

**Environment and Social Safeguards Framework
(ESSF)**

**Phil. Renewable Energy Development Project
(PHRED)**

**LGU Guarantee Corporation
2016**

TABLE OF CONTENTS

- Chapter 1 PHRED Project Information and ESSF Objectives**
- Chapter 2 Environment and Social Safeguards Framework (ESSF) Fundamentals**
 - 2.1 Safeguards Preparation**
 - 2.1.1 Timing of Safeguards in Sub-Loan Preparation
 - 2.1.2 Environmental Safeguards Procedures
 - 2.1.3 Social Safeguards Procedures
 - 2.1.4 Levels of Subproject Review
 - 2.1.5 Public Disclosure
 - 2.2 Project Implementation**
 - 2.3 Institutional Arrangements and Capacity Building**
 - 2.3.1 Responsible Government Agencies
 - 2.3.2 Delineation of Roles and Responsibilities
 - 2.4 Monitoring and Follow up**
 - 2.4.1 Overview of Monitoring
 - 2.4.2 LGUGC PMO Monitoring
 - 2.4.3 DENR Procedures
 - 2.4 Grievance Redress Mechanism**
 - 2.5 Public Consultation**
 - 2.6 Gender Development**

Annexes

1. List of Negative Subproject Attributes
2. Safeguards Screening Checklist
3. LGUGC ECPCG Program Process Flow
4. Project Eligible Mini-hydropower projects
5. Cultural Property and Protection Measures, Chance Find Procedures
6. Environmental Impact Assessment and Environmental and Social Management Plan (ESMP) for Small to Medium-size Hydropower Plants
7. ESMP Electricity Distribution/Transmission networks, Substations
8. ESMP
 - a. Wind Energy Facilities
 - b. Biomass Thermal
 - c. Biomass Energy Crop Production
 - d. Solar (PV) Energy Devt.
9. ECOPs Hydropower plants
10. ECOPs for Access Roads and Ancillary Facilities
11. ECOPs for other Renewable Energy projects
 - a. Wind Energy Facilities
 - b. Biomass Thermal
 - c. Biomass Energy Crop Production
 - d. Solar (PV) Energy Devt
12. Guidance on World Bank and DENR Policy requirements for Safety of Dams (OP 4.37)
13. Recommended Format
 - a. Environmental and Social Impact Assessment (ESIA)
 - b. Initial Environmental Examination (IEE)
14. Sample Terms of Reference
 - a. Feasibility Study with Environmental and Social Assessment
 - b. ESIA Preparer
15. PHRED SOCIAL SAFEGUARDS Policy Framework
 - a. Land Acquisition, Resettlement and Rehabilitation Policy Framework
 - b. Indigenous Peoples Policy Framework

Tables

- 1 PHRED Project Cost and Financing
- 2 Detailed Description of WB Environmental and Social Safeguards Policies
- 3 Gaps between Philippine laws and WB Policy on Involuntary Resettlement and Indigenous Peoples
- 4 Hydropower project: Impact Assessment and Mitigating measures
- 5 Checklist of Project-Affected Persons and Assets
- 6 Required Social Safeguards Document
- 7 Criteria for Review of Social Safeguards Instruments
- 8 Safeguards process flow during subproject proposal preparation
- 9 Safeguards Requirements embedded in the ECPCG Project Process Flow
- 10 Institutional Responsibilities
- 11 Capacity Building Activities
- 12 Checklist of Environmental Safeguards Documents
- 13 Checklist of Social Safeguards Documents

Figures

- 1 Timing of Feasibility Study vis-a-vis EA Preparation for Major Subprojects
- 2 Structure of the ECPCG Program

List of Abbreviations and Acronyms

| | |
|--------|---|
| AFI | Accredited Financial Institution |
| AI | Area of Influence |
| AO | Account Officer |
| ARAP | Abbreviated Resettlement Action Plan |
| BP | Bank Policy |
| CAPEX | Capital Expenditures |
| CFP | Credit Facility Proposal |
| CNC | Certificate of Non-Coverage |
| CNO | Certificate of Non-Overlap |
| CPI | Credit Policy Issuance |
| CTF | Clean Technology Fund |
| DAO | DENR Administrative Order |
| DENR | Department of Environment & Natural Resources |
| DOE | Department of Energy |
| DP | Displaced Person |
| EA | Environmental Assessment |
| EC | Electric Cooperative |
| ECA | Environmentally Critical Areas |
| ECC | Environmental Compliance Certificate |
| ECOPs | Environment Codes of Practice |
| ECP | Environmentally Critical Projects |
| ECPCG | Electric Cooperative Partial Credit Guarantee |
| ECSLRP | Electric Cooperative System Loss Reduction Project |
| EDD | Environmental Due Diligence |
| EIA | Environmental Impact Assessment |
| EIS | Environmental Impact Statement |
| EIARC | Environmental Impact Assessment Review Committee |
| EMB | Environmental Management Bureau |
| EMoP | Environmental Monitoring Plan |
| ESMP | Environmental and Social Management Plan |
| ESSF | Environmental and Social Safeguards Framework |
| FI | Financial Intermediary |
| FPIC | Free and Prior Informed Consent |
| FS | Feasibility Study |
| GMO | Genetically Modified Organisms |
| IBRD | International Bank for Reconstruction and Development |
| IEE | Initial Environmental Examination |
| IEEC | Initial Environmental Examination Checklist |
| IEER | Initial Environmental Examination Report |
| IFC | International Finance Corporation |
| ISO | International Standards Organization |
| LGU | Local Government Units |
| LGUGC | LGU Guarantee Corporation |
| NCIP | National Commission on Indigenous People |
| NCP | Non-Covered Projects |
| NEA | National Electrification Administration |
| NOL | No Objection Letter |
| NPC | National Power Corporation |

| | |
|------|--|
| OP | Operational Policy |
| ORED | Office of the Renewable Energy Development |
| PCO | Pollution Control Officer |
| PCR | Physical Cultural Resources |
| PD | Presidential Decree |
| PDR | Project Description Report |
| PFI | Partner Financial Institution |
| PMB | Project Monitoring Board, LGUGC |
| PMO | Program Management Office, ECPCG |
| RAP | Resettlement Action Plan |
| RCR | Resettlement Completion Report |
| ROW | Right of Way |
| RPP | Rural Power Project |
| SA | Social Assessment |
| SECR | Social & Environmental Compliance Report |
| SMR | Self-Monitoring Report |
| WB | World Bank |

CHAPTER 1

1.1 ESSF OBJECTIVES

The Environmental and Social Safeguards Framework (ESSF) provides general policies, guidelines, codes of practice and procedures to be integrated into the implementation of the Philippine Renewable Energy Development Project (PHRED) implemented by LGU Guarantee Corporation (LGUGC) and supported by the World Bank (WB). This ESSF has been developed to ensure compliance with WB safeguards policies and appropriate national laws. The objective of the ESSF is to ensure that activities under the proposed guarantee operations will:

Protect human health;

Prevent or compensate any loss of assets and/or livelihood;

Minimize environmental degradation as a result of either individual subprojects or their cumulative effects;

Minimize impacts on cultural property; and

Enhance positive environmental and social outcomes.

PROJECT BACKGROUND

Project Development Objective

The PHRED Project Development Objective is to increase renewable energy generation in all parts of the Philippines, including off-grid areas and to bolster private sector lending to electric cooperatives that are focused on operational and financial efficiency.

Project Description

PHRED is a follow-up to both the Rural Power Project (RPP) and the Electric Cooperative System Loss Reduction Project (ECSLRP). It seeks to build on the more promising aspects of RPP for investment support to renewable energy and EC energy efficiency projects; and of ECSLRP- namely, the Electric Cooperative Partial Credit Guarantee (ECPCG) program. It focuses on a segment of the energy efficiency and renewable energy markets in the rural electrification sector that are less likely to obtain commercial financing. These include additional investments not in the current ones under ECPCG, such as mini- hydropower projects that are embedded within the service territories of specific electric cooperatives and have been largely overlooked by the big energy project developers.

The Clean Technology Fund (CTF) will be used as a guarantee to increase the capacity of the ECPCG to back new commercial loans while preserving its top credit rating. The CTF Guarantee will be contingent finance that is call-able cash, and as such, counts as Tier 1 capital. It can therefore be leveraged in the same manner as the cash which is today sitting in ECPCG-owned accounts, which are managed by an escrow agent (a private commercial bank in the Philippines). ECPCG cash will be the first loss; the CTF Guarantee will be the second loss, and will only be drawn upon in the event that ECPCG's cash in escrow is insufficient to pay a call. There have been no defaults to date in the ECPCG program, through its three years of exposure.

LGUGC will act as the Program Manager to review each of the proposed subprojects for compliance with national and Bank environmental and social safeguards requirements; and during implementation of the sub-loans, the compliance with the safeguards requirements will be monitored by the Project Monitoring Board. Electric Cooperatives (ECs) and Independent Power Providers (IPPs) are the expected implementing units of renewable energy projects and users of the guarantee funds.

Project Component, Cost and Financing

Total project cost is estimated to be \$787-million, the entirety of which is sourced from the private sector. Financing is sourced from commercial banks (senior debt) and ECs (equity) for the EC distribution network investments; and from commercial banks (senior debt), ECs (equity, in some cases), and private developers (equity) for renewable energy investments.

Table 1. PhRED Project Cost and Financing

| Project Component | Project cost* | CTF Financing | Counterpart and private sector funding | % IBRD Financing |
|-------------------------------|---------------|---|--|------------------|
| 1. Expansion of ECPCG program | \$500-million | \$44-million (CTF guarantee) in addition to \$16-million existing program capital | \$300-million commercial debt covered \$70-million commercial debt uncovered \$70-million equity \$60-million reflows | n/a |

* Project cost is an estimate of the investment flow to electric cooperative and renewable energy investments that will be directly supported by ECPCG over the ten year open commitment period of the CTF guarantee.

ECPCG will have two investment windows – one for energy efficiency (EE) and one for renewable energy (RE). The RE investment window include run-of-the-river hydropower, biomass, wind and solar energy projects.

1.2 PURPOSE OF THE FRAMEWORK

The ESSF has been developed specifically for the proposed operations of the PHRED project. This is designed to ensure due diligence and avoid causing harm or exacerbating social tensions, and to make consistent the treatment of social and environmental issues by all the involved agencies in safeguards operations. The purpose of this ESSF is also to assist the PMO in screening all the subprojects for their likely social and environmental impacts, identifying documentation and preparation requirements, and prioritizing investments. This ESSF provides specific instructions and methodologies for use by the Project Implementation Unit (PIU) of ECs and the program implementing agencies of the PHRED.

Specifically it will provide guidance on the following:

- Screening of subprojects and determination of Environmental Category and appropriate environmental assessment instruments as well as magnitude of social impacts and appropriate safeguards instruments to prepare.
- Management of their impacts and adequacy of environmental and social due diligence
- Preparation of a simplified environmental assessment (EA), which includes social assessment i.e., an Initial Environmental Examination (IEE) Report or IEE checklist and environmental and social management plan (ESMP) populated by the environment

codes of practice (ECOPs) in accordance with PD 1586 and DAO 03-30 and its Revised Procedural Manual and the World Bank Safeguard Policies, RAP and IPP. The sub-project proponents which include but are not limited to Electric Cooperatives, Renewable Energy Developers and Independent Power Providers may tap financial institutions such as private and government financial institutions to fund these investments. The safeguard instruments shall be submitted to the DENR, NEA-ORED, the corresponding Participating Financial Institution (PFI) and the LGUGC. The subproject proponents will submit these to LGUGC which shall then endorse these to the Bank for subprojects requiring prior review or reviewed by the Bank for all others needing post-review.

- Provide Environmental Codes of Practices (ECOPs) for each type of investment such as distribution, sub-transmission and sub-stations to manage potential impacts which are most likely to be construction-related and similar at different sites with small carbon foot prints.
- Possible subprojects include: small scale construction, rehabilitation and extension of existing electricity distribution networks and sub-transmission lines (power towers, poles, and wiring) and substations (transformers and other electrical equipment), metering, IT systems or smart grid investments, renewable energy projects such as hydroelectric power, solar, wind and biomass generation plants.
- Define implementation responsibilities including monitoring and reporting arrangements for the LGUGC Project Monitoring Board (PMB), Electric Cooperatives and Bank supervision arrangements.
- Include an Indigenous Peoples Policy Framework which provides guidance on engagements with affected adversely or positively IP communities especially in the conduct and documentation of the Free, Prior and Informed Consent (FPIC) where Indigenous Peoples communities are present.
- Include a Land Acquisition, Resettlement and Rehabilitation Policy Framework which provides guidance on the process to be followed when private assets (land, buildings, trees, crops, etc.) are affected adversely by the project.

The provisions of this ESSF are consistent with the Philippine laws and other legal issuances, WB environmental and social safeguard policies to support environmental protection and promote sustainable development, while mitigating credit risks arising from adverse environmental and social impacts on subprojects.

Each chapter is organized in two (2) parts:

- **Part A: Main text**, summarizing the overall environmental and social safeguards procedures and arrangements; and
- **Part B: Annexes**, sample documents and technical guidelines on the preparation of the environmental and social safeguards reports.

Important parts of this document have been extracted from the DENR DAO 2003-30 Procedural Manual. In case any discrepancies exist between WB safeguards policies and current DENR regulations, the higher requirement prevails.

The ESSF is mainly based on and combines the following guidelines and documents:

- Presidential Decree (PD) No. 1586 (EIS System, 1978);
- Presidential Proclamation No. 2146 (Critical Projects/Areas);
- Administrative Order No. 42 by the Office of the President, describing categories of projects and areas subject to the EIS system;
- DENR Administrative Order No. 2003-30: Implementing Rules and Regulations (IRR) for the Philippines EIS System (2003), and its Procedural Manual for DAO 2003-30, as prepared by DENR;
- RA 8371 (IPRA Law): An Act to recognize, protect and promote the rights of Indigenous Cultural Communities/ Indigenous Peoples and creating the National Commission on Indigenous Peoples establishing implementing mechanisms appropriating funds therefore and for other purposes; also considered are the AOs for the Free and Prior Informed Consent;
- Commonwealth Act 141 (CA 141), Public Land Act (1936) institutes classification and means of administration, expropriation and disposition of alienable lands of the public domain;
- Supreme Court Ruling (1987) defines just compensation as fair and full equivalent to the loss sustained to enable affected household to replace affected assets at current market prices;
- RA 6389 provides for disturbance compensation to agricultural leases equivalent to 4 times the average gross harvest in the last 5 years;
- Republic Act 8974 (2000) which facilitates the acquisition of ROW, site or location for National Government Infrastructure Projects and for other Purposes; Implementing Rules and Regulations of RA 8974 was also issued and mandates the use of replacement value of land and structures (without depreciation);
- Republic Act 7279 (1992) "Urban Development and Housing Act" mandates the provision of a resettlement site, basic services and safeguards for the homeless and underprivileged citizens;
- Republic Act 7160 (1991) "Local Government Code" which allows the local government units to exercise the power of eminent domain for public use; and
- World Bank environmental and social safeguards guidelines, in particular on Environmental Assessment (OP 4.01), Involuntary Resettlement (OP 4.12) and Indigenous Peoples (OP 4.10).

The table below describes each of the WB's environmental and social safeguards policies that are applicable under the PHRED. The third column provides guidance on specific measures and actions required by each party to comply with the specific WB policies, and lists the range

of safeguards instruments that may be adopted and the manner in which to integrate and verify environmental and social due diligence requirements.

Table 2. Detailed Description of WB Environmental and Social Safeguards Policies

| Policy | Objectives | Procedures |
|---------------------------------------|--|---|
| Environmental Safeguards | | |
| WB Environmental Assessment (OP 4.01) | WB requires screening of subprojects proposed for WB financing to help ensure that they are environmentally sound and sustainable, and thus improve decision-making. | <p>1. Screening for Environment Category of subprojects. Screen subprojects early in the identification stage, determine project boundaries, and classify projects into appropriate safeguards categories using the Environmental and Social Screening Checklist (ESSC) (ESSF Annex 2)</p> <p>2. Determining Safeguards Instruments to be used. The requirements under the Philippine environmental regulations are then determined. An EA instrument (Environmental and Social Impact Assessment (ESIA), Initial Environmental Examination (IEE) or Environmental Code of Practice (ECoP) will be required depending on the scale and nature of the subproject (ESSF Annex 2 Sections I-IV)</p> <p>.</p> <p>If a subproject does not require an EA under the local requirement, but is a Category B, an IEE or an ECoP will be required. An ESMP is included as part of the EA process. The ESMP will form part of the bidding documents and be included as contractual obligations of the winning contractor that will carry out works under the subproject.</p> <p>The WB will review and clear the safeguards instruments prepared by the subproject beneficiary for impact identification and appropriateness of proposed mitigation measures. Please refer to pages 25-26 for WB Review procedures.</p> |
| Involuntary Resettlement | | |
| WB Involuntary Resettlement (OP 4.12) | To assist displaced persons in their efforts to improve, or at least restore, their incomes | 1. Project Screening for Involuntary Resettlements. Screening of impacts on involuntary resettlement on the |

| | | |
|---------------------------|--|---|
| | <p>and standards of living after displacement.</p> | <p>basis of the project's possible architectural and engineering designs.</p> <p>2. Preparation of RAPs. RAPs will be prepared taking into consideration the magnitude of impacts. Full RAPs will be prepared if 200 persons or more are expected to be displaced by a subproject, and abbreviated RAPs will be carried out if less than 200 persons are expected to be displaced by a subproject or if impacts are "minor", i.e., if the affected people are not physically displaced and less than 10 percent of their productive assets are lost. Its formulation should be done in a participatory manner starting with meetings with communities who will help in seeking the participation of landowners, finding just and fair compensation for lost assets and seeking assistance from LGU officials who may also be officers of famer organizations.</p> <p>3. RAP Review. The WB will conduct prior review and clear all full RAPs, defined as more than 200 persons displaced or subprojects with impacts that are not "minor", and the first three abbreviated RAPs.</p> <p>4. RAP Implementation. Implementation will be carried out by the EC/IPP in coordination with their respective LGU. All compensation shall be paid a month prior to the commencement of civil works in the particular project component. Payments for uncollected compensation due to lack of clarity of an authorized representative of a landowner shall be put in trust by the EC/IPP proponent.</p> |
| Pest Management | | |
| WB Pest Management | This policy addresses pest management in projects | 1. Screening for potential impacts of using hazardous materials for pest management in the ESSC (ESSF Annex 1). |

| | | |
|---------------------------------|---|--|
| | | 2. Cover the potential impacts through the EA and the use of integrated pest management (IPM) in the ESMP |
| Indigenous Peoples | | |
| WB Indigenous Peoples (OP 4.10) | This policy contributes to the Bank’s mission of poverty reduction and sustainable development by ensuring that the development process fully respects the dignity, human rights, economies and cultures of Indigenous Peoples. | <p>1. Local Consultations. Local consultations will be conducted in the locations of the subprojects using methods that are consistent with the social and cultural values of the local community. The services of social development officers who can facilitate intergenerational and gender equal participation will be enlisted.</p> <p>2. Information to Affected Communities. Information will be provided to affected communities at each stage of project implementation with additional measures, including modifications to designs to address adverse effects.</p> <p>3. Community Consensus. To generate support for a subproject or when sensitive issues need to be addressed, local communities will be allowed to reach consensus.</p> <p>4. Development of IP Plan. Based on social assessment and in consultation with the affected IPs, the borrower prepares the IPP to document measures to enhance positive effects by ensuring its cultural responsiveness and mitigate adverse effects.</p> <p>5. Implementation/ Monitoring. Monitoring and supervision of subprojects will be carried out in a culturally sensitive manner paying close attention to complaints and grievances being resolved. The assistance of the NCIP shall be mobilized.</p> |
| Natural Habitats | | |

| | | |
|-------------------------------|---|--|
| WB Natural Habitats (OP 4.04) | The Bank supports the protection, maintenance and rehabilitation of natural habitats and their functions. The Bank supports, and expects borrowers to apply, a precautionary approach to natural resource management to ensure opportunities for environmentally sustainable development. | <p>1. Screening for potential impacts on Natural Habitats using the ESSC. Refer to the ESSC in ESSF Annex 2.</p> <p>2. Cover the potential impacts through the EA.</p> |
|-------------------------------|---|--|

Physical Cultural Resources

| | | |
|--|---|---|
| WB Physical Cultural Resources (OP 4.11) | This policy addresses physical cultural resources, which are defined as movable or immovable objects, sites, structures, groups of structures and natural features and landscapes that have archaeological, paleontological, historical, architectural, religious, aesthetic or other cultural significance. Physical cultural resources may be located in urban or rural settings, and may be above or below ground, or under water. Physical cultural resources are important as sources of valuable scientific and historical information, as assets for economic and social development, and as integral parts of a people's cultural identity and practices. | <p>1. Screening for potential impacts on Physical Cultural Resources using the ESSC. Refer to the ESSC in ESSF Annex 2.</p> <p>2. Cover the potential impacts through the EA.</p> <p>3. Inclusion of a Chance Find Procedure in civil works contracts to cover accidental finds (Annex 5).</p> |
|--|---|---|

1.4 Gap Analysis between the WB Safeguards Policies and Country Systems

Environmental Safeguards

1. **On O.P. 4.01 Environmental Assessment, O.P. 4.04 Natural Habitats, OP 4.11 Physical Cultural Resources (PCR) and OP 4.09 Pest Management** - Compared to the World Bank's environmental safeguard policies, the Philippine country systems on safeguards espouse international principles on environmental assessment. However, there are substantive gaps in the Philippine EIA Law PD 1586, DAO 2003-30 Procedural Manual, enforced by the Environmental Management Bureau (EMB), that will be bridged in this ESSF to ensure that a comprehensive assessment of the environment and social impacts of the subprojects is conducted. The major gaps are:
 - a. **Screening, scoping and submission of environmental information.** As prescribed in the DENR EIA Procedural Manual, the content and extent of the environmental information needed for submission in the conduct of the environmental assessment do not include the following information, among others:
 - i. New access arrangements or changes to existing road layout, impact on existing traffic, new or expansion of access roads;
 - ii. Presence / relationship with other existing/planned projects to determine cumulative effects;
 - iii. Degree of land/ecosystem disturbance – trees to be cut, proposed cut and fill /reclamation for existing terrain;
 - iv. Project location – will project area or ancillary areas/ activities be located in a protected area or a physical cultural heritage site or property;
 - v. Proof of land ownership and authority of proponent to develop primary land and ancillary properties;
 - vi. Use of internationally-controlled chemicals, including pesticides, herbicides and the like; and
 - vii. Other measures which may be required as a consequence of the project (eg new roads, extraction of aggregate, provision of new water supply, generation or transmission of power, increased housing and sewage disposal).
 - b. **Consultation with relevant agencies and other interested parties and the public.** For environmentally critical projects, the Philippine EIA law requires one public scoping and one public consultation while the World Bank requires at least two public consultations for Category A projects. For non-environmentally critical projects, even those located in environmentally critical areas, under the Philippine

EIA law, screening and public scoping as well as public consultation is optional and not mandatory. Under the Bank’s safeguards policies, the coverage of Category B projects require at least one public consultation.

- c. **Impact assessment and adequacy of Environmental Management Plan and mitigating measures.** The threshold set for the scale of the projects to merit a full-blown EIA is high. This means that most if not all of the proposed subprojects will be classified as non-environmentally critical projects and be required to submit only an IEE. In effect, the depth of the assessment is not expected to be comprehensive and the time allotted for the entire process including the impact assessment is compressed to 15, maximum 60 days. If EMB fails to complete the review process by this time, the ECC is automatically issued to the proponent. The Environmental Management Plan that is approved by EMB and referred to in the Environmental Compliance Certificate (ECC) follows a set of generic mitigating measures that need to be described in detailed to ensure that the environmental and social mitigating measures are measurable, adequate and sustainable.
- d. **Monitoring and reporting of ESMP implementation.** The government does not monitor the environmental compliance of projects regularly. Field visits, audits and review and evaluation of the proponents’ self-monitoring compliance reports should be done regularly.

- 2. **On OP 4.37 Safety of Dams.** In addition to gaps mentioned above, the Procedural Manual does not provide specific guidelines to be followed for major infrastructure such as dams. In fact, the threshold set for a mandatory EIA for a proposed dam is if its reservoir creates a flooded area of 25 hectares or has a water storage capacity of 20 million m³. Below this capacity, a dam is only considered a non-environmentally critical project and classified as a small water impounding area which only requires an IEE. It does not distinguish the height of the dam which is critical under OP 4.37.

Social Safeguards

- 3. The key gaps between the local laws and regulations and the provisions of the World Bank’s Policy on Involuntary Resettlement and Indigenous Peoples include:

Table 3. Gaps between Philippine laws and WB Policy on Involuntary Resettlement and Indigenous Peoples

| Gaps | Philippine Laws | WB Policy |
|--|--|---|
| a)Limited assistance or protection is given to the rural poor versus the urban poor. | Philippine Constitution, Article XIII, Section 10: Urban or rural poor dwellers shall not be evicted nor their dwellings demolished, except in accordance with the law and in a just humane manner. Focus is | The WB OP 4.12 does not distinguish between affected rural and urban poor and this is adopted. It also does not make distinction to residential |

| | | |
|---|--|---|
| | given on urban poor as per Urban Development and Housing Act. | or business. This is adopted. |
| b) The law is not very clear on assistance to small enterprises and shop renters, displaced vendors. Etc. | No specific law for replacing lost income. Common practice is to provide livelihood assistance to only those who opt to go to government resettlement area. | Loss of income is compensated apart from loss of structure and or land. This is adopted. |
| c) Donation is the first option taken by implementing agencies when acquiring land for development. | Under the law, there are different modes of acquiring title to, and ownership of real estate property, as well as the modes of acquiring right to use private property for another purpose. RA 8974 specifies the following methods: Donation, Quit Claim, Exchange or Barter, Negotiated Sale or Purchase, Expropriation and any other modes of acquisition authorized by law. | The potential donors will be informed of other modes of land acquisition and specific criteria will be used to ensure that the land donation is genuine, if such is taken as the means to acquire land. This is adopted. |
| d) Valuation of the property for negotiated sale. | <p>The Implementing Rules and Regulations of RA 8974 state that the Implementing Agency shall negotiate with the owner for the purchase of the property by offering first the current zonal value issued by the Bureau of Internal Revenue for the area where the private property is located. If rejected, re-negotiation using the values recommended by the Appraisal Committee or Independent Land Appraiser as a guide is taken.</p> <p>Standards to determine market value are as follows:</p> <ul style="list-style-type: none"> > The classification and use for which the property is suited; > The development costs for | OP 4.12 requires replacement cost which is defined as the amount necessary to replace the structure or improvement based on the current market prices for materials, overhead and all other attendant costs associated with the acquisition. If needed other forms of assistance shall be added to top off the compensation allowed by local laws. This is adopted. |

| | | |
|--|--|--|
| | <p>improving the land;</p> <ul style="list-style-type: none"> > The value declared by the owners; > The current selling price of similar lands in the vicinity; > The reasonable disturbance compensation for the removal and/or demolition of certain improvements on the land and for the value for improvements thereon; > The size, shape and location, tax declaration and zonal valuation of the land; and > The price of the land as manifested in the ocular findings, oral as well as documentary evidence presented. | |
| <p>e) When is IP policy triggered?</p> | <p>The country system for Indigenous Peoples is considered superior to that of the WB policy on Indigenous Peoples because it requires Free and Prior Informed Consent and not just consultation. However, IP trigger under IPRA is limited to impacts of projects to IPs living in ancestral domains. Also, the protection and promotion of IP rights, its implementation and monitoring are very much challenged by issues related to the following:</p> <ul style="list-style-type: none"> a. Serious absence of operational budget support from the government for the required activities. b. To fill the inadequacy in operational resources, NCIP has | <p>OP 4.10 is triggered when IPs or an ethnic community which has retained its indigenous system or way of life (different from the mainstream community) are present in the project location or have collective attachment to it whether or not it is an ancestral domain and even when no adverse impact is present. It also prescribes that logistical resources for ensuring IP participation within the project duration is provided for by project proponent. This is adopted.</p> |

| | | |
|--|---|--|
| | <p>come up with the arrangement of sourcing this from project proponents. In turn this has led to issues related to governance, transparency and accountability,</p> <p>c. Issues on governance, transparency and accountability.</p> | |
|--|---|--|

Lessons Learned in Safeguards Implementation

The following is a list of difficulties encountered in safeguards implementation experienced by similar development projects (RPP and ECSLRP) to learn from and to better improve safeguards performance for this project.

- Capacity and consistency of the implementing agency to oversee the overall safeguards performance of the project and monitor the same at the subproject level. This oversight responsibility includes providing timely advice and support to the proponents to improve safeguards compliance which requires the hiring of full-time, qualified environmental and social safeguards specialists at the PMO.
- Integration of the Environment and Social Management Plan (ESMP) in the bidding documents and design and reporting on the actual delivery of the ESMP on a regular basis during the implementation of the subprojects.
- Transferring land title to heirs from deceased title holders is costly and time consuming. Being a requirement for payment of compensation to show proof of ownership prevents actual receipt of compensation by some legitimate owners. Often the amount of compensation (especially for ROWs) is a small fraction of the cost of land title transfer. For such instances, compensation may be covered by increased valuation of other affected assets equivalent to the cost of the affected land.
- The Philippine Indigenous Peoples Rights Act (IPRA) requires Free and Prior Informed Consent when the subproject overlaps with an ancestral domain. Some implementing units trigger the IP Policy based on the IPRA. It is clarified that the IP Policy is triggered when IP communities are present even outside their domain when they continue to practice their traditional way of life different from the mainstream society. When IP community(ies) is/are present in the subproject's area of influence as residents or food gatherers or when the subproject is within an ancestral domain, an IP Plan shall be developed to incorporate measures that will ensure cultural sensitivity of project design to enhance benefits to the IPs and mitigation of adverse effects, if any.
- Inconsistencies between documentation and ground realities. Need for PMO to do site validation and confirmation of information with project-affected persons.
- Inconsistent laws particularly between the Philippine Water Access Law and property rights, so that ownership of land may be better established.

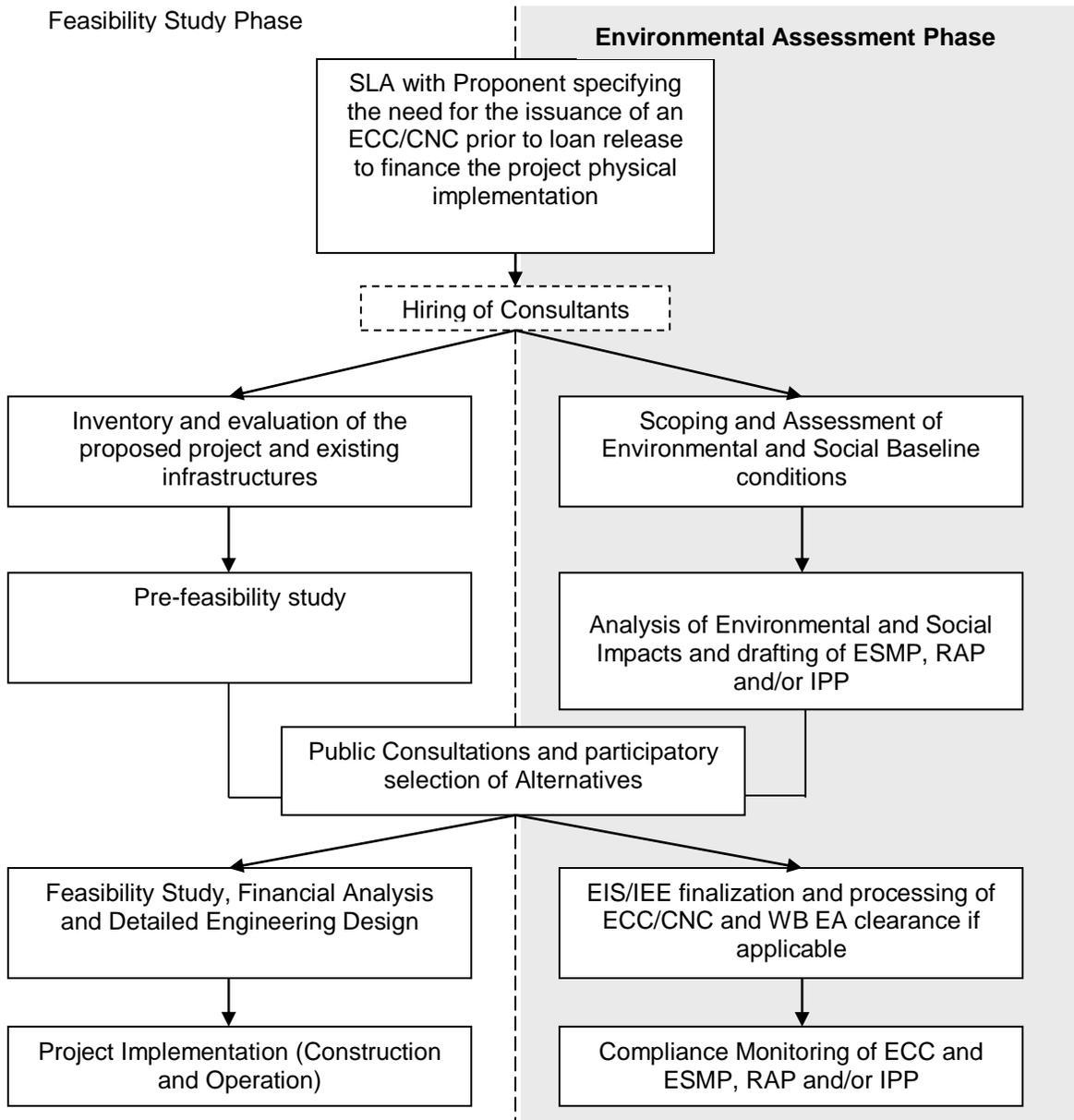
- Capacity building on social and environmental safeguards for the subproject proponent is integral to the project and should not be taken for granted. The implementing agency including the subproject proponents must invest on their Safeguards capacity building.

2.1 SAFEGUARDS PREPARATION

2.1.1 Timing of Safeguards Preparation

The basic approach in the preparation of an environmental and social assessment report is to have it simultaneously and closely coordinated, and integrated with the preparation of the subproject feasibility study (Refer to Figure 1). The selection, design, contracting, monitoring and evaluation of subprojects will be consistent with the safeguards guidelines provided in this ESSF. In doing this, all environmental and social aspects and impacts will be included right from the beginning to facilitate the proper selection of subproject alternatives that will bear the minimal amount of environmental risk or negative environmental impact.

Figure 1. Timing of Feasibility Study vis-a-vis EA Preparation for Major Subprojects



2.1.2 Environmental Safeguards Procedures

In determining whether a proposed subproject will require an Environmental Assessment, the proponents take into consideration the following checklist to determine the safeguards category and the appropriate safeguard instrument for the proposed subproject.

- List of negative subproject attributes rendering a proposed subproject ineligible for support, (ESSF Annex 1);
- Proposed checklist of likely environmental and social impacts to be filled out for each subproject or group of subprojects. Environmental and Social Screening Checklist ESSC. (ESSF Annex 2);

The proponent will provide the basic information below together with the checklist, and submit to NEA ORED, LGUGC, or private financial institutions for their review and evaluation. These agencies will review the submitted checklist and conduct a scoping exercise to determine the coverage of the environmental assessment needed for each subproject.

Subproject Basic Information

- A. Proponent's Company name and main contact person
Company address, telephone, fax and e-mail detail
- B. General characteristics
 - a. Size / scale of subproject
 - b. Land area
 - c. Relationship with other projects
 - d. Type of renewable energy/ use of natural resources
 - e. Production of waste, pollution and nuisances
 - f. Potential risks, in particular to substances or technologies used
- C. Site-specific characteristics
 - a. Location - Street, barangay, municipality/city, province
 - b. Existing land use, natural resources or environmentally sensitive areas in the project area or adjacent to it, such as:
 - i. Urban - commercial/ industrial area
 - ii. Urban – residential area
 - iii. Wetlands
 - iv. Coastal zones
 - v. Mountains, forests, nature reserves and parks and other areas classified as protected areas
 - vi. Land or seascapes of historical, cultural or archaeological significance

Subprojects are also screened for coverage under the Philippine Environmental Impact Statement (EIS) System. If the subproject is covered, the type of safeguard instrument required may vary from Initial Environmental Examination (IEE), IEE checklist, or EIS depending on the subproject's environmental category. Refer to ESSF Annex 5 for the *Environmental Category and Documentary Requirements of Subprojects Commonly Implemented by LGUs*. A scoping meeting may be organized with the DENR to determine requirements under Philippine Regulations.

If under Philippine Regulations an EIS or full EA is required, this document will help the proponent meet in part or in full the WB safeguards requirements, depending on the coverage and extent of the EA conducted. The implementation of the Environmental and Social Management Plan (ESMP), which is part of the EIS will also be included as part of the contractual obligations of the winning Civil Works Contractor.

If the proposed subproject involves procurement of equipment intended for environmental infrastructure, an ESMP for the operations phase shall be prepared ahead of the scheduled delivery to inform the procuring entity of the mitigating measures of potential negative environmental impacts.

Identification of environmental impacts and mitigating measures

The list of negative subproject attributes that renders a subproject ineligible (ESSF Annex 1) and the screening checklist will guide the proponent in reviewing the subproject characteristics to determine the safeguards instruments needed for compliance to the safeguards requirements of the project. (ESSF Annex 2)

The purpose of conducting an Environmental Impact Assessment is to protect environmental resources and minimize any potential adverse effects from project construction and operation. The assessment of all environmental impacts should adhere to an integrated process, divided into the following stages:

1. Screening and Scoping
2. Baseline Data Collection
3. Assessment of Environmental Impacts
4. Development of Mitigating measures
5. Analysis of Alternatives
6. Environmental and Social Management and Monitoring Plans (ESMP)

The assessment of predicted environmental impacts shall be the basis for the proponent and the design consultants in the selection of appropriate project alternatives.

- Inclusion of ESMPs in technical specifications of contracts to help prevent and mitigate potential environmental impacts.

Table 4 is a sample assessment of environmental impact and corresponding mitigating measures analysis for a hydropower project. ESSF Annex 6 provides a detailed discussion of the steps in the EIA process (environmental impact assessment, cumulative impact assessment and ESMP) for a hydropower project. Likewise, ESSF Annex 9 provides for an Environmental Code of Practice (ECOP) for hydropower projects. Annexes 7-8 and 10-11 provide for the ESMP and ECOPs for all other types of renewable energy projects.

Table 4. Hydropower project: Impact Assessment and Mitigating measures

| Project phase/activity | Valued Ecosystem Component | Environmental Impact | Mitigating Measure |
|------------------------|----------------------------|----------------------|---|
| Project Siting | Land Use | Land Loss | Refer to land use plan and preserve protected areas by not converting land use to |

| | | | |
|--------------|--------------------|--|---|
| | | | accommodate project |
| | Public Water users | Reduced water supply for domestic use and irrigation | Project siting should be done away from sources of water supply for domestic use and irrigation |
| Construction | Protected Areas | Disturbance of natural conditions | Project siting should not encroach into protected areas or critical natural habitats |
| Operation | Water | Altered water flows | Ensure that water in the river is not diverted that could result in reducing the river flow by 50% or drying up of river sections |

2.1.3 Social Safeguards Procedures

Review will commence with the enumeration by the subproject proponent (EC/IPA, other power providers) with assistance from the NEA- ORED when necessary, of the extent of land acquisition, project-affected population and loss of assets that may result from a subproject's implementation, using a checklist. This normally happens as part of the feasibility study. To facilitate review, implementing unit shall complete the checklist found in Table 5 below and Annex 2. Reviewers from ORED will verify the information put in by proponents from the submitted subproject documents, and/or from subproject site visit. See **Table 1** below.

Table 5. Checklist of Project-Affected Persons and Assets

| Social Impact | Yes | No | Specify Details |
|--|-----|----|---|
| a) Land acquisition necessary | | | Size & use of land |
| b) HHs / Persons will be displaced | | | Total no. of HHs /persons |
| c) Presence of informal settlers | | | Total no. of informal HHs / settlers |
| d) Legal structures acquired / damaged | | | No., size & built of structures |
| e) Informal structures being removed | | | No., size & built of structures |
| f) People losing means of livelihood | | | Total no. of HHs /persons |
| g) Basic services will be inaccessible | | | Type/s of basic services |
| h) Crops / trees being damaged / lost | | | No. & type of crops / trees |
| if) Tenants / Lessees losing crops / trees | | | No. of tenant HHs losing how many, what type of crops / trees |
| j) Informal settlers losing crops / trees | | | No. of informal HHs losing how many, what type of crops / trees |
| k) Indigenous peoples to be displaced | | | Total no. of indigenous HHs /persons |
| l) Cultural property affected | | | No., size and type of cultural property |

Social safeguards requirements will be triggered when any one of the above social impacts is positively identified/confirmed. Based on the information derived from the checklist, the following are validated (See **Table 2**):

- Appropriateness of the prepared/submitted social safeguard document for the social category of the subproject; and
- Conformity of the prepared social safeguard documents to the provisions of the PHRED Resettlement and Compensation Framework.

Table 6. Required Social Safeguards Document

| No. of Displaced Persons | Required Document/s |
|---|--|
| > 200 persons displaced and/or requiring shifting of dwelling structures | Full Resettlement Plan (Attachment RCF-3) |
| Presence of IP communities or ancestral domain | Indigenous People Plan (Attachment IPF-1) |
| 1-200 persons or “minor impacts” i.e., no shifting of dwelling structures | Abbreviated Resettlement Plan (Attachment RCF-4) |

In reviewing the conformity of the submitted documents to social safeguards requirements NEA ORED shall use the following criteria and means of verification as follow:

Table 7. Criteria for Review of Social Safeguards Instruments

| Criteria | Means of Verification |
|--|---|
| 1 Consultation with and participation of adversely affected persons or, in the case of IPs, if they are present in the subproject area | - Minutes of Public Consultations - Expression of Support of stakeholders, particularly those adversely affected - Survey Report on Acceptability / Willingness - Free & Prior Informed Consultation, for DPs that are IPs |
| 2 Compensation & assistance to be provided according to the provisions in PHRED Resettlement Policy Framework | - Compensation Table - Rehabilitation Program/s - Resettlement Implementation Schedule, in relation to overall Subproject Implementation |
| 3 Resettlement site of adversely affected persons (if any) with conditions equal to, or better than, those in existing sites | - Resettlement Site Development Plan & Vicinity Map - Description of available / accessible basic infrastructure and services in resettlement sites - Visit to resettlement site/s |
| 4 Implementation of RAP in relation to overall Subproject Implementation Schedule | - Comprehensive Resettlement Implementation Schedule within the overall Subproject implementation schedule |

| | | |
|---|---|---|
| 5 | If applicable, due diligence on donations of affected lands for subproject implementation | <ul style="list-style-type: none"> - Documentation of meetings held regarding land donation/s – need to assess agreement to donate, i.e., was there informed consent and power of choice. Also, need to ensure that there is a legal transfer of the asset (signing, registration, taxes/fees paid, etc). Or, if land is already donated, documentation of donation/s (note the total land area from which portion needed by subproject is taken) and assess whether donation is legally valid (e.g. identify right being transferred, no lien on asset, occupants in affected portion, wife consent to transfer, agreement to transfer, legal transfer of title and registration, costs of transfer). - Assessment report on the donor's economic viability and economic sustainability of transferred asset (resources to maintain and support asset). Please see protocol for land donation in Annex 15. |
| 6 | Management of cultural properties within, or in close proximity to, the subproject area | <ul style="list-style-type: none"> - Report on presence/absence of a cultural property - Brief reconnaissance report by competent authority to determine what is known of the cultural property aspects of the subproject site. |
| 7 | Provision for M&E | <ul style="list-style-type: none"> - Resettlement Action Plan - Resettlement Plan Cost Estimates |

2.1.4 Safeguards Responsibilities during Subproject Preparation and Review

Proponent Subproject Preparation

The subproject proponent is the primary investor of the subprojects which includes the independent Electric Cooperatives (EC), private sector entities or joint venture undertakings between the EC and the private sector or individual power developer. The proponent is primarily responsible for the preparation of the safeguards instruments, the conduct of safeguards due diligence and its submission to the national agencies to ensure adequate compliance with this ESSF and all relevant international and national rules and regulations. Some proponents are well-versed in the preparation of the appropriate safeguards documents since the eligible proponents are the better-performing and well experienced ECs with strong corporate and financial standing and demonstrated expertise in project development and business management.

As strong performing companies of good standing, the proponents have proven capacity to comply with the Philippine rules and regulations and its prescribed environmental quality standards. The subproject proponents are responsible for the quality and accuracy of the information in the safeguards documents, as well as the submission of the EA documents to DENR in accordance with DENR DAO 2003-30 which provides the requirements for obtaining an Environmental Compliance Certificate (ECC) or a Certificate of Non-Coverage (CNC). They are also responsible for getting the Certificate Precondition or Certificate of Non Overlap with regards to ancestral domains from NCIP. The proponents though may not be familiar with the WB safeguards policies thus the role of NEA is critical in providing technical advice and assistance to the proponents during in the finalization of the subproject proposals.

DENR Review

The proponent will be responsible in securing the appropriate environmental clearances from DENR. As prescribed under the Philippine EIA Law, proponents of development projects must prepare an appropriate Environmental Assessment instrument and secure an Environmental Compliance Certificate (ECC) from DENR. As a basic requirement for ECC, subprojects have to successfully pass the DENR screening system. Screening of subprojects is typically performed at the regional offices of DENR-EMB for Category B subprojects and at the EMB central office for Category A subprojects. The regional offices may also review EIS for certain types of Category A subprojects where there exist qualified professionals to constitute an Environmental Impact Assessment Review Committee (EIARC).

The proponent, in the conduct of its environmental assessment, will determine the applicable safeguard policies and assess the scope and extent of the project's potential environment and social impacts in order to identify adequate mitigating measures in the project design and in the Environment and Social Management Plan (ESMP). The proponent will then submit the EA to DENR in its application for an ECC.

NEA- Office of the Renewable Energy Development (ORED) Review

The National Electrification Administration (NEA) is the apex agency for the electric cooperatives (ECs). NEA established, funded and supervised Electric Cooperatives (ECs) to provide adequate, reliable and low- cost electricity to the rural areas. These ECs are regulated by another agency of government, the Cooperative Development Authority (CDA) to ensure that they abide by prescribed rules and regulations for cooperatives. NEA has emerged as a key partner agency in ECPCG as it works with ECs on the development of investment plans and on the identification of potential generation options.

NEA created the Office of the Renewable Energy Development (ORED) to facilitate the development of renewable energy-based power generation with the electric cooperatives by extending assistance on Technical Engineering, Environmental and Social Project Development. The Office will also provide commercial advice during the entire process of project development. It has now been in operation for well over a year, is very proactive in working with the ECs and is tasked to perform subproject due diligence and quality assurance in all aspects of subproject preparation

ORED will provide assistance to the proponents in the conduct of the subproject environmental and social safeguards due diligence during project preparation and make available to them safeguards compliance requirements, standards and work processes. Together with the technical review of the proposals, ORED will conduct the screening of proposed subprojects prior to entry at the ECPCG pipeline to determine the adequacy of the environmental and social safeguards instruments prepared by the proponent and the ECC obtained from DENR. Safeguards documents will undergo substantive review by the ORED safeguards staff to ensure consistency and validity of information particularly if pressing environmentally and /or socially critical issues exist. Further, NEA-ORED will keep the records of the subproject safeguard monitoring reports, feedback and technical information, and the ESMPs, RAPs, IP Plans, ECCs/CNCs.

LGUGC Review

The LGU Guarantee Corporation (LGUGC) is a private entity owned by the Bankers Association of the Philippines and the Development Bank of the Philippines. Under the ECPCG program, LGUGC's responsibilities include marketing, originating, processing, approving and monitoring guarantees on behalf of the ECPCG. Day to day program management for the two windows will be provided by a dedicated separate Program Management Office (PMO). LGUGC already has a PMO in place under the existing ECPCG program and this will take over the expanded program.

The conduct of review by LGUGC at the time of seeking guarantee for the subproject loans is part of its oversight function and task to verify that subprojects, at their entry to the ECPCG pipeline, are in compliance with this ESSF, and relevant environmental and social standards and regulations. This type of review performed by LGUGC is entirely independent and does not conflict with the nature of evaluation that the DENR performs

WB Review

Apart from the DENR review of the EA report, WB will also conduct a review on a number of safeguards documents prior to the issuance of a No-Objection Letter (NOL). Among the safeguards documents that WB will review are:

Environmental Safeguards

- First EIS report for subprojects in each of the areas of housing and site development, sewerage, solid waste management, roads and highways, hospital construction and power generation;
- First IEE report prepared for subprojects in each of the areas of water supply, public market and slaughterhouse; and
- All Category A subprojects.

Any Category A subproject that has undergone WB appraisal/review shall only be allowed to proceed with the construction phase after the release of the environmental clearances from the DENR-EMB and the NOL from the WB.

Social Safeguards

- All full RAPs
- All IPPs; and
- First three (3) abbreviated RAPs.

The institutional roles and responsibilities of the Proponent, NEA ORED and WB are defined in Table 8 to describe the extent of tasks each institution must do so that the progress of a subproject's compliance to the safeguards policies is kept on the right track.

Table 8 Safeguards process flow during subproject proposal preparation (in numerical order)

| Activity | Proponent | NEA ORED and LGUGC | WB |
|---|---|---|--|
| A Project Preparation and Subproject Screening Stage | 1 Submits subproject proposal to NEA ORED for review | 2 ORED (if needed, provides technical assistance) determines if subproject is eligible and its environmental category, guided by the ESSF | |
| B Subproject Pipeline Inclusion Stage | 4 Updates proposal based on comments/ feedback and re-submits complete proposal package to NEA ORED (with environmental safeguards requirements, if available) | 3 ORED sends comments to proponent (including subproject environmental category) for appropriate action | |
| | | 5 When ready, ORED endorses proposal package to LGUGC for review | |
| C Environmental Safeguards Preparation Stage | 6 If safeguards requirements are lacking, hires Consultant for preparation of safeguards instruments | 8 Provides technical & procedural advice on safeguards requirements | 9 WB provides guidance, if necessary. |
| | 7 Hired EA consultant shall coordinate with ORED for briefing on safeguards requirements. | | |
| D Finalize Proposal package | 10 Ensures safeguard results are integrated in the Feasibility Study. | 11 ORED provides technical & procedural advice to ensure that proposal complies with this ESSF and that safeguards requirements are met. | |
| E ECC / NOL Application Stage | 12 EA Consultant prepares / submits the ff to DENR-EMB, ORED & PMO: a. Scoping report * b. Draft EA report & if applicable RP &/or IPP c. Final EA report Documents submitted to DENR-EMB are for the issuance of ECC / CNC. | 13 ORED does substantive review on submitted EA documents to verify if necessary environmental safeguards are provided. | 15 Reviews & issues NOL on the final EA report (only applies to classified Category A subprojects). |
| | | 14 Transmits safeguards document to WB for reference, or if applicable, comment (applies to selected Category A subprojects for NOL issuance). | |

*Technical requirements for EIS subprojects

2.2 Project Implementation

Integrating Safeguards requirements into the ECPCG Approval Process

The safeguards procedures discussed in the previous sections have been built into the existing ECPCG Process Flow in order to strengthen safeguards implementation, supervision and monitoring (Table 9). Annex 3 shows steps I to XII of the ECPCG Process Flow with the safeguards procedures.

Table 9. Safeguards Requirements embedded in the ECPCG Project Process Flow

| Safeguards Procedures | Clearances and Responsible Agency | ECPCG Process Flow (relevant steps requiring ESSF inputs) | Clearances and Responsible Agency |
|--|---|--|---|
| Step 1 - Safeguards Screening and Scoping (ESSF Annex 2) | NEA-ORED – screening and scoping (ESSF Annex 2) Private Financial Institutions – screening (ESSF Annex 2) | Step III - Technical and Financial Due Diligence | NEA-ORED, LGUGC, DOE, Private Financial Institutions |
| Step 2 – - Impact Assessment and Development of Environmental and Social Management Plan (ESMP), Environment Codes of Practice (ECOPs); RAP and IPP (Annex15) - Public Consultation and Information Disclosure - Review and Clearance of Environmental and Social Safeguards Documents | Electric Cooperatives IPP RE developers NEA-ORED – review and clear environment and social safeguard documents | Step III Technical and Financial Due Diligence Step IV – Report Writing | ECs IPP RE developers NEA-ORED – review and clear environment and social safeguard documents |
| Step 3 – - Implementation | Electric Cooperatives, IPP RE developers | Step XI – Project Implementation | ECs IPP RE developers |
| - Supervision, Monitoring and Reporting | LGUGC, NEA-ORED, DOE, Private financial institutions, PMB | Step XII – Supervision, Monitoring and Reporting | LGUGC, NEA-ORED, DOE, PFI, PMB |
| Institutional Arrangements and Capacity Building | LGUGC, NEA-ORED | All phases of the project | LGUGC, NEA-ORED |

There will be on the average two World Bank supervision missions a year. Safeguards compliance reports are to be submitted to WB by LGUGC in coordination with NEA-ORED before such missions. Regular monitoring of safeguards compliance will be carried out by LGUGC as well as the World Bank Task team on a case by case basis. Any deviation from the agreed safeguards arrangements needs to be communicated to WB. If any issues arise in relation to environmental and social impacts of the subproject, it will be immediately reported to WB. Pending issues should be followed up until a resolution is reached.

2.3 Institutional Arrangements and Capacity Building

2.3.1 Government agencies and private institutions involved

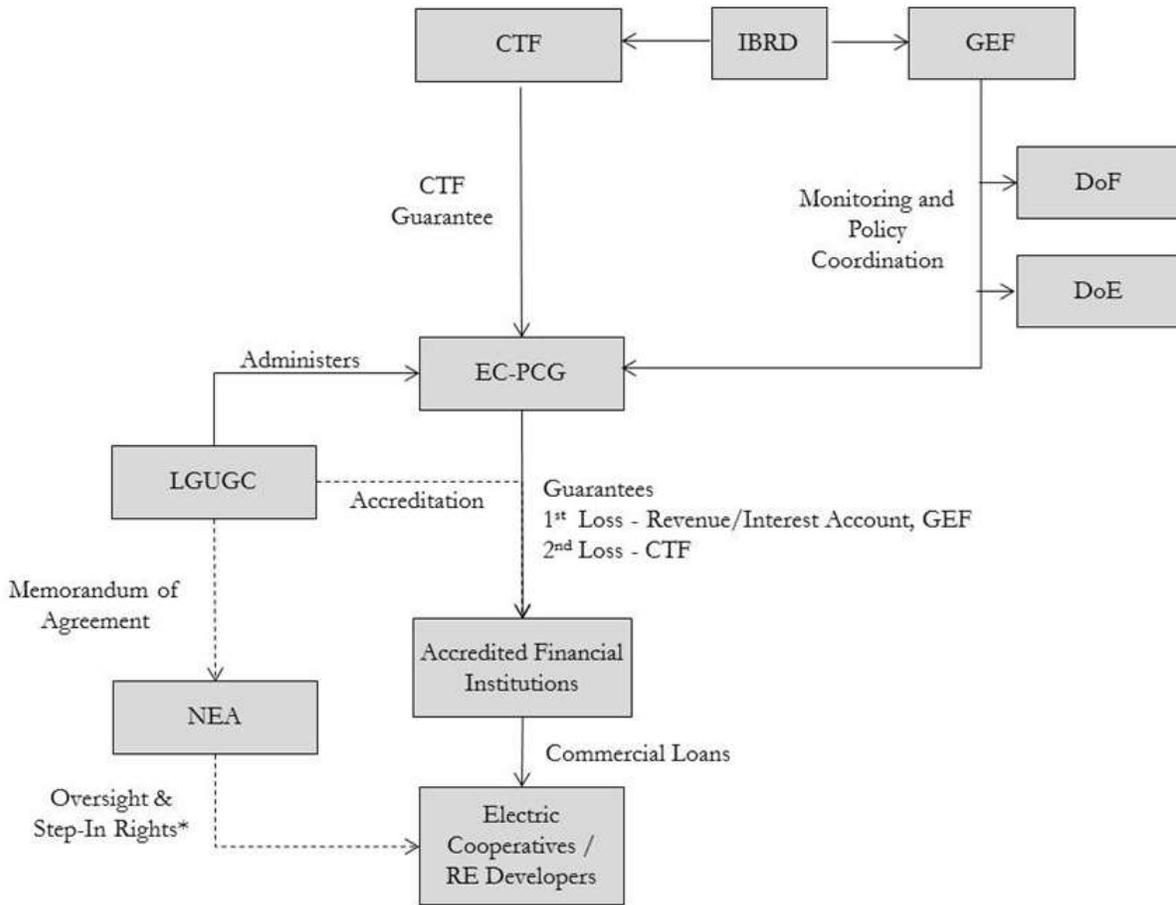
The Department of Energy (DOE) which is responsible for the preparation, integration and coordination of the government's plans and programs on energy exploration, development, utilization, distribution and conservation, is the owner of Electric Cooperatives Partial Credit Guarantee (ECPCG) program, a Government program designed to facilitate the flow of commercial credit to the electric cooperative sector. LGUGC will continue in its role, under contract with DOE, as the project manager of the ECPCG program which supports commercial bank loans to the ECs for EE (system loss) and RE investments. The Guarantee Agreement will be between IBRD (on behalf of CTF) and LGUGC (on behalf of DOE's ECPCG program). Since ECPCG is a DOE program, IBRD will have an implementation support agreement with DOE as well.

The LGU Guarantee Corporation (LGUGC) is the main implementing agency of the project which will be assisted by NEA-ORED in providing subproject due diligence and quality assurance in all aspects of subproject preparation including the review of the technical quality and accuracy of the information in the EA and social documents and integrating sound environmental and social practices into the subproject design and implementation. LGUGC will require subproject proponents comply with this ESSF before guarantees for investment financing are channelled to them. The WB staff will advise and support NEA-ORED and LGUGC in carrying out its safeguards responsibilities to ascertain that the safeguard policies are met.

The mandated agencies that regulate the safeguards compliance of development projects are the Department of Environment and Natural Resources (DENR) and the National Commission on Indigenous Peoples (NCIP). The DENR is responsible for the review and approval of the EIA report and the ESMP of each subproject, the issuance of the Environmental Clearance Certificate (ECC) and the monitoring of safeguards compliance, while NCIP is responsible for addressing issues and concerns of the country's indigenous peoples. It prescribes the procedures on getting the free and prior informed consent of IP communities present in subproject locations that are within their ancestral domains. Their participation may also be sought in engaging the IPs found to have presence in project locations outside ancestral domains.

Figure 2 below shows the flow of the CTF funds in the ECPCG Program and the relevant institutions of the program.

Figure 2. Structure of the ECPCG Program



2.3.2 LGUGC Role and Responsibilities

LGU Guarantee Corporation

The LGUGC will manage the PHRED project and will process the guarantee for the funds needed by the ECs for the improvement of the transmission and distribution facilities and structures, supply-side energy efficiency and renewable energy investments. The LGUGC is also responsible for managing the portfolio of ECPCG guarantees and the funds in the ECPCG program, including provisioning for expected losses, capital allocation, and taking appropriate action to mitigate default risks. These experience and expertise have been considered in pricing costs and risks into the expanded guarantee on a market basis. LGUGC will continue performing the same role in the expanded guarantee program with the existing Project Agreement modified to accommodate the additional capital tranche of CTF, and to allow investments through separate windows in renewable energy (RE) as well as energy efficiency (EE). The program implementing capacities of LGUGC are strong and there are no major capacity constraints to be addressed.

The CTF Guarantee Agreement will be with LGUGC. The Electric Cooperatives, Independent Power Providers (IPP) and RE developers are the subproject proponents and implementers. The DOE, NEA, DENR and NCIP have regulatory oversight to ensure that the project is

compliant with relevant national laws and regulations. A brief description of these institutions together with their roles and responsibilities in planning and implementation of subprojects are presented below. Specifically for Social Safeguards, a review will be undertaken by the LGUGC to determine compliance to this framework. The World Bank will review all subprojects requiring a full Resettlement Plan and IP Plan. For projects requiring ARAP, only the first three (3) subprojects will be reviewed after verifying that the LGUGC PMO has demonstrated the skills to perform the required due diligence in ensuring thorough review of RAPs submitted by proponents. The Bank shall include review of these RAPS selectively during scheduled project missions.

LGUGC has been providing guarantee funds to LGUs for water supply projects and small infrastructure projects such as market, bus terminal and slaughter house and to Electric Cooperatives for improvements of the transmission and distribution lines. Its portfolio covers around Php 12.8 billion, where Php 3 billion are for energy projects.

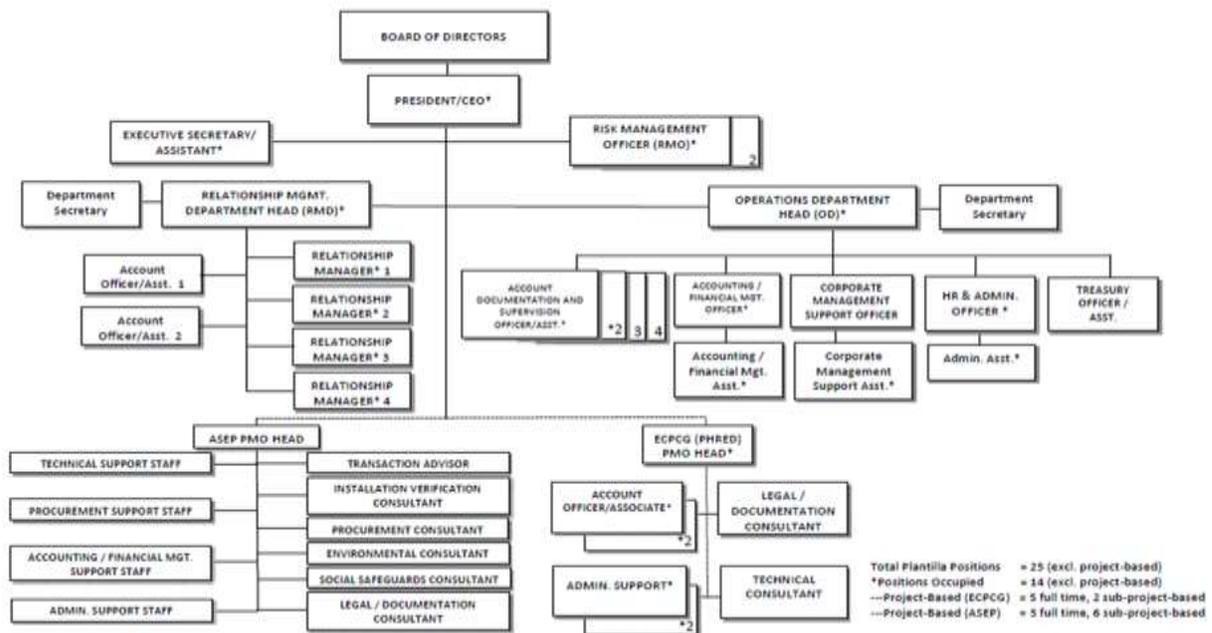
LGUGC has a total permanent staff of 15 persons including the President. Under the President are 3 units that will all be involved in the PHRED project:

Operations Unit has 8 persons. This unit includes administrative and finance. It is also involved in monitoring activities with ECPCG.

ECPCG Unit has 5 persons. This is the main unit involved for the energy projects. The unit does not do technical work, but hire technical consultants to undertake the technical review of energy projects being proposed.

Relationship Management Unit has 13 persons. This is the main unit that handles LGU and water districts projects, renewable energy technical proponents (RETP) and medium- and large-sized enterprises (MLEs).

Figure 3. LGUGC ORGANIZATIONAL STRUCTURE



Directly under its president, the LGUGC has created the Risk Management Office and one of its functions is to undertake the review of all projects of LGUGC to determine their compliance to prescribed environment and social safeguards requirements. This will be done in coordination with NEA which will conduct the initial screening of the proposed project and advise the proponent/s of applicable safeguard processes and requirements. The ECPCG PMO Head together with the account officers will ensure that the project proposals for review and approval of the LGUGC Board comply with the requirements set forth in the ESSF. The PMO will be staffed with dedicated technical expert who will act as the safeguards specialist and be responsible for the conduct of the environmental and social safeguards due diligence for the project. During the safeguards consultation meeting with project proponents and attended by the WB Safeguards task team members, the LGUGC expressed its commitment to provide technical assistance to its clients and support them during project packaging to ensure adequate compliance to safeguards requirements. LGUGC also committed to the conduct of regular capacity building activities involving their staff and other concerned agencies during the life of this project.

The Project Monitoring Board (PMB) is organized and chaired by the LGUGC for monitoring and evaluation of energy projects. Other members of the PMB are DOE, NEA and the lending bank/financier. Two persons from LGUGC usually participate in the PMB activities. A budget of P10,000.00 per person is projected for travelling expenses to participate in PMB activities. The PMB is tasked to monitor the performance of the projects enrolled in the ECPCG program which includes monitoring of the subprojects' environmental and social safeguards compliance and performance.

Table 10 Institutional Responsibilities of LGUGC, PFIs and government agencies involved

| Institution | Responsibilities |
|-----------------|--|
| LGUGC/ECPCG-PMO | <ul style="list-style-type: none"> • Executing institution with overall responsibility for PhRED project implementation. • For project duration, ensure that dedicated PMO staff to oversee ESSF implementation is engaged. • Ensure that necessary resources are allocated to obtain environmental clearances certification under EIS from DENR, RAP and IPP prior to award of civil works contracts • Ensure submission of semi-annual monitoring reports on ESMP implementation to WB and DENR. • Ensure proponents apportion adequate funds for the environmental and social management capacity building activities of financial institutions, subproject proponents as described in the ESMP and ECoPs and this ESSF. |
| NEA-ORED | <ul style="list-style-type: none"> • Ensure that sufficient funds are made available by subproject proponent to properly implement the ESMP/RAP/IP Plan • Ensure that subprojects, regardless of financing source, complies with the provisions of the ESMP and <i>WB environmental and social policies and</i> |

| Institution | Responsibilities |
|---|---|
| | <p><i>particularly WB POLICY OP 4.01, OP 4.10 and Op 4.12 as embodied in this framework</i></p> <ul style="list-style-type: none"> • Ensure the establishment and implementation of an environmental and social grievance redress mechanism, as described in the EIA and this ESSF, to receive and facilitate resolution of affected peoples' concerns, complaints, and grievances about the Project's environmental performance • Ensure that bidding and contract documents include the ESMP and ECoPs • Ensure that subprojects comply with Government environmental and social policies and regulations. • Provide technical guidance to LGUGC in the screening and scoping of the proposals to determine required safeguards instruments • Perform due diligence activities including assistance to participating ECs in determining safeguards requirements, and • Work with ECs on the development of Investment Plans and on potential RE generation options. |
| Partner Financial Institutions (PFIs) | <ul style="list-style-type: none"> • Inform subproject proponents of the ESSF process and requirements of the project and include the ESSF in the information package that they provide to their clients • Check necessary environmental clearances and approval(s) from DENR, NCIP and LGUGC prior to release of loan • Participate in an grievance redress mechanism, as described in the EIA and this ESSF, to receive and facilitate resolution of affected peoples' concerns, complaints, and grievances about the Project's environmental performance • Undertake monitoring of the implementation of the ESMP (mitigation and monitoring measures) RAP and IPP with assistance from LGUGC, DOE, NEA-ORED and PMB • Report to LGUGC aspects of environmental and social safeguards management and monitoring at six month intervals, based on the results of subproject monitoring |
| Subproject proponent - EC/ RE developer/ Independent Power Provider | <ul style="list-style-type: none"> • Ensure that Project implementation complies with WB's environmental and social policy OP 4.01, OP 4.10 and OP 4.12 and the principles and requirements therein • Ensure that ESMP and Environmental Code of Practice (ECoPs) provisions are strictly implemented during various project phases (detailed design/pre-construction, construction and operation) to mitigate |

| Institution | Responsibilities |
|-------------|--|
| | <p>environmental impacts to acceptable levels</p> <ul style="list-style-type: none"> • For project duration, commit and retain a dedicated staff as environment and safety officer (ESO) to oversee ESMP/RAP/IP Plan implementation • Check that environmental protection and mitigation measures in the ESMP are incorporated in the detailed designs • Ensure that bidding and contract documents to contractors include the ESMP and ECoPs • Submit semi-annual monitoring reports on ESMP/RAP/IP Plan implementation to NEA=ORED and LGUGC • Include in the Project ESMP and specify requirement for preparation and implementation of method statement/site specific ESMPs (SESMPs) by the contractors as described in the EIA/ESMP • Prior to construction, review and approve in writing the updated SESMPs/method statements prepared in consultation with contractors • Prepare semi-annual environmental monitoring reports for submission to LGUGC, NEA-ORED and DOE. • Obtain environmental approvals and certification (e.g., ECC) from DENR prior to award of civil works contracts • Ensure proper and timely implementation specified in the ESMP/RAP/IPP and ECoPs, conduct environmental training as specified in the EIA/ESMP, conduct contractors workers' orientation on ESMP provisions, undertake regular monitoring of the contractor's safeguards performance, and submit environmental baseline report as specified in the ESMP to LGUGC, DOE and NEA-ORED, Financial Institution and DENR • Based on the results of ESMP monitoring, identify environmental corrective actions and prepare a corrective action plan, as necessary, for submission to LGUGC and Financial Institution. Does the same for RAPs and IP plan. |
| Contractor | <ul style="list-style-type: none"> • Prepare draft method statement/ SESMPs based on ESMP provided by the subproject proponent (Traffic Management Guidelines, Utilities, Runoff Control Guidelines, Waste Management and Spoil Disposal Guidelines, Noise and Dust Control Guidelines, etc.) described in the ESSF • Recruit qualified social and environmental safeguard specialist to ensure compliance with environmental statutory and contractual obligations and proper implementation of the ESMP • Implement all necessary SESMP and ECoPs and submit Environmental Compliance Monitoring report to the subproject proponent |

| Institution | Responsibilities |
|--|---|
| | <ul style="list-style-type: none"> • Provide sufficient funding and human resources for proper and timely implementation of required mitigation measures in the ESMP and segregate these sums in the bidding documents • Implement additional environmental mitigation measures for unexpected impacts, as necessary |
| Project Monitoring Board (PMB) | <ul style="list-style-type: none"> • Provide oversight to the implementation of the project and LGUGC, Financial Institutions and sub-proponents' compliance to the ESSF • Undertake regular monitoring and reporting of the overall project and specific subprojects' environmental performance |
| Department of Energy | <ul style="list-style-type: none"> • Manage over-all implementation of the ECPCG Program and keep well informed on the status of the subprojects enrolled in the EC-PCG program and conduct regular coordination meeting among LGUGC, NEA-ORED and WB ESSF Team |
| Department of Environment and National Resources | <ul style="list-style-type: none"> • Review and approve environmental assessment reports and applications for Environmental Compliance Certificates (ECCs) • Issue ECCs • Undertake monitoring of the subprojects' environmental performance |
| National Commission on Indigenous Peoples | <ul style="list-style-type: none"> • Facilitate field based investigation and Free and Prior Informed Consent activities in project locations where IPs are present • Issue Certificate of Non Overlap or Certificate Precondition as needed • Monitor compliance of project proponents to MOA with IPs which are also documented as IPPs. |

Action Plan for Capacity building

LGUGC will take the lead in organizing the capacity building efforts to ensure overall project compliance to the safeguard requirements for all participating agencies/entities.

Table 11. Capacity Building activities

| Workshops/ Trainings | Participating agencies | Schedule |
|---|---|--|
| 1. WB and DENR Safeguard policies, ESSF requirements and procedures | LGUGC, NEA, DOE, PFIs, ECs, IPPs, RE developers | 1 st month of project start |
| 2. Safeguards monitoring, evaluation and audit | LGUGC, NEA, DOE, PMB, PFIs | 2 nd month of project start |
| 3. Conduct of EIA, SIA and other safeguard instruments | LGUGC, NEA, DOE, PFIs, ECs, IPPs, RE developers | 1 st month of project start |
| 4. Impacts of hydropower | LGUGC, NEA, DOE, PFIs, ECs, | 1 st month of project start |

| | | |
|--|---|---|
| projects and mitigating measures | IPPs, RE developers | |
| 5. Institutional strengthening of focal points in participating agencies | LGUGC, NEA, DOE, PFIs | 1 st month of project start |
| 6. Round table discussions on safeguards issues and concerns | LGUGC, NEA, DOE, PFIs, ECs, IPPs, RE developers | Quarterly |
| 7. Consultations with DENR, WB safeguard specialists | LGUGC, NEA, DOE, PFIs, ECs, IPPs, RE developers | During missions, or on-call, as the need arises |

2.4 Monitoring and Follow-up

2.4.1 Overview of Monitoring

Monitoring of subproject compliance with safeguards requirements will be done by the LGUGC in parallel with DENR monitoring. LGUGC will submit a safeguards compliance report to the WB team during the bi-annual supervision support missions. The Bank safeguards specialist will conduct site visits to selected sites, to validate compliance with agreed safeguards procedures during these missions.

Subprojects that are covered by the Philippine EIS System are required by DAO 2003-30 to conduct regular self-monitoring of parameters as indicated in the subproject's ESMP. The proponent must satisfy this requirement by submitting an Environmental and Social Monitoring Report (ESMR) on a semi-annual frequency, i.e., within January and July of each year, to the concerned DENR-EMB regional office. Copies of the submitted ESMR must be provided in two sets to the PMO for reference and review purposes. One set of the ESMR received by LGUGC will be transmitted to WB for record keeping.

The primary purpose of compliance monitoring is to ensure the implementation of sound and standard environmental and social procedures as defined during project preparation. Specifically, it aims to:

Monitor project compliance with the conditions set in the ECC;

Monitor compliance with the ESMP and applicable laws, rules and regulations;

Provide a basis for timely decision-making and effective planning and management of environmental measures through the monitoring of actual project impacts vis-a-vis the predicted impacts in the EIS/IEE;

Monitor compliance to RAP and/or IPP; and

Provide basis for timely decision making and effective planning for measures that will ensure attainment of the objectives of social safeguards as indicated in the RAP and/or IPP.

There are also instances (critical environmental aspects) that the ECC sets the conditions for the activities to be monitored and the monitoring schedule.

LGUGC PMO Monitoring

The submission of safeguard documents shall be monitored to keep track of the pace of processing the ECC and NOL so that subproject physical implementation is not prolonged. This activity shall serve as a barometer that will push the proponent responsible to work on the needed deliverables.

Table 12. Checklist of Environmental Safeguards Documents

| Proponent | Environmental Document | | | | | Date Submitted | Remarks |
|-----------|------------------------|-------|-------|----|------|----------------|---------|
| | EIS | IEE-R | IEE-C | PD | ESMP | | |
| 1 | | | | | | | |
| 2 | | | | | | | |
| 3 | | | | | | | |
| 4 | | | | | | | |

Table 13. Checklist of Social Safeguards Documents

| Proponent | Type of RAP (abbreviated/full) | IPP | Date submitted | Remarks |
|-----------|--------------------------------|-----|----------------|---------|
| 1. | | | | |
| 2. | | | | |
| 3. | | | | |
| 4. | | | | |

The proponent shall monitor compliance with the conditions of the ECC, and carry out the requisite data collection during both the pre-construction and construction phases. Semi-annual Environmental Monitoring Reports (EMR) shall be submitted to the LGUGC PMO for review and evaluation, including:

- Presentation of the collected data;
- Discussion on the compliance or non-compliance with the ESMP and ECC;
- Compliance with RAP and/or Annual Monitoring Report for IP Plans submitted to NCIP;
- Conclusions and recommendations; and
- Photos of environmental and social monitoring and adherence to mitigating measures.

If any irregularities are observed, the LGUGC PMO in coordination with NEA-ORED will report its findings to the proponent and discuss the measures to be taken. The World Bank Task Team will be provided by the PMO a summary of the EMRs on a semi-annual basis and inform the Bank of any safeguards issues and concerns so that assistance and resolution can be made at the earliest possible time.

2.4.2 DENR Procedures

All projects covered by the Philippine EIS System, which have been issued an ECC, shall be subject to periodic monitoring by the DENR, i.e., compliance and impact monitoring in accordance with established procedures and protocols. Within the framework of the Philippine EIS System, the responsibilities of monitoring projects are lodged within the EMB regional offices and the latter can request for the assistance of the Provincial Environment & Natural Resource Office (PENRO).

As a minimum requirement in compliance monitoring, the DENR-EMB shall focus on the following:

- Status of proponent's delivery of commitment made in its ESMP (or in the case of IEE Report, the Summary Matrix of Impacts.);
- Effectiveness of the committed ESMP in mitigating the project's environmental impacts; and
- Meeting the terms and conditions of the ECC.

The project will not rely on DENR's monitoring reports but rather the proponent will conduct regular monitoring of subprojects based on compliance with the agreed safeguards instruments (i.e. ESMP).

2.5 Grievance Redress Mechanism

A grievance redress mechanism for the project is necessary for addressing legitimate concerns of affected individuals and groups who may consider themselves deprived of appropriate treatment under the project. Electric Cooperatives (ECs) have Membership/Consumer/Public Complaints Sections to address all complaints and grievances received from members of the cooperative and the general public. The Public Complaints Sections will be responsible to address and resolve any grievances from the public regarding the sub-projects. Complaints and grievances related to any aspect of the sub-projects, including environmental and social safeguards issues, will be addressed as follows:

- Step 1: Complainants will present their complaints and grievances to the Barangay officials for onward transmission of their complaints to the concerned Electric Cooperative. The subproject proponent: EC, renewable energy developers or independent power providers, together with the LGU officials, will make every attempt to resolve the grievances at the local level.

- Step 2: If the complaint is not addressed to the satisfaction of the complainant, or remains unresolved, for 15 days from the date of first submission, the complainant may then submit his/her complaint directly to the NEA-ORED. NEA's focal person whose address and contact numbers are as follows:

The Program Officer:

Address:

Tel Nos:

E-mail address:

NEA shall furnish LGUGC with a copy of the complaint addressed to the ECPCG PMO Program Manager.

Step 3: If the complaint is not addressed to the satisfaction of the complainant within 15 days from the date of submission to the subproject proponent or remain unresolved, the complainant can approach the court of law within the jurisdiction of the EC and the complainant.

The following principles will apply to address complaints and grievances in the project:

- Complainants will be exempted from all administrative and legal fees incurred pursuant to the grievance redress procedures. All such costs will be borne by the respective subproject proponent.

- All complaints should be written. If received verbally, these shall be properly documented by the concerned subproject proponent. It shall put all relevant details of complaints and the actions taken on their respective websites;
- The LGUGC will appoint designated staff with the responsibility to address complaints related to the project; and
- The subproject proponent will maintain proper documentation of all complaints received and actions taken. They will submit a report on these to the LGUGC, who shall be responsible for subproject monitoring. The ECPCG PMB will monitor said complaints as part of its due diligence. It will closely coordinate with the subproject proponents on possible remedial actions to resolve complaints expeditiously and adequately, and submit to the Bank a report on the complaints and the steps taken by the sub-borrowers to resolve the complaint, as part of the semi-annual SECR.

2.6 Public Consultation and Disclosure of Information

This ESSF was subjected to public consultation to key project stakeholders on May 16, 2013 in a public place in Makati City organized by LGUGC. The key stakeholders that attended the Public Consultation are: representatives of ECs, Renewable Energy Developers, DOE, NEA, and several commercial private banks likely to invest in the energy sector, World Bank and other civil society groups. The documentation of the ESSF public consultation is presented in the Annex.

Subproject public consultation and participation ensures project acceptability and fosters good community relationship among the community, community leaders and the subproject proponents. Information provided will include: the purpose, nature and scale of the project; and the duration of the proposed activities and of any potential impacts on the community. Documentation is the responsibility of the subproject proponent which will provide updates and feedbacks to the community, as needed, on the project activity. Public consultation and information dissemination on key aspects of resettlement will be carried out as a continuous activity throughout the planning and implementation phase of the subprojects.

Disclosure

Environmental and social safeguard information to be disclosed will include, at a minimum: subproject information, impacts and proposed mitigation measures. Disclosure could be done through community meetings, posters, booklets, newspapers and the internet sites of LGUGC and the WB Info shop. Local disclosure of information should be targeted, at a minimum, to directly affected communities (including project-related workforce, where applicable). The LGUGC and the subproject proponents (ECs) will be responsible for the making the information publicly available. Public disclosure of documentation shall be in accordance with the disclosure policies of the World Bank and LGUGC.

Documents to be disclosed include the ESSF, Comprehensive Environment Assessment which includes social assessment, ESMP, RAP or ARAP and IP Plan. The subproject proponent should commence local disclosure activities as early as possible.

2.7 GENDER DEVELOPMENT

4. The PhRED project is gender neutral. Both women and men are involved in its development and as beneficiaries as far as Electric Cooperatives are concerned. ECs through their Institutional Services Departments have a program on consumer empowerment. Districts are organized to form a “Multi-Sectoral Electrification Advisory Council (MSEAC)” representing 10 sectors of society. These are: 1.) Women’s group; 2.) LGU; 3.) Education; 4.) Agro-fisheries; 5.) Religious; 6.) Business; 7.) Youth; 8.) Civic; 9.) Media; and 10.) Barangay Council. It is important to note that many of the sectors may also have women as representatives. To determine actual representation of women in MSEAC activities, gender disaggregated attendance sheets shall be used. Minutes of Council Meetings will also be reviewed (randomly) to see if gender issues are discussed and resolved.
5. The role of the MSEAC is to provide the network for the active participation and solidarity of consumer-members. It assists the EC in conducting interactive gatherings with member-consumers to evoke positive action on various programs of the EC.