



Report and Recommendation of the President to the Board of Directors

PUBLIC

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Proposed Loan Lhoopa, Inc. Lhoopa Promoting Green Affordable Housing Project (Philippines)

This is a redacted version of the document approved by ADB's Board of Directors. The document excludes information that is subject to exceptions to disclosure set forth in ADB's Access to Information Policy.

Asian Development Bank

CURRENCY EQUIVALENTS

(as of 7 September 2023)

Currency unit	–	peso (₱)
₱1.00	=	\$0.018
\$1.00	=	₱57.02

ABBREVIATIONS

ADB	–	Asian Development Bank
E&S	–	environmental and social
EDGE	–	Excellence in Design for Greater Efficiencies
EHS	–	environmental, health, and safety
ESMS	–	environmental and social management system
Pag-IBIG	–	Home Development Mutual Fund

NOTES

- (i) The fiscal year (FY) of Lhoopa, Inc. ends on 31 December.
- (ii) In this report, “\$” refers to United States dollars.

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^a Outposted to the Thailand Resident Mission.

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PROJECT AT A GLANCE
[CONFIDENTIAL INFORMATION DELETED]

I. THE PROPOSAL

1. I submit for your approval the following report and recommendation on a proposed loan of up to \$20,000,000 to Lhoopa, Inc. (Lhoopa) for the Lhoopa Promoting Green Affordable Housing Project in the Philippines.

2. The project entails a senior revolving credit facility to Lhoopa with an initial credit limit of \$5,000,000, which may be increased to \$10,000,000 and \$20,000,000 subject to defined performance criteria.¹ The assistance of the Asian Development Bank (ADB) will support Lhoopa to provide affordable housing to average income earners in the Philippines and is strongly aligned with the government's goal of eliminating the country's housing backlog by 2030. At least 25% of the houses sold will be certified green by Excellence in Design for Greater Efficiencies (EDGE).² This project will be ADB's first private sector housing project in the Philippines or Southeast Asia.

II. THE PROJECT

A. Project Identification and Description

3. **Project identification.** Rapid population growth and urbanization in the Philippines has contributed to a significant housing backlog, which the government estimates will reach 6.5 million households by 2030.³ It is estimated that about 90% of the houses needed are valued at below ₱1,250,000. However, property developers in the country have traditionally focused on mid- and high-end condominiums and large township estates for wealthier urban dwellers. This trend looks set to continue as 85% of new construction remains in the highest income areas.

4. In contrast, Lhoopa focuses exclusively on affordable housing, with an average selling price of ₱750,000. Since 2018, Lhoopa has provided homes to about 10,000 Filipinos, with the average monthly income of its clients averaging about ₱25,000 from ordinary jobs such as drivers, kitchen staff, security guards, teachers, entry-level customer service and sales staff, factory workers, and housekeepers. Most buyers were 30–40 years old and purchasing their very first home. Moreover, 51% were women. These demographics are a powerful demonstration of Lhoopa's impact on improving livelihoods and enabling financial and social independence for more disadvantaged and vulnerable population segments in the Philippines.

5. Furthermore, Lhoopa has developed a unique business model of empowering a network of small local businesses, [CONFIDENTIAL INFORMATION DELETED] to construct and sell affordable houses with greater independence and higher productivity through its comprehensive proprietary technology platform. Unlike traditional property developers in the Philippines, which displace these small local businesses by using their own in-house sales and construction forces, Lhoopa actively enables its real estate agents and contractors to play an essential role in its operations, thereby promoting inclusive local economic development.

6. Patamar Capital, LLC., an impact-driven venture capital firm in Southeast Asia and an ADB investee, introduced Lhoopa to ADB in March 2022.

¹ These criteria include matters to ensure compliance with the single obligor limit (see para. 46).

² EDGE is an initiative led by the International Finance Corporation for green building standards. More information can be found at [Home - EDGE Buildings](#).

³ Government of the Philippines. Department of Trade and Industry. 2023. [Housing – Securing the Future of Philippine Industries](#). Manila.

7. **Climate and disaster vulnerability context.** The Philippines is highly vulnerable to disasters triggered by natural hazards. This is aggravated by the impact of potential changes in climate patterns as well as individuals' lack of capacity to adapt to these changes, because of poverty and degraded environments. Adaptation is essential to prevent more widespread impacts, particularly in poorer communities characterized by low-quality housing and a lack of basic services. Providing quality and affordable housing in this backdrop is essential to building resilience.⁴ A key feature of Lhoopa's site selection process is the use of hazard application, which identifies key climate and/or disaster hazards (e.g., earthquakes, flooding, landslides, changes in rainfall patterns, rising temperatures, tsunamis, typhoons) to determine whether a site is suitable.

8. **Project design.** The project will support Lhoopa to capitalize on its success by improving its capacity to acquire, renovate, construct, and sell affordable properties; and to achieve its goal of delivering 4,000 affordable houses annually in the Philippines by 2025 and 8,000 by 2028 (from about 1,000 in 2022).

9. **Gender representation in the housing sector.** Women make up at least half of the urban population and account for a growing share of urban migration and poverty. Yet, their constrained access to and control over housing resources make them particularly vulnerable to inadequate housing.⁵ In addition, housing design, particularly for low-income groups, does not reflect women's needs and preferences.⁶ Within the already challenging market for green buildings in the Philippines, women have been underrepresented in the infrastructure planning process. Improved and more participative housing design—with improved plumbing, water facilities, and toilets and better links to markets, schools, childcare, healthcare, and transport services—can contribute to improved productivity among women.⁷

10. **Borrower.** Lhoopa was established in 2018 [CONFIDENTIAL INFORMATION DELETED] by Marc-Olivier Caillot, a French citizen who witnessed the stark shortage of decent, affordable housing for ordinary Filipinos in his previous work with large traditional property developers in the Philippines and is committed to scaling up the availability of affordable housing in the country. Lhoopa has an experienced executive team with 90 permanent employees. All staff except Marc-Olivier Caillot are Philippine citizens.

11. Marc-Olivier Caillot identified the key barriers to scalability in affordable housing as (i) high capital intensity and protracted time frame of building from the ground up; (ii) lack of geographical diversification; and (iii) in particular, operational complexity arising from monitoring the end-to-end process of large volumes of low-cost properties that is often disproportionate to the expected profit per property. To address these challenges, he built a first-of-its-kind sophisticated technology platform to (i) identify areas with demand potential across the country; (ii) acquire properties to renovate and lots to build on; (iii) engage local, small-scale contractors to renovate or construct properties and monitor progress remotely with strict quality control; and (iv) sell properties at affordable prices through local real estate agents to creditworthy buyers. [CONFIDENTIAL INFORMATION DELETED]

⁴ ADB. 2021. [Climate Risk Country Profile: Philippines](#). Manila.

⁵ United Nations Centre for Human Settlements. 2014. [The Right to Adequate Housing, Fact Sheet No. 21, Rev. 1](#). Geneva: Office of the United Nations High Commissioner for Human Rights.

⁶ Government of the Philippines. Philippine Commission on Women. 2019. [Updated Gender Equality and Women's Empowerment Plan 2019–2025](#). Manila.

⁷ UN Women. 2020. [Realizing Women's Rights to Land and Other Productive Resources](#). 2nd Edition. Geneva: Office of the United Nations High Commissioner for Human Rights.

12. A central partner for Lhoopa has been the Home Development Mutual Fund (Pag-IBIG), a Philippine government–owned entity under the Department of Human Settlements and Urban Development that (i) administers the national savings program to which all employees and employers in the country are required by law to contribute monthly, and (ii) provides financing for affordable housing to Filipinos with subsidized interest rates and high loan-to-value ratios of more than 90%.⁸ Pag-IBIG works with accredited property developers to help Filipinos access affordable housing under its Developer-Assisted Housing Program, whereby Pag-IBIG provides a dedicated funding allocation for housing loans to the eligible buyers of each developer. Lhoopa was the first nontraditional developer to be accredited by Pag-IBIG in 2020, and became one of the top 20 developers in 2022 in terms of number of buyers granted a Pag-IBIG housing loan per year. [CONFIDENTIAL INFORMATION DELETED]

13. [CONFIDENTIAL INFORMATION DELETED]

14. **Integrity due diligence.** ADB conducted integrity due diligence on Lhoopa, and on its shareholders and board of directors.⁹ None of the companies or individuals appear to constitute a significant or potentially significant integrity risk to ADB, since no unresolved adverse media or other relevant information related to them has been identified. ADB’s review of the entities does not give ADB cause to believe that they have been established or are being used for money laundering or terrorism financing in the jurisdictions involved in the project.

15. **Tax integrity due diligence.** ADB conducted tax integrity due diligence.¹⁰ ADB’s review of the entities does not give ADB cause to believe that the entities have been established or are being used for cross-border tax evasion in the jurisdictions involved in the project. The tax integrity and transparency risks are not significant and are acceptable to ADB.¹¹

B. Development Impacts, Outcome, and Outputs

16. **Impacts.** The project is aligned with the following impacts (i) livable communities established to promote human and social development;¹² and (ii) inclusive and integrated housing that is culturally sensitive and adheres to appropriate standards and design developed.¹³

17. **Outcome.** The project will have the following outcome: availability of safe, green, and affordable housing expanded.

18. **Outputs.** The project will have the following outputs: (i) construction of safe, green, affordable, and gender-sensitive housing units completed; (ii) gender-responsive local employment generated; and (iii) gender equality in Lhoopa operations promoted.

⁸ Pag-IBIG offers 30-year housing loans with interest rate fixing for up to 30 years, compared to a maximum tenor of 20 years and fixing period of 10 years for most commercial banks in the Philippines. The interest rate depends on the income of the buyer, the interest rate fixing period and the property value, but typically represents a significant discount from the that offered by commercial banks.

⁹ ADB. 2003. [Enhancing the Asian Development Bank's Role in Combating Money Laundering and the Financing of Terrorism](#). Manila.

¹⁰ ADB. 2016. [Anticorruption Policy: Enhancing the Role of the Asian Development Bank in Relation to Tax Integrity](#). Manila.

¹¹ Further enhanced tax integrity due diligence disclosure is in Client Information (accessible from the list of linked documents in Appendix 2).

¹² Government of the Philippines. 2023. [Philippine Development Plan 2023–2028](#). Manila.

¹³ Government of the Philippines, Housing and Land Use Regulatory Board. 2017. [National Urban Development and Housing Framework 2017–2022](#). Manila.

C. Alignment with ADB Strategy and Operations

19. **Consistency with ADB strategy and country strategy.** The project supports four of the seven operational priorities (OPs) of ADB's Strategy 2030: addressing remaining poverty and reducing inequalities (OP1); accelerating progress in gender equality (OP2); tackling climate change, building climate and disaster resilience, and enhancing environmental sustainability (OP3); and making cities more livable (OP4).¹⁴ The project is also consistent with ADB's country partnership strategy for the Philippines, 2018–2023, which aims to support financing investments that promote high and inclusive growth, and in particular supports one of the three strategic pillars of the strategy: investing in people.¹⁵

20. **Consistency with sector strategy and relevant ADB operations.** The project is aligned with ADB's Urban Sector Strategy in supporting two of its four goals: (i) improving quality of life and (ii) reducing urban poverty, as well as one of the recommendations of supporting private sector investments.¹⁶ The project has also benefited from close cross-department collaboration with ADB's Water and Urban Development Sector Office, which provided sector analysis and sector-specific inputs on climate assessment.

21. **Lessons from previous operations.** ADB has supported two nonsovereign affordable housing projects: the Shapoorji Affordable Housing Project in India and the M Square Affordable Housing Project in Georgia.¹⁷ They both involved constructing residential complexes from the ground up, which is the traditional approach to providing affordable housing, distinct from Lhoopa's business model. However, a key consideration for all affordable housing projects is the market risk and credit risk of the buyers, who are in the lower-income segments of the population. Similar to the Shapoorji Affordable Housing Project, market risk will be mitigated to some extent by geographical diversification. Similar to the M Square Affordable Housing Project, in which the Government of Georgia supported sales, Lhoopa's buyers are backed by Pag-IBIG, a government-owned entity with a strong balance sheet.

