

SUMMARY POVERTY REDUCTION AND SOCIAL STRATEGY

Country:	The Philippines	Project Title:	Water District Development Sector Project
Lending/Financing Modality:	Sector loan	Department/ Division:	Southeast Asia Department/ Urban Development and Water Division

I. POVERTY AND SOCIAL ANALYSIS AND STRATEGY

Targeting classification: targeted intervention—Sustainable Development Goal (SDG) 6: Clean Water and Sanitation

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

Assistance to the water and sanitation sector is part of the Asian Development Bank (ADB) country partnership strategy for the Philippines, 2011–2016,¹ and a high priority under the government's Philippine Development Plan, 2011–2016 Midterm Update.² The National Economic and Development Authority (NEDA) board approved the project in May 2014, and it is highlighted in the government's Revalidated Public Investment Program.³ The project is consistent with a core principle of ADB's Water Operational Plan, 2011–2020,⁴ to foster a culture of full cost recovery and payment for water as a service. The loan is in the country operations business plan for the Philippines, 2016–2018.⁵ According to the latest data from the National Statistical Coordination Board, more than one-quarter (25.8%) of the population fell below the poverty line.⁶ Urbanization has continued as people seek better employment opportunities and higher incomes, but urban poverty has remained at around 20%. Inadequate water and sanitation investments have stretched to the limit the capacity of services and facilities in many urban areas outside Metro Manila; water resource pollution has worsened. Less than half of urban households outside Metro Manila have piped water. Water districts provide about two-thirds of all provincial piped water connections and therefore can play an important role in expanding access to safe drinking water and improved sanitation. Over half of the 508 operational water districts are relatively small (less than 3,000 connections). Many are plagued by low profitability, high levels of nonrevenue water, and weak institutional and limited technical capacity. The project will provide much-needed funds for the Local Water Utilities Administration (LWUA), the executing agency, to onlend especially to less resilient water districts that rely primarily on LWUA for technical support and financing, to fund water and sanitation facilities, strengthen institutional capacities, enhance sustainability and raise public awareness about sanitation.

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

1. Key poverty and social issues. Poverty is prevalent in the target water districts, which include two pilot subprojects, Metro San Fernando Water District (MSFWD) and City of Koronadal Water District (CKWD). According to the PPTA socioeconomic survey, 36% (MSFWD) and 46% (CKWD) of the population lived below the poverty line, and 32% (MSFWD) and 36% (CKWD) of households earned a combined income of P5,000–P9,999 a month. Among poor households, those headed by women accounted for 23% (MSFWD) and 17% (CKWD). In the urban centers, few people have piped water connections (18% in CKWD and 11% in MSFWD). The poor are even worse off—over 90% in both water districts did not have water connections despite LWUA's policy requiring socialized tariff schemes. Over 50% of urban households outside Metro Manila (which includes the poor, women, and vulnerable groups) suffer from lack of clean water and proper sanitation, and related pollution, poor living conditions, and health problems. The inadequate access of disadvantaged groups to water and sanitation services is attributed to the lack of investment by these utilities, and lack of people's awareness of and demand for sanitation. The project will enable water districts to expand water supply coverage and rehabilitate networks. This will improve their sustainability and their ability to offer lifeline tariffs, which will benefit poor households. The sanitation component will fund pilot sanitation facilities, benefiting all by improving public health and reducing water pollution.

2. Beneficiaries. The project is expected to provide access to safe water to an estimated 200,000 people in at least 20 water supply subprojects, including CKWD and MSFWD, and improved sanitation to 400,000 people in at least four sanitation subprojects. Based on the PPTA socioeconomic survey, 82% of households in Koronadal and 89% of households in San Fernando had no water service connection; and the numbers were even higher among poor households (93% in Koronadal, and 92% in San Fernando). Unavailability of connections or high connection fees were the most common reasons. Poor households have to purchase safe water at high cost from water vendors. The project will benefit these households through water connections, affordable connection fees, and less water pollution.

3. Impact channels. The project will fund high-priority water and sanitation projects. More households will have piped water connections and improved sanitation, which will reduce the occurrence of waterborne diseases through

¹ ADB. 2011. *Country Partnership Strategy: Philippines, 2011–2016*. Manila.

² National Economic and Development Authority (NEDA), 2014. *Philippine Development Plan 2011-2016, Midterm Update with Revalidated Results Matrices*. Manila.

³ NEDA, 2014. *Philippine Development Plan 2011-2016, Revalidated Public Investment Program*. Manila.

⁴ ADB. 2011. *Water Operational Plan, 2011–2020*. Manila.

⁵ ADB. 2015. *Country Operations Business Plan: Philippines 2016-2018*. Manila.

⁶ Philippine Statistics Authority, 2015. <http://www.nscb.gov.ph/poverty/> (accessed January 11, 2016)

improved hygiene practices and less water pollution.

4. Design features. By using LWUA to onlend funds to less resilient water districts, the project will benefit households in less-developed cities and municipalities. The project's key inclusive design features are: (i) requiring LWUA to enforce its policy for ensuring water that is affordable for low-income households; and (ii) requiring participating water districts to have initiatives for affordable access (e.g., connection fee instalment schemes).

II. PARTICIPATION AND EMPOWERING THE POOR

1. Consultations and focus group discussions regarding proposed subprojects and land acquisition and resettlement issues were undertaken with key government officials and affected people for the pilot subprojects. Information dissemination focused on project objectives, components, and principles of participation. It also included scope and aspects of design, projected costs, and likely impacts (positive and negative). The process ensured adequate representation of women, the poor, and other vulnerable groups as well as local government units and *barangays* (communities), nongovernment organizations, and the private sector in addition to water district representatives. Draft frameworks and plans were presented during 2009–2010 to the water districts, stakeholders and community representatives for review, confirmation, and support, and again during November 2012–January 2013.

2. The water districts will forge partnerships with women's organizations and nongovernment organizations to assist the sanitation information and education campaign (IEC), to train IEC facilitators, and to participate in all public and multi-stakeholder consultations to be conducted throughout project implementation.

3. What forms of civil society organization participation is envisaged during project implementation?

Information gathering and sharing Consultation Collaboration Partnership

4. Will a project level participation plan be prepared to strengthen participation of civil society as interest holders for affected persons particularly the poor and vulnerable?

Yes. No.

A participation plan has been prepared and serves to identify the key stakeholders and ensures the integration of their concerns at every stage of each subproject.

III. GENDER AND DEVELOPMENT

Gender mainstreaming category: effective gender mainstreaming

A. Key issues. The PPTA socioeconomic survey indicated that the majority of the population in the pilot water districts did not have piped water connections and proper sanitation services. The lack of connection to piped water and sanitation services is a burden on women, who are primarily responsible for child care, domestic hygiene, care of the sick and elderly, food preparation, and water collection and management. Despite their central role in water and sanitation management, women's participation in water system operation and maintenance (O&M) is low. At the community level, there are no water associations in which women could participate to have a say on maintenance of water and sanitation facilities. While women are represented in water district management and decision making, involvement in O&M is limited. Government policies include an institutional framework for gender action. LWUA and the water districts have designated gender focal points and gender and development (GAD) programs. However, GAD budgets are not fully utilized for gender-specific objectives and do not normally go toward capacity-building efforts to ensure women's participation in technical and decision-making roles can be increased.

B. Key actions.

Gender action plan Other actions or measures No action or measure

Key measures in the project design are (i) LWUA will encourage participating water districts to have two women on their boards; (ii) at least 30% of LWUA's overall staff and the management positions in the project management unit (PMU) are female; (iii) at least 50% of facilitators trained for community-based sanitation IECs are female; (iv) the capacity of the PMU and LWUA, and of PIUs and participating water districts for gender analysis, gender-responsive planning, gender budgeting, and designing of a GAD plan and activities is strengthened, compliant with Republic Act 7192; and (v) at least 30% of beneficiaries receiving training to enhance the sustainability of water district operations and sanitation education are women.

IV. ADDRESSING SOCIAL SAFEGUARD ISSUES

A. Involuntary Resettlement

Safeguard Category: A B C FI

1. Key impacts. Limited land acquisition and resettlement impact in the form of temporary and partial impacts on affected assets such as driveways, fences, and trees as a result of the laying of transmission and distribution pipes is anticipated. Land acquisition for wells and reservoir will not require relocation.

2. Strategy to manage the impacts. A resettlement plan has been prepared for the MSFWD subproject. It ensures compensation for trees and restoration of assets temporarily affected. A resettlement framework has been prepared to guide the preparation of resettlement plans for other water districts and any other unanticipated impacts.

3. Plan or other actions.

Resettlement plan Combined resettlement and indigenous peoples plan
 Resettlement framework Combined resettlement framework and indigenous peoples
 Environmental and social management system arrangement planning framework
 No action Social impact matrix

B. Indigenous Peoples	Safeguard Category: <input type="checkbox"/> A <input type="checkbox"/> B <input checked="" type="checkbox"/> C <input type="checkbox"/> FI
1. Key impacts. Is broad community support triggered? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No Indigenous peoples are present in La Union and Koronadal, but field visits verified that none of them live on the proposed water source sites.	
2. Strategy to manage the impacts. An indigenous peoples planning framework has been prepared to guide the preparation of indigenous peoples plans if any indigenous peoples were impacted by future subprojects, to be identified during implementation.	
3. Plan or other actions.	
<input type="checkbox"/> Indigenous peoples plan	<input type="checkbox"/> Combined resettlement plan and indigenous peoples plan
<input checked="" 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 type="checkbox"/> No action	
V. ADDRESSING OTHER SOCIAL RISKS	
A. Risks in the Labor Market	
1. Relevance of the project for the country's or region's or sector's labor market. <input checked="" type="checkbox"/> unemployment (L) <input type="checkbox"/> underemployment (L) <input type="checkbox"/> retrenchment (L) <input checked="" type="checkbox"/> core labor standards (L)	
2. Labor market impact. The project will create temporary jobs during construction of civil works, and priority will be given to local labor.	
B. Affordability. Design features to address affordability are: (i) requiring LWUA to enforce its policy for ensuring water districts provide water that is affordable for low-income households; and (ii) requiring participating water districts to have initiatives for affordable access (e.g., connection fee instalment payment schemes).	
C. Communicable Diseases and Other Social Risks	
1. Indicate the respective risks, if any, and rate the impact as high (H), medium (M), low (L), or not applicable (NA): <input type="checkbox"/> Communicable diseases (NA) <input type="checkbox"/> Human trafficking (NA) <input type="checkbox"/> Others (please specify) _____	
2. Describe the related risks of the project on people in project area. – Not applicable.	
VI. MONITORING AND EVALUATION	
1. Targets and indicators: 200,000 more people have access to piped water and 400,000 more people to improved sanitation (water district records, project baseline); enforcement of LWUA's policy for ensuring water districts provide water that is affordable for low-income households; requiring participating water districts to have initiatives for affordable access (e.g., connection fee instalment payment schemes). Monitoring will be done by LWUA's PMU and the water districts' PIUs.	
2. Required human resources: LWUA will designate an employee to monitor poverty and social impact and outcomes. National consultants will provide project implementation support to LWUA's PMU in monitoring the gender action plan (GAP), and plans on resettlement and indigenous peoples.	
3. Information in the project administration manual: Project review, monitoring, and completion reports will contain information on the scope, design, and implementation arrangements of the project; changes needed since the time of project appraisal; implementation performance against project output and outcome indicators; compliance with loan covenants; and problems, constraints, and recommended changes in the design or implementation arrangements.	
4. Monitoring tools: Social safeguards will be monitored by the PMU, which will develop internal monitoring indicators, procedures, and reporting requirements for the implementation of resettlement and indigenous peoples plans of all subprojects. Periodic reports shall include the status of payment of compensation, adherence to public information and consultation procedures, and adherence to grievance-redress procedures. Monitoring of GAP implementation will be the PMU's responsibility, and GAP monitoring reports will be prepared as per ADB's template.	

Source: Asian Development Bank.