

## SUMMARY POVERTY REDUCTION AND SOCIAL STRATEGY

Country:	Republic of the Philippines	Project Title:	Infrastructure Preparation and Innovation Facility– Additional Financing
Lending/Financing Modality:	Project loan	Department/ Division:	Southeast Asia Department/ Transport and Communications Division

<p><b>I. POVERTY AND SOCIAL ANALYSIS AND STRATEGY</b></p> <p>Poverty targeting: General intervention</p> <p><b>A. Links to the National Poverty Reduction and Inclusive Growth Strategy, and Country Partnership Strategy</b></p> <p>The proposed project of the Asian Development Bank (ADB) will support the Government of the Philippines in meeting its accelerated infrastructure development objectives by assisting the preparation of and management capacity for national public infrastructure projects by the Department of Transport (DOTr) and the Department of Public Works and Highways (DPWH). The proposed project will (i) accelerate project readiness and strengthen the quality of priority infrastructure project proposals for review and approval by the Investment Coordination Committee, and (ii) strengthen capacity for public infrastructure investment preparation and readiness. ADB's Strategy 2030 lends support to the implementation of the Philippine Development Plan (PDP) for 2017–2022, which gives high priority to the accelerated development of national infrastructure to promote economic growth, equitable development, and poverty reduction.<sup>a</sup> The PDP employs three broad strategies to achieve inclusive growth: (i) attaining high, sustained economic growth through a stable macroeconomic environment, rapid growth of industry, investments in infrastructure, and actions to curb corruption and enforce the rule of law; (ii) providing equal access to development opportunities by investing in human capital, especially in education, health, and other basic services, and by improving access to infrastructure, credit, land, technology, and other productive inputs; and (iii) formulating effective social safety nets to ensure both the protection and the promotion of extremely vulnerable groups.<sup>b</sup> This commitment is reflected in ADB's country partnership strategy, 2018–2023 for the Philippines, which extends assistance to (i) transport, (ii) energy, (iii) education, (iv) agriculture and natural resources, and (v) water and other urban infrastructure and services.<sup>c</sup> The country operations business plan, 2020–2022 for the Philippines focuses on three interrelated priority areas to help achieve inclusive growth and remove income inequalities and regional disparities: (i) accelerating infrastructure and long-term investments, (ii) promoting local economic development, and (iii) investing in people.<sup>d</sup> The business plan is consistent with the PDP.</p> <p><b>B. Results from the Poverty and Social Analysis during Project Preparation or Due Diligence</b></p> <p><b>1. Key poverty and social issues.</b> The Philippines is a lower middle-income country with an estimated population of 104.9 million in 2017. The country's current per capita gross domestic product (GDP) is \$2,989 (2017) and its human development index is 0.699 (in 2018, which ranked the Philippines 113th out of 189 countries). The Philippines has emerged as one of the fastest-growing economies in Southeast Asia. In 2018, it recorded impressive economic performance of 6.2% GDP growth, after annual average growth of 6.2% during 2010–2015, accelerating from 4.7% during 2000–2010 and 3.0% in the 1990s. Growth was accompanied by low inflation, better fiscal performance, and strong external balances. The unemployment rate is generally low, at 5.1% in October 2018, but underemployment (13.3%) remains elevated. Wide regional disparity remains. Of the 17 regions, three (Metro Manila and two adjacent regions in Luzon) account for nearly two-thirds of GDP. In addition, given the country's high vulnerability to natural calamities, climate change resilience and disaster risk management are critical areas in need of improvement. Poverty remains a significant challenge, with a quarter of the population considered poor. The poverty rate was 26.3% in 2015 (down from 27.9% in 2012) and is one of the highest in Southeast Asia. This can be explained by income and consumption disparities. Geographically, the poor remain concentrated in the southern Philippines and in rural areas. The poverty rate in the Visayas and Mindanao regions is double that of Luzon, and two-thirds of the poor live in rural areas. Similar disparities are found in access to services. The administration's Ten-Point Socioeconomic Agenda aims to increase investment in public infrastructure such as national roads, expressways, bridges, airports, subways, and railways.<sup>e</sup> After large official development assistance pledges from the governments of the People's Republic of China and Japan, the Government of the Philippines is gearing up to fast-track public infrastructure project preparation and expand its public–private partnership program.</p>
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2. **Beneficiaries.** The direct beneficiaries will be DOTr and DPWH. The proposed project will directly support the DOTr and DPWH in planning, preparing, and delivering more effective and more innovative infrastructure projects. It offers a short- to medium-term solution to the near-term need for access to international expertise and innovation to complement national expertise and capacity. The project will allow the government to realize its Ten-Point Socioeconomic Agenda to support the increase in spending on public sector infrastructure. The proposed project will (i) help accelerate preparation and implementation of public infrastructure projects; (ii) build the capacity of government agencies to plan, identify, design, manage, and implement projects more effectively; and (iii) set the groundwork to strengthen the national procurement system to enable access to international expertise. Indirect beneficiaries will be enterprises, consumers, employees, and the poor in general, as they suffer the most from the lack of public infrastructure. Enterprises will benefit from better competitiveness thanks to better infrastructure and lower logistics costs. Consumers will gain from greater domestic competition because it will lower prices and improve services (e.g., in the tourism sector because of better connectivity). The workforce will gain from (i) easier access to work and new employment opportunities, (ii) an increase in income opportunities thanks to construction and operation of new infrastructure, and (iii) better access to services. The poor—in particular urban residents, transport users, and water supply and sanitation users—will also benefit from improved infrastructure facilities.

3. **Impact channels.** Projects will be designed with features to support social inclusion, poverty reduction, and mobility.

4. **Other social and poverty issues.** None.

5. **Design features.** The project has four outputs. Outputs 1–3 involve the preparation of priority infrastructure projects by the DOTr and DPWH, while output 4 concerns capacity building of the DOTr and DPWH in project development and implementation preparation. Under outputs 1–3, all project preparation consulting teams will have dedicated experts on poverty and social impacts who will carry out the required due diligence and ensure that these elements are mainstreamed in the design of the infrastructure projects based on international best practice and government requirements. Special attention will be given to land acquisition, resettlement, and right-of-way planning to avoid or minimize impacts on the poor and the vulnerable and promote gender responsiveness.

## II. PARTICIPATION AND EMPOWERING THE POOR

1. **Participatory approaches and project activities.** Immediate stakeholders are the Department of Finance, DOTr, and DPWH, as well as their regional offices, and the national consulting community. More widely, stakeholders include the National Economic and Development Authority, the Department of Budget and Management, development partners, and contractors and suppliers under the public infrastructure investment projects. Project management consulting firms, to be recruited for each project implementing agency, will facilitate stakeholder participation throughout project implementation.

2. **Civil society organizations.** Not applicable.

3. The following forms of civil society organization participation are envisaged during project implementation, rated as high (H), medium (M), low (L), or not applicable (NA):

Information gathering and sharing       Consultation       Collaboration       Partnership

4. **Participation plan.**  Yes       No.

The project does not involve any civil works and no civil society participation is envisaged.

## III. GENDER AND DEVELOPMENT

Gender mainstreaming category: No gender elements

**A. Key issues.** The project supports the preparation of public investment projects. Hence, no direct adverse impact on gender equality or negative impacts on women are anticipated. Nevertheless, the project will ensure that gender equality and impacts on women will be suitably mainstreamed in the scope of work of the consultants to be engaged for the preparation of infrastructure projects. The project will indirectly contribute to improving gender equity in the Philippines by mainstreaming gender responsiveness in the preparation and implementation of public investment projects in accordance with the country's legislation and international best practice, including ADB gender guidelines. Sex-disaggregated data on socioeconomic indicators relevant to the ensuing infrastructure investments will be collected during the loan project's preparation activities. Gender and development analysis will examine the needs, demands, and constraints faced by the poor, women, and vulnerable groups in the areas of influence of the ensuing projects. Equitable access to the benefits and opportunities associated with urban infrastructure will be incorporated in the project preparation activities. Gender analysis will be carried out to inform the design of the project, where appropriate. The poverty and social assessment will map the health and social risks associated with the infrastructure projects, such as HIV/AIDS and human trafficking.

**B. Key actions.**  No action or measure

<b>IV. ADDRESSING SOCIAL SAFEGUARD ISSUES</b>	
<b>A. Involuntary Resettlement</b>	<b>Safeguard Category:</b> <input type="checkbox"/> A <input type="checkbox"/> B <input checked="" type="checkbox"/> C <input type="checkbox"/> FI
1. <b>Key impacts.</b> The project will have no direct impacts related to involuntary resettlement. 2. Strategy to address the impacts. Not applicable 3. Plan or other actions. <input checked="" type="checkbox"/> No action	
<b>B. Indigenous Peoples</b>	<b>Safeguard Category:</b> <input type="checkbox"/> A <input type="checkbox"/> B <input checked="" type="checkbox"/> C <input type="checkbox"/> FI
1. <b>Key impacts.</b> The project will have no direct impact related to indigenous peoples. Is broad community support triggered? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No 2. Strategy to address the impacts. Not applicable 3. Plan or other actions. <input checked="" type="checkbox"/> No action	
<b>V. ADDRESSING OTHER SOCIAL RISKS</b>	
<b>A. Risks in the Labor Market</b>	
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). <input type="checkbox"/> unemployment <input type="checkbox"/> underemployment <input type="checkbox"/> retrenchment <input type="checkbox"/> core labor standards	
2. Labor market impact. The technical assistance project will have no direct impacts on the labor market.	
<b>B. Affordability</b>	
The project will have no direct impacts on the exclusion of the poor because of pricing issues.	
<b>VI. MONITORING AND EVALUATION</b>	
1. <b>Targets and indicators.</b> The project does not have dedicated poverty reduction and inclusive social development targets and indicators.	
2. <b>Required human resources.</b> The consultants recruited for each implementing agency will include poverty and social development/safeguard experts to support proper management of the poverty and social impacts of each infrastructure project to be prepared under the loan. ADB's project administration team will include a social safeguard specialist who will advise on any social safeguard issues. Quarterly project progress reports will include a conceptualized discussion on important poverty and social/safeguard impact issues detected and managed during the preparation of individual infrastructure projects.	
3. <b>Information in the project administration manual.</b> The project administration manual detail the project's procedures on monitoring, evaluation, reporting, and stakeholder communication. Supervision of poverty and social aspects of the project-prepared infrastructure investments will be reflected in the implementation manuals the project preparation consultants will prepare in accordance with the requirements of each infrastructure investment.	
4. <b>Monitoring tools.</b> Monitoring tools for poverty and social dimensions will be developed and mainstreamed in the infrastructure investments prepared under the loan. ADB review mission reports and the project completion report will provide conceptualized discussion on poverty and social issues encountered during the preparation of infrastructure investments under the technical assistance project.	

Source: Asian Development Bank.

<sup>a</sup> ADB. 2018. Strategy 2030. Manila

<sup>b</sup> Government of the Philippines. 2017. *Philippine Development Plan, 2017–2022*. Manila.

<sup>c</sup> ADB. 2018. *Country Partnership Strategy. Philippines, 2018-2023–High and Inclusive Growth*. Manila

<sup>d</sup> ADB. 2018. *Country Operations Business Plan: Philippines, 2019–2021*. Manila.

<sup>e</sup> National Economic and Development Authority. 2016. *Philippine Development Plan 2017-2022*. Manila.  
<http://www.neda.gov.ph/wp-content/uploads/2018/02/PDP-Brochure.pdf>