td> <td><input type="checkbox"/> Combined resettlement framework and indigenous peoples planning framework</td> </tr> <tr> <td><input type="checkbox"/> Environmental and social management system arrangement</td> <td><input type="checkbox"/> Social impact matrix</td> </tr> <tr> <td><input checked="" type="checkbox"/> No action</td> <td></td> </tr> </table>		<input type="checkbox"/> Resettlement plan	<input type="checkbox"/> Combined resettlement and indigenous peoples plan	<input type="checkbox"/> Resettlement framework	<input type="checkbox"/> Combined resettlement framework and indigenous peoples planning framework	<input type="checkbox"/> Environmental and social management system arrangement	<input type="checkbox"/> Social impact matrix	<input checked="" type="checkbox"/> No action			
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<p>B. Indigenous Peoples Safeguard Category: <input type="checkbox"/> A <input type="checkbox"/> B <input checked="" type="checkbox"/> C <input type="checkbox"/> FI</p> <p>1. Key impacts. The program policy reforms will be applied nationwide. The program will not have any impact on indigenous peoples.</p> <p>Is broad community support triggered? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No</p> <p>2. Strategy to address the impacts. Not applicable.</p> <p>3. Plan or other actions.</p> <table border="0"> <tr> <td><input type="checkbox"/> Indigenous peoples plan</td> <td><input type="checkbox"/> Combined resettlement plan and indigenous peoples plan</td> </tr> <tr> <td><input type="checkbox"/> Indigenous peoples planning framework</td> <td><input type="checkbox"/> Combined resettlement framework and indigenous peoples planning framework</td> </tr> <tr> <td><input type="checkbox"/> Environmental and social management system arrangement</td> <td><input type="checkbox"/> Indigenous peoples plan elements integrated in project with a summary</td> </tr> <tr> <td><input type="checkbox"/> Social impact matrix</td> <td></td> </tr> <tr> <td><input checked="" type="checkbox"/> No action</td> <td></td> </tr> </table>		<input type="checkbox"/> Indigenous peoples plan	<input type="checkbox"/> Combined resettlement plan and indigenous peoples plan	<input type="checkbox"/> Indigenous peoples planning framework	<input type="checkbox"/> Combined resettlement framework and indigenous peoples planning framework	<input type="checkbox"/> Environmental and social management system arrangement	<input type="checkbox"/> Indigenous peoples plan elements integrated in project with a summary	<input type="checkbox"/> Social impact matrix		<input checked="" type="checkbox"/> No action	
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V. ADDRESSING OTHER SOCIAL RISKS											
<p>A. Risks in the Labor Market</p> <p>1. Relevance of the project for the country's or region's or sector's labor market, indicated as high (H), medium (M), and low or not significant (L).</p> <p><input checked="" type="checkbox"/> H unemployment <input checked="" type="checkbox"/> H underemployment <input type="checkbox"/> L retrenchment <input type="checkbox"/> L core labor standards</p> <p>2. Labor market impact. By improving employment facilitation and skilling services provided by the PESOs and JSP; expanding opportunities for internships, apprenticeships, and dual training programs; and operationalizing the Philippine Qualification Framework and strengthening industry engagement, the program will enhance the employability of the youth and help them in accessing decent work opportunities.</p>											
<p>B. Affordability</p> <p>Not applicable.</p>											
<p>C. Communicable Diseases and Other Social Risks</p> <p>1. The impact of the following risks are rated as high (H), medium (M), low (L), or not applicable (NA):</p> <p><input checked="" type="checkbox"/> NA Communicable diseases <input checked="" type="checkbox"/> NA Human trafficking <input type="checkbox"/> Others (please specify) _____</p> <p>2. Risks to people in project area. No risk.</p>											
VI. MONITORING AND EVALUATION											
<p>1. Targets and indicators. Based on the program's design and monitoring framework (DMF). Data will be disaggregated by sex. The continued relevance of the DMF and specific targets will be monitored as part of the program supervision, and the DMF will be updated accordingly, when necessary.</p> <p>2. Required human resources. The government will be implementing the policy reforms and will also monitor the poverty and social impacts of the policy reforms.</p> <p>3. Information in the project administration manual. Not applicable.</p> <p>4. Monitoring tools. Based on the DMF.</p>											
<p>^a Government of the Philippines, National Economic and Development Authority. 2017. Philippine Development Plan, 2017–2022. Manila.</p> <p>^b World Bank. 2018. Making Growth Work for the Poor: A Poverty Assessment for the Philippines. Washington, D.C.</p> <p>^c Government of the Philippines, National Economic and Development Authority. AmBisyon Natin 2040; and footnote a, Table 10.6, p. 149.</p> <p>^d ADB. 2018. Country Partnership Strategy: Philippines, 2018–2023—High and Inclusive Growth. Manila.</p> <p>^e Government of the Philippines, Department of Social Welfare and Development. Pantawid Pamilya Pilipino Program: Senior High School Support Program. Manila.</p> <p>Source: Asian Development Bank.</p>											