

SUMMARY POVERTY REDUCTION AND SOCIAL STRATEGY

Country:	Philippines	Project Title:	COVID-19 Active Response and Expenditure Support Program
Lending/Financing Modality:	Countercyclical Support Facility	Department/Division:	Southeast Asia Department Public Management, Financial Sector, and Trade Division

I. POVERTY AND SOCIAL ANALYSIS AND STRATEGY

Poverty targeting: Targeted intervention - household

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

The COVID-19 Active Response and Expenditure Support (CARES) Program will help the Government of the Philippines (i) mitigate the severe economic impact caused by the coronavirus disease(COVID-19) pandemic, and (ii) provide the necessary medical responses to curtail the spread of the virus and care for the affected people. The program contributes to the government's response package to the pandemic, which includes medical and humanitarian support, social assistance programs, and a broader fiscal stimulus program to mitigate shocks to the economy. The Countercyclical Support Facility COVID-19 Pandemic Response Option supplements ongoing and proposed Asian Development Bank (ADB) programs to the Philippines, including the Expanded Social Assistance Project and the Social Protection Support Project – Second Additional Financing Program,^{a,b} which will help the government's Pantawid Pamilyang Pilipino Program (4Ps). This program finances a portion of the education and health conditional cash transfers provided to poor households and strengthens the Department of Social Welfare and Development's systems for managing the programs. The policy areas supported under the CARES program correspond to the Philippine Development Plan (PDP), 2017–2022, which aims to create a strong foundation for inclusive growth through a robust agenda on infrastructure, human capital, and social protection for the poor and other vulnerable groups.^c While an emergency response, the program is closely aligned with the PDP, 2017–2022, which emphasizes the need for (i) more inclusive growth by lowering poverty incidence, (ii) a high level of human development by 2022, and (iii) more resilient individuals and communities. The Countercyclical Support Facility COVID-19 Pandemic Response Option will contribute to the achievement of the Sustainable Development Goals (SDGs), including no poverty (SDG 1), good health and well-being (SDG 3), gender equality (SDG 5), and reduced inequalities (SDG 10). It supports the third pillar of the ADB country partnership strategy for the Philippines, 2018–2023—investing in people through a focus on health, human development, social protection, financial inclusion, and social innovation.^d It also addresses the operational priorities in ADB's Strategy 2030: (i) addressing remaining poverty and reducing inequalities; and (ii) promoting rural development and food security.^e

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

1. Key poverty and social issues. The current health crisis will have a direct and indirect impact on poverty and inequality because of: (i) the loss of livelihoods; (ii) a partial or total disruption of supply chains, which include many micro, small, and medium-sized enterprises (MSMEs); (iii) a massive increase in personal and MSME debt; (iv) the loss of a primary income earner in families because of illness or death; and (v) a decrease in remittances. Despite a decline in the poverty rate in the Philippines from 25.2% in 2012 to 21.6% in 2015 and 16.6% in 2018, absolute poverty and the risk of vulnerability remain high, with nearly 22 million people continuing to live under the poverty line. In the first semester of 2018, a family of five needed about ₱7,337 monthly to meet their basic food needs. Six out of 100 Filipino families did not have enough to meet their basic food needs and 16 out of 100 (17.6 million individuals or 3 million families) did not have enough to meet their basic food and nonfood needs in the first half of 2018. Poverty estimates for 2020, before the crisis, are 5.74 million poor and near poor families or 31.83 million individuals. Some 17.6 million people are estimated to be living below the poverty line and 14.23 million just above the line and vulnerable to sliding back into poverty.^f All of these vulnerable poor will be among the hardest impacted by the pandemic. ADB estimates indicate that without substantial fiscal support to poor and near poor families, the national poverty rate could increase from 16.6% of the population in 2018 to 20.7% in 2020, equivalent to 5.5 million more Filipinos falling into poverty. This represents a 68.6% increase in the number of impoverished persons in National Capital Region and a 31.3% increase in the total number of poor persons in the Philippines. The key causes of poverty and vulnerability include high inequality of income, underinvestment in human capital, frequent natural disasters, adverse effects of climate change, conflict in certain areas, and most recently, the pandemic. Even before the current situation, poor families lacked easy access to good quality public services, particularly education and health. The 4Ps has been one of the main government interventions since 2008 to target poor households and help them improve the education and health of their children so that they can escape poverty. This program and other emergency interventions will be critical to meeting the subsistence needs of a significant portion of the population, as those well above the poverty threshold will be impacted as well. Further, because of the low level of financial inclusion across the country, the poor will be most affected as financial exclusion deprives the poor of opportunities to increase their income and mitigate various risks through credit, savings, insurance, pensions, and remittances. The National Survey on Financial Inclusion conducted by the Bangko Sentral ng Pilipinas (Central Bank of the Philippines) in 2015 and 2017 highlights persistent geographical, human, institutional, and infrastructure constraints

<p>on access to financial services for men and women. Despite improvements in financial inclusion, overall access to finance remains limited and the total disruption to banking services throughout the country because of the pandemic will have a devastating impact on the availability of and access to financial services.</p> <p>2. Beneficiaries. Beneficiaries of the program will include individuals and businesses most likely to be impacted by the pandemic. Government institutions will benefit from measures taken to mitigate shocks to the economy.</p> <p>3. Impact channels. Impact channels for delivering the benefits will be through immediate medical and humanitarian support, short- to medium-term social protection programs, and a broader fiscal stimulus program to mitigate shocks.</p> <p>4. Other social and poverty issues. Additional unforeseen social and poverty issues may arise, depending on the actual duration of the crisis, including differential impacts (i) by age group (i.e., youth increased difficulties in gaining employment, older persons greater impacts due to health risks and potential out of pocket health expenses), (ii) upon men and women due to their roles and responsibilities as income earners and unpaid caregivers, and (iii) by formal or informal sector employment. There is a high likelihood of household financial pressures and confinement generating negative social behaviors including gender-based violence and substance abuse.</p> <p>5. Design features. The CARES program loan is designed to provide expenditure for crisis response and introduce critically needed fiscal stimulus. Key reform areas will support immediate medical and humanitarian support, short- to medium-term social protection programs, and a broader fiscal stimulus program to mitigate shocks.</p>
<p>C. Poverty Impact Analysis for Policy-Based Lending</p> <p>1. Impact channels of the policy reforms. The program's policy reforms will strengthen the government's ability to respond to the crisis and minimize the impacts of the crisis through expenditures for the crisis response and the introduction of fiscal stimulus. Impact channels for the crisis stimulus include: improved access to services (health, social protection), social protection transfers, and employment.</p> <p>2. Impacts of policy reforms on vulnerable groups. The stimulus will create positive impacts including medical and humanitarian support as well as social protection and relief to the most vulnerable populations and people who have been most affected by the loss of employment and the disruption to food supply chains.</p> <p>3. Systemic changes expected from policy reforms. The program contributes to the goals of the PDP and the country partnership strategy related to poverty reduction and inclusive economic growth. It is expected to help reduce the adverse impacts on the gains in poverty reduction in the country, to support pro poor and inclusive mitigation actions and to help ensure a focus on SDG 1 and particularly goal 1.5 to build the resilience of the poor and those in vulnerable situations and reduce their exposure and vulnerability to climate-related extreme events and other economic, social and environmental shocks and disasters.</p>
<p style="text-align: center;">II. PARTICIPATION AND EMPOWERING THE POOR</p> <p>1. Participatory approaches and project activities. Because of the urgency of the program, the reforms included have been designed based on high-level discussions with government stakeholders as well as recently developed or approved programs in the health, finance, and social sectors. A wide range of relevant stakeholders was consulted, including the government, the private sector, and nongovernment organizations.</p> <p>2. Civil society organizations.</p> <p>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):</p> <p><input checked="" type="checkbox"/> Information gathering and sharing (L) <input checked="" type="checkbox"/> Consultation (L) <input checked="" type="checkbox"/> Collaboration (L) <input checked="" type="checkbox"/> Partnership (L)</p> <p>4. Participation plan.</p> <p><input type="checkbox"/> Yes. <input checked="" type="checkbox"/> No. The program supports the government's consultation and participation process.</p>
<p style="text-align: center;">III. GENDER AND DEVELOPMENT</p> <p>Gender mainstreaming category: Effective Gender Mainstreaming</p> <p>A. Key issues. In the Philippines, where 75% of frontline health workers are women, the COVID-19 pandemic is affecting men and women differently, for example: (i) as frontline health workers and primary caregivers, women are at greater risk of exposure to the virus and transmission; (ii) fear of lost wages may promote risky behaviors such as prophylaxis medication use to suppress symptoms and enable work; and (iii) stresses induced by lost wages and confinement are likely to result in anger, frustration, depression, and anxiety, which may stimulate a rise in negative coping behaviors including violent communication, gender-based violence of intimate partners and dependents, acts of sexual harassment, assault, and rape; and (iv) unwanted pregnancies.</p> <p>B. Key actions. The CARES program is categorized as effective gender mainstreaming (EGM) at entry and aligns with the <i>Bayanihan</i> to Heal as One Act which proposes to expand essential unconditional cash transfer support to 18 million families by building on the 4P's framework for conditional cash transfers, which currently targets 4.4 million households, of which 85.3% are women. Further, the program will endeavor to: (i) ensure effective targeting of the most vulnerable households including women-headed households beyond the existing 4Ps households; (ii) provide additional support measures to frontline health care workers; and (iii) consider the differential socio-economic effects of the COVID-19 pandemic upon women and men, of all ages, due to socially-constructed roles and norms. A gender monitoring matrix has been prepared (see VI. below).</p> <p><input type="checkbox"/> Gender action plan <input checked="" type="checkbox"/> Other actions or measures <input type="checkbox"/> No action or measure</p>
<p style="text-align: center;">IV. ADDRESSING SOCIAL SAFEGUARD ISSUES</p> <p>A. Involuntary Resettlement 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 project will not involve civil works and will not lead to any land and assets acquisition. No physical displacement or temporary involuntary resettlement impacts will occur under the proposed project.</p> <p>2. Strategy to address the impacts. Not applicable.</p> <p>3. Plan or other Actions.</p> <p><input type="checkbox"/> Resettlement plan <input type="checkbox"/> Combined resettlement and indigenous peoples plan</p> <p><input type="checkbox"/> Resettlement framework <input type="checkbox"/> Combined resettlement framework and indigenous peoples</p> <p><input type="checkbox"/> Environmental and social management system arrangement <input type="checkbox"/> planning framework</p> <p><input type="checkbox"/> Social impact matrix</p> <p><input checked="" type="checkbox"/> No action</p>
<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>Key impacts. Assessment of the program policy actions indicates no impact on indigenous peoples' communities.</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> <p><input type="checkbox"/> Indigenous peoples plan <input type="checkbox"/> Combined resettlement plan and indigenous peoples plan</p> <p><input type="checkbox"/> Indigenous peoples planning framework <input type="checkbox"/> Combined resettlement framework and indigenous peoples planning framework</p> <p><input type="checkbox"/> Environmental and social management system arrangement <input type="checkbox"/> Indigenous peoples plan elements integrated in project with a summary</p> <p><input type="checkbox"/> Social impact matrix</p> <p><input checked="" type="checkbox"/> No action</p>
<p style="text-align: center;">V. ADDRESSING OTHER SOCIAL RISKS</p> <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"/> unemployment (H) <input checked="" type="checkbox"/> underemployment (H) <input checked="" type="checkbox"/> retrenchment (M) <input checked="" type="checkbox"/> core labor standards (L)</p> <p>2. Labor market impact. The labor market will be significantly impacted by the pandemic. High unemployment and suppressed earnings in both the formal and the informal segments are expected in the short to medium term. The areas outlined in the stimulus package are well focused on mitigating impacts of unemployment and ensuring social protection for both formal and informal sector workers (including fishing and agriculture workers), micro and small enterprises and specific affected sectors such as tourism.</p> <p>B. Affordability 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"/> Communicable diseases (H) <input type="checkbox"/> Human trafficking (NA)</p> <p><input type="checkbox"/> Others (please specify) (NA)</p> <p>2. Risks to people in project area. Not applicable</p>
<p style="text-align: center;">VI. MONITORING AND EVALUATION</p> <p>1. Targets and indicators. Relevant socio- and gender-related indicators and targets are included in the design and monitoring framework of the program, and an accompanying gender monitoring matrix.</p> <p>2. Required human resources. One ADB—a multisector and thematic headquarters and Philippine Country Office-based team—has been put together for the design of the program. Additional technical assistance resources have been mobilized by the Office of the Director General, Southeast Asia Department to ensure timely and effective implementation and monitoring of the program's social- and gender-related design features and—equally important—assess the social- and gender-related impacts of the COVID-19 emergency response, including this program.</p> <p>3. Information in the project administration manual. Not applicable</p> <p>4. Monitoring tools. National datasets from the Department of Finance, and relevant sector/line agencies implementing activities supported under the program.</p>

^a ADB. ADB's Comprehensive Response to the COVID-19 Pandemic (2020). The Countercyclical Support Facility COVID-19 Pandemic Response (CPRO) outlines several special policy variations and response measures to support activities that respond directly to, or address the economic impacts of, the COVID-19 pandemic.

^b ADB. Philippines: Expanded Social Assistance Project and the Social Protection Support Project—Second Additional Financing Program (forthcoming).

^c Government of the Philippines, National Economic and Development Authority. 2017. [Philippine Development Plan, 2017–2022](#). Manila.

^d ADB. 2018. [Country Partnership Strategy: Philippines, 2018–2023—High and Inclusive Growth](#). Manila.

^e ADB. 2018. [Strategy 2030: Achieving a Prosperous, Inclusive, Resilient, and Sustainable Asia and the Pacific](#). Manila.

^f Government of the Philippines, Philippine Statistics Authority. *National Income Accounts, Labor Force Survey, and Poverty Statistics*. Various years.