D. Project Cost and Financing Plan

22. [CONFIDENTIAL INFORMATION DELETED]

23. [CONFIDENTIAL INFORMATION DELETED]

E. Implementation Arrangements

24. Table 3 summarizes the implementation arrangements.¹⁸

Table 3: Summary of Implementation Arrangements

Aspects	Arrangements
Regulatory framework	Lhoopa has procured and will continue to procure, as one of the representations under ADB financing agreement, all permits required under the laws of the Philippines, including business permits from local government

¹⁴ ADB. 2018. [Strategy 2030: Achieving a Prosperous, Inclusive, Resilient, and Sustainable Asia and the Pacific](#). Manila.

¹⁵ ADB. 2018. [Philippines: Country Partnership Strategy, 2018–2023—High and Inclusive Growth](#). Manila.

¹⁶ ADB. 1999. [Urban Sector Strategy](#). Manila.

¹⁷ ADB. 2015. [India: The Shapoorji Affordable Housing Project](#). Manila; and ADB. 2021. [Georgia: M Square Affordable Housing Project](#). Manila.

¹⁸ Details of Implementation Arrangements (accessible from the list of linked documents in Appendix 2).

Aspects	Arrangements
	units, and certificates of registration from the Bureau of Internal Revenue and the Anti-Money Laundering Council.
Management	Lhoopa will manage the entire process, from acquisition to construction and sale of the affordable properties, and maintain robust oversight over its local contractors and agents through its technology platform.
Implementation period	2023–2028
Construction arrangements	
Type of arrangement	Lhoopa will engage a local contractor selected from its network of trusted contractors to renovate properties or construct on lots acquired in the same area in which the contractor is based.
Contractor	Lhoopa will conduct thorough due diligence on its network of contractors and will work with [CONFIDENTIAL INFORMATION DELETED] contractors across the seven geographical areas in which it operates (Batangas, Bulacan, Cavite, Cebu, Davao, Laguna, and Rizal).
Operations arrangements	
Revenue structure	Lhoopa will identify buyers eligible for Pag-IBIG housing loans through its local agents based in the area of the property for sale, and ensure that loan applications are well prepared through auto-generated documents and clear guidelines on its technology platform. The buyer will move into the property only upon approval and disbursement of the loan by Pag-IBIG to Lhoopa.
Operation and maintenance	The buyer will be responsible for maintaining the property upon moving in. [CONFIDENTIAL INFORMATION DELETED]
Relevant parties	Lhoopa has [CONFIDENTIAL INFORMATION DELETED] real estate agents across its seven geographical areas. [CONFIDENTIAL INFORMATION DELETED] Pag-IBIG is a critical partner for Lhoopa as the provider of the affordable housing loan to its buyers.
Performance monitoring	Lhoopa will report key performance indicators, including output and outcome indicators.

ADB = Asian Development Bank; Lhoopa = Lhoopa, Inc.; Pag-IBIG = Home Development Mutual Fund.

Source: Lhoopa, Inc. and ADB.

F. Projected Financial and Economic Performance

25. [CONFIDENTIAL INFORMATION DELETED]

G. Unique Features

26. The project will be ADB's first private sector infrastructure project to use a revolving credit facility structure with step-ups in the credit limit based on defined performance criteria. Any amount repaid will become available for drawdown again, but the total amount outstanding at any given time will not exceed the then-applicable credit limit, which increases as the borrower grows and demonstrates its creditworthiness. This structure presents an innovative new lending approach particularly suited for lending to companies in rapid expansion, as it effectively limits ADB's risk exposure while maximizing the potential growth impact of ADB assistance.

III. THE PROPOSED ADB ASSISTANCE

A. The Assistance

27. ADB's assistance will be a senior revolving credit facility with an initial credit limit of \$5.0 million, which may be increased to \$10.0 million and \$20.0 million subject to defined performance criteria. The loan will have an overall tenor of 5 years.

B. Value Added by ADB Assistance

28. **Catalyzing access to financing.** ADB will be the first development finance institution to support Lhoopa, which has been funding its operations with equity from individuals, social impact incubators and venture capital firms, and since 2021, short-term loans from local banks and a London-based impact lender, Lendable. ADB's assistance will (i) provide longer-term stability in funding that is necessary for Lhoopa to continue its growth trajectory, and (ii) demonstrate the investment potential of Lhoopa's unique and innovative business model to catalyze financing from a wider spectrum of local and foreign investors into Lhoopa and the affordable housing sector in the Philippines in general.

29. **Innovative financing structure.** ADB has developed a pioneering yet replicable financing structure – a revolving credit facility with credit limit step-ups linked to performance – tailored to the unique business needs of a small-scale but rapidly expanding company.

30. **Promoting green building practices.** ADB played an essential role in prompting Lhoopa to consider incorporating green components in its building design and introduced the company to EDGE in 2022. As a direct result of ADB's efforts, Lhoopa has launched a plan to build 107 units in Rizal with a design that has been pre-certified by EDGE.¹⁹ Furthermore, Lhoopa has committed to a target that, by 2025, at least 25% of total affordable houses sold will be certified by EDGE.

31. **Setting safeguards, climate, and gender standards.** ADB's involvement contributed to the establishment of environmental, social, health, and safety policies and management systems at Lhoopa and improvement of its climate risk management framework. ADB is also supporting Lhoopa in strengthening its gender practices by empowering average income earners and women to purchase their first homes and become more aware of green practices, and by raising awareness of staff and contractors on gender-inclusive green housing infrastructure design.

C. Risks

32. [CONFIDENTIAL INFORMATION DELETED]

IV. POLICY COMPLIANCE

A. Safeguards and Social Dimensions

33. ADB has categorized the investment in compliance with ADB's Safeguard Policy Statement (2009) as follows: environment (category B), involuntary resettlement (category C), and indigenous peoples (category C).²⁰

34. ADB has undertaken due diligence and reviewed the potential environmental and social (E&S) impacts of the project and the measures to avoid, minimize, mitigate, and compensate for the adverse impacts in the safeguard reports and plans. The E&S measures and the institutional capacity and commitment of Lhoopa to manage the project's E&S impacts are deemed adequate. Third-party E&S experts were engaged to audit the corporate environmental and social management system (ESMS) of Lhoopa and compliance of specific assets and housing projects

¹⁹ ADB introduced Lhoopa to EDGE certification and encouraged it to implement a pilot project with such certification.

²⁰ ADB. [Safeguard Categories](#).

with national laws and requirements and the extent of adherence to ADB's safeguards and social policies.

35. **Audit findings - environment.** The anticipated environmental impacts are mainly attributed to construction activities. The scale of environmental impacts varies across different asset types, which include (i) existing houses and lots (for renovation), (ii) single lots, (iii) groups of lots with a minimum of 30 units, and (iv) raw (undeveloped) land. Lhoopa has an environment, health, and safety (EHS) committee with the role to oversee and ensure proper implementation of EHS policy. However, Lhoopa is still lacking an overarching EHS policy to guide the actions across the company's operations. Moreover, despite the existence of the EHS committee, the roles and responsibilities for formulating, implementing, and overseeing EHS plans and programs throughout the entire organization and its activities have not yet been clearly established. It is noted though that the roles and responsibilities related to meeting EHS-related regulatory obligations (e.g., securing permits) for Lhoopa projects were already integrated into the function of certain personnel or groups at the time of the audit. Lhoopa conducts due diligence but it mainly considers business risks. The only environment-related criteria in property selection are flood damage risk and earthquake damage risk. Lhoopa only conducts environmental impact and risk assessment when required by regulatory agencies. Lhoopa has added EHS provisions in the contract template for raw land projects. On the other hand, the contract template used for other projects only specifies compliance with permit requirements from the homeowner's association and local government units. Lhoopa monitors its operations, including contractor performance, using an internal system (software), but this does not cover EHS and labor performance metrics.

36. **Audit findings - social.** Lhoopa acquires property through commercial transactions with (i) direct sellers or owners; (ii) real estate agents; (iii) institutions like Pag-IBIG, commercial banks, and the central bank—Bangko Sentral ng Pilipinas (through bidding or direct sales of foreclosed properties); and (iv) nonbank lending institutions. It also plans to partner with real estate developers for low-cost and socialized housing projects. In unavoidable circumstances where acquired properties have informal occupants, Lhoopa has a procedure to avoid displacement impacts and forced eviction. [CONFIDENTIAL INFORMATION DELETED] Where the informal occupants decline to participate in the program, the property will be excluded from ADB financing. Housing projects of Lhoopa are in residential zones outside any ancestral domain, ancestral lands, or areas occupied by indigenous peoples. Lhoopa does not intend to purchase properties in such areas in the future, as doing so would result in longer processing times, which is not ideal considering its fast operation cycle. Lhoopa's existing screening and evaluation process for asset (land and property) acquisition is based mainly on commercial-business viability and legal criteria, and does not include parameters to assess involuntary resettlement and indigenous peoples impacts or compliance with prescribed minimum standards on land requirements for economic and socialized housing projects.

37. As a result of the audit, ADB has agreed with Lhoopa on the following key audit recommendations to address gaps in its ESMS: (i) develop an overarching EHS policy and policy on asset acquisition with defined procedures for avoiding involuntary resettlement and indigenous peoples impacts; (ii) enhance screening parameters to determine potential environmental, involuntary resettlement, and indigenous peoples impacts; (iii) enhance the existing construction, health and safety management plan for raw land project to include EHS requirements as per ADB's Safeguard Policy Statement (SPS); (iv) develop environmental management plan template for other Lhoopa project types; (v) develop and implement procedures for contractor and supplier management, stakeholder engagement, and information disclosure; enhance the external grievance redress mechanism; and (vi) assign Lhoopa personnel to monitor the EHS and labor performance of the projects.

38. **Alignment with the Paris Agreement.** ADB has assessed the project and found it aligns with the Paris Agreement. Under the Multilateral Development Banks Joint Methodological Framework for the Assessment of the Alignment of Operations with the Paris Agreement under the General Corporate Purpose Finance Method, Lhoopa is seen to manage climate risk through the components of its climate risk management framework.

39. **Effective gender mainstreaming.** Following ADB's Policy on Gender and Development (1998),²¹ Lhoopa has incorporated measures to promote gender equality and/or women's empowerment in its business activities. Key features of the gender action plan are as follows: (i) targeting women among the housing unit buyers benefiting from training in green housing features; (ii) conducting a customer survey to improve on gender-inclusive housing design; (iii) targeting female interns or graduates for Lhoopa's technical (engineering) internship and graduate programs; (iv) increase in the number of women local sales agents and (v) raising staff and contractor awareness of gender-sensitive green housing infrastructure development and respectful work environment. Lhoopa is a company led and owned by women, which is considered as one of the gender additionality features contributing to the gender categorization and is also reflected in the gender action plan. Lhoopa will submit periodic reports on implementation of its gender measures to ADB.

40. Lhoopa will (i) apply ADB's prohibited investment activities list, (ii) ensure that asset acquisition and housing projects using ADB funds comply with ADB's SPS and abide by national laws and regulations, and (iii) enhance its existing ESMS satisfactory to ADB before disbursement. Lhoopa's commitment to improving its human resource policies, procedures, and practices, as well as its policies and procedures on contractor and supplier screening, monitoring, and assessment, will set out requirements to ensure its and its contractors' and service providers' compliance with national labor laws as well as measures to comply with the internationally recognized core labor standards, pursuant to ADB's Social Protection Strategy (2001).²² The enhancement of the ESMS will also contain requirements, as applicable, for information disclosure and consultation with affected people following ADB requirements. Lhoopa will submit an annual safeguard and social monitoring report to inform ADB on compliance with such laws and the measures taken.²³

B. Anticorruption Policy

41. Lhoopa was advised of ADB's policy of implementing best international practice relating to combating corruption, money laundering, and the financing of terrorism. ADB will ensure that the investment documentation includes appropriate provisions prohibiting corruption, money laundering, and the financing of terrorism; and remedies for ADB in the event of noncompliance.

C. Investment Limitations

42. The proposed loan is within the medium-term, country, industry, and group exposure limits for nonsovereign investments. The single obligor limit for nonsovereign investments, which would currently prevent ADB from disbursing the maximum credit limit of \$20.0 million if it were to be

²¹ ADB. 2003. [Policy on Gender and Development](#). Manila (adopted in 1998).

²² ADB. 2001. [Social Protection Strategy](#). Manila (adopted in 2001).

²³ Environmental and Social Management System: Audit Findings and Details of Arrangement (accessible from the list of linked documents in Appendix 2).

available initially, will be managed through the loan documentation, to ensure each credit limit increase is only available in compliance with such limit.

D. Assurances

43. Consistent with the Agreement Establishing the Asian Development Bank (the Charter),²⁴ ADB will proceed with the proposed assistance upon establishing that the Government of the Philippines has no objection to the proposed assistance to Lhoopa. ADB will enter into suitable finance documentation, in form and substance satisfactory to ADB, following approval of the proposed assistance by the Board of Directors.

V. RECOMMENDATION

44. I am satisfied that the proposed loan would comply with the Articles of Agreement of the Asian Development Bank (ADB) and recommend that the Board approve the loan of up to \$20,000,000 from ADB's ordinary capital resources to Lhoopa, Inc. for the Lhoopa Promoting Green Affordable Housing Project in the Philippines, with such terms and conditions as are substantially in accordance with those set forth in this report, and as may be reported to the Board.

Masatsugu Asakawa
President

2 October 2023

²⁴ ADB. 1966. [Agreement Establishing the Asian Development Bank](#). Manila.

DESIGN AND MONITORING FRAMEWORK

Impacts the Project is Aligned with			
Livable communities established to promote human and social development ^a			
Inclusive and integrated housing that is culturally sensitive and adheres to appropriate standards and design developed ^b			
Results Chain	Performance Indicators	Data Sources and Reporting Mechanisms	Risks and Critical Assumptions
Outcome Availability of safe, green, and affordable housing expanded	By 2025: a. An annual average of at least 4,000 “affordable” ^c housing units sold during 2023–2025 (2022 baseline: 1,177) b. At least 25% of total houses sold are EDGE-certified (2022 baseline: 0%) (OP 3.1.3) c. Emissions reduced by at least 167,110 tCO ₂ annually on average during 2023–2025 (2022 baseline: not applicable) ^d (OP 3.1) d. An annual average of at least 14,000 people moved into newly constructed or renovated housing units (2022 baseline: 4,120 moved into such units) (OP4.1)	a.–d. Company’s annual development effectiveness monitoring reports	R: Macroeconomic factors or reemergence of coronavirus disease reduce housing demand A: Lhoopa is able to acquire sufficient number of properties for renovation A: Construction work proceeds on schedule A: Pag-IBIG continues to support affordable housing market and Lhoopa
Outputs 1. Construction of safe, green, affordable, and gender-sensitive housing units completed	By 2025: 1a. Total number of safety-compliant housing units built increased to at least 10,193 (2022 baseline: 2,193) ^e (OP 4.1.2) 1b. Share of housing unit buyers benefiting from training in green housing features reached at least 25%, of which 55% are women (2022 baseline: 0%, 0%) (OP 3.3) 1c. One customer consultation survey conducted to improve gender-inclusive housing design ^f (2022 baseline: 0)	1a.–1c. Company’s annual development effectiveness monitoring report	R: COVID-19 pandemic reemerges, resulting in deteriorating business environment A: Loan financing is disbursed as scheduled A: Housing units are built according to specifications

Results Chain	Performance Indicators	Data Sources and Reporting Mechanisms	Risks and Critical Assumptions
<p>2. Gender-responsive local employment generated</p> <p>3. Gender equality in Lhoopa operations promoted</p>	<p>2a. Number of local contractors engaged for construction increased to at least 200 (2022 baseline: 100) (OP 1.2)</p> <p>2b. Number of people employed at Lhoopa increased to at least 100 (2022 baseline: 64) (OP 1.2)</p> <p>2c. Number of local sales agents engaged increased to at least 1,000, of which at least 90% are women (2022 baseline: 500, 86%) (OP 1.2, OP 2.1)</p> <p>2d. At least 20% of total interns or graduates enrolled in technical (engineering) internships and graduate programs at Lhoopa sites are women^g (2022 baseline: 0%) (OP 2.1.1)]</p> <p>3a. At least 90% of staff and contractors received awareness raising in gender sensitive green housing infrastructure development and respectful work environment^h (2022 baseline: 0%)</p>	<p>2a.–3a. Company's annual development effectiveness monitoring report</p>	<p>stated in building permits</p>
<p>Key Activities with Milestones</p> <p>1. Construction of safe, green, and affordable housing units completed</p> <p>1.1 ADB executes loan agreement with the borrower by Q4 2023.</p> <p>1.2 The project achieves financial close by Q4 2023.</p> <p>1.3 Construction of new houses commences by Q4 2023.</p> <p>1.4 Lhoopa develops a training module on green housing for its customers by Q2 2024.</p> <p>1.5 Lhoopa develops a customer consultation survey tool on gender-inclusive housing design by Q3 2024.</p> <p>2. Gender-inclusive local employment generated</p> <p>2.1 Lhoopa begins its hiring activities by Q1 2024.</p> <p>2.2 Lhoopa identifies and engages local contractors by Q3 2025.</p> <p>2.2 Lhoopa identifies and recruits male and female local sales agents by Q3 2025.</p> <p>2.3 Lhoopa develops and starts implementing an internship or a graduate program by Q3 2025.</p> <p>3. Gender equality in Lhoopa operations promoted</p> <p>3.1 Lhoopa develops content for awareness-raising sessions on gender mainstreaming in green housing infrastructure development and gender-sensitive and respectful work environment by Q2 2024.</p>			
<p>Inputs</p> <p>ADB:</p> <p>Loan: A revolving credit facility with an initial credit limit of \$5 million, which can be increased up to \$10 million and \$20 million based on defined criteria in two phases.</p> <p>Equity: One-third of the total disbursement amounts under ADB facility.</p>			

A = assumption; ADB = Asian Development Bank; EDGE = Excellence in Design for Greater Efficiencies; Lhoopa = Lhoopa, Inc.; Q = quarter; R = risk; tCO₂ = tons of carbon dioxide.

- ^a Government of the Philippines. 2023. [Philippine Development Plan 2023–2028](#). Manila.
- ^b Government of the Philippines, Housing and Land Use Regulatory Board. 2017. [National Urban Development and Housing Framework 2017–2022](#). Manila.
- ^c Affordable housing refers to housing units with a selling price of not more than ₱1,250,000 per unit. According to the Philippine Board of Investments of the Department of Trade and Industry, the price range of the housing units under the economic housing segment is ₱400,000–₱1,250,000, equivalent to about \$7,050–\$22,030.
- ^d the emissions reduction value per year is based on the EDGE preliminary certificate issued for 107 houses, with an emission's operational savings value of 167.11 CO₂/unit/year. The emission factor is then multiplied by 1,000 houses—the estimated number of houses built per year that is EDGE-certified.
- ^e Safety compliance will be confirmed once building permits that conform with the National Building Code of the Philippines are secured for each housing unit from the relevant municipality.
- ^f The company will conduct surveys to ask customers about their housing design preferences—especially targeting female customers, who constitute the majority of Lhoopa's home buyers—to ensure their views are integrated in the deliberation over the layout and design of the housing.
- ^g Lhoopa will prioritize at least one slot in its junior training program and one slot in its intern program under information technology for qualified female candidates.
- ^h Training in gender-sensitive green housing infrastructure development will consist of a module on mainstreaming gender in infrastructure design and on construction sites, while the module on respectful work environment may include topics such as unconscious gender bias at the workplace, zero tolerance for sexual harassment and gender-based violence, and gender sensitivity in customer relations.

Contribution to Strategy 2030 Operational Priorities

Expected values and methodological details for all OP indicators to which this project will contribute results are detailed in Contribution to Strategy 2030 Operational Priorities (accessible from the list of linked documents in Appendix 2).

Source: Asian Development Bank.

LIST OF LINKED DOCUMENTS

<http://www.adb.org/Documents/RRPs/?id=56165-001-4>

1. Contribution to Strategy 2030 Operational Priorities
2. Country Economic Indicators