

Land Bank of the Philippines

**METHANE RECOVERY FROM WASTES  
MANAGEMENT PROGRAM**

**ENVIRONMENTAL & SOCIAL MANAGEMENT  
FRAMEWORK**

## **FOREWORD**

This Safeguards Framework Manual of the Carbon Finance Support Facility (CFSF) was developed to serve as LBP's guidebook in the developing and implementing of Clean Development Mechanism (CDM) projects under the CFSF, through the assistance of the World Bank.

This Framework was developed during the preparation of the pilot projects under the CFSF specifically for the methane recovery from the livestock wastewater treatment and municipal solid waste management projects. The applicability, sufficiency, appropriateness and/or clarity of the requirements and processes that are presented and described herein will be tried out during the actual implementation of the projects. This Manual is subject to continuous refinement / improvement as lessons are learned and experiences are drawn during the actual CDM project implementation.

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## **Acronyms**

BP	Bank Policy
CDM	Clean Development Mechanism
CFSF	Carbon Finance Support Facility
CNC	Certificate of Non-coverage
CPA	Component Project Activities
CPI	Credit Policy Issuance
DAO	DENR Administrative Order
DENR	Department of Environment & Natural Resources
DOH	Department of Health
DPD	Detailed Project Description
EA	Environmental Assessment
ECA	Environmentally Critical Areas
ECC	Environmental Compliance Certificate
ECP	Environmentally Critical Projects
EHIA	Environmental Health Impact Assessment
EIA	Environmental Impact Assessment
EIS	Environmental Impact Statement
EIARC	Environmental Impact Assessment Review Committee
EMB	Environmental Management Bureau
EMP	Environmental Management Plan
EMR	Environmental Monitoring Report
EPMD	LBP - Environmental Program and Management Department
ESF	Environmental Safeguards Framework
FI	Financial Intermediary
FS	Feasibility Study
IEE	Initial Environmental Examination
ISO	International Standards Organization
LBP	Land Bank of the Philippines
LC	Lending Centers
LGUs	Local Government Units
NCP	Non-Covered Projects
NOL	No Objection Letter
OP	Operational Policy
PD	Project Description
PENRO	Provincial Environment & Natural Resource Office
PIU	Project Implementation Unit
PoA	Program of Activity
PMO	Project Management Office
WB	World Bank
MOA	Memorandum of Agreement

## **The Environmental and Social Management Framework (ESMF)**

### **I. PURPOSE OF THE ESMF**

The Environmental and Social Management Framework (ESMF) describes the principles, objectives, and approach to be followed to minimize or mitigate the adverse environmental and social impacts resulting from the implementation of Clean Development Mechanism (CDM). It provides the framework on the policies, guidelines, procedures and arrangements; and sample documents for the management of environmental and social issues which are likely to arise due to the implementation of the Methane Recovery from Wastes Program, particularly the component project activities (CPAs) under the Program of Activities (PoAs) for landfill and piggery projects. This ESMF provides specific instructions and methodologies for use by the Project Implementation Units (PIUs) of Project Owners and the implementing agencies of the Carbon Finance Support Facility (CFSF).

The provisions of this framework are consistent with the Corporate Environmental Policy of the Land Bank of the Philippines (LBP) and the WB's environment and social directives to support environmental protection and promote sustainable development, while mitigating carbon credit risks, e.g., under-delivery of carbon credits, and other risks arising from different types of operational non-compliance.

The implementation of CDM CPAs will require planning, excavation, construction, and commissioning works to be undertaken at various locations. It is possible that such work would involve environmental alterations, land acquisition, and short- to medium-term disruptions in social interactions and habits of local inhabitants near where projects are to be located. Environmental and social impacts are most immediately felt by population residing within immediate vicinity of proposed CDM projects.

#### **A. Objectives of ESMF**

The broad objective of the ESMF is to ensure equitable and sustainable development during CDM project implementation, including the planning, construction and post construction (or commissioning) phases.

The key objectives of the ESMF are:

- To provide a framework for the integration of social and environmental aspects, at all stages of planning, design, execution, and operation of various sub-projects;
- To identify roles and responsibilities of entities of concern within the CDM context, including reporting procedures, and monitoring and evaluation;
- To enhance positive social and environmental outcomes and avoid or minimize adverse social and environmental impacts;
- To support compliance with applicable laws, regulations, and policies.

LBP developed a comprehensive framework of environmental and social safeguards to provide procedural guidance to ensure that all project proponents and their organizations comply with World Bank environmental and social safeguards policies. The ESMF includes guidelines and requirements on environmental assessment, indigenous

peoples, and involuntary resettlement; as well as addresses aspects related to public consultation, due diligence and public disclosure.

## **B. Principles and Considerations**

The ESMF was prepared for the management of environmental and social issues which are likely to arise due to the implementation of the CPAs while incorporating the principles of due diligence in managing potential environmental and social risks. Key ESMF principles, in the context of responding to the external and internal requirements, have therefore been considered:

- The implementation of CDM PoAs for landfill and piggery supports multiple projects, the detailed designs of which are usually not known at initial assessment or screening, although the general thrust is understood by the nature of the sectors. To ensure effective implementation of environmental and social criteria, the ESMF provides guidance on the approach to be taken during implementation for the selection and design of projects and the planning of mitigation measures.
- Environmental safeguards are applied by requiring environmental compliance to applicable related environmental laws and regulations. Compliance to these laws and regulations is an important eligibility criterion for inclusion of specific projects into applicable CDM PoA. Relevant environmental laws and regulations for compliance monitoring purposes are enumerated in another section of this document.
- Piggery and landfill projects are expected to have no resettlement of peoples or communities to take place, as these projects are likely to be situated on properties that are private (for the case of piggery businesses or operations) or on areas that are enclosed and usually uninhabited by the public (in the case of sanitary landfill sites). Social safeguard to be applied in these cases is the conduct of Stakeholders' Consultation activities, usually with members of communities (barangays or municipalities) adjacent to location or locale of proposed project. These adjacent communities are usually the immediate receptors of impacts and benefits of a project, once said project is installed or commissioned and starts operating. The conduct of Stakeholders' Consultation activities and the explicit agreement of participating stakeholders to proposed projects, is another important eligibility criterion for inclusion of specific projects into applicable CDM PoA.
- In the event that resettlement of communities or peoples is a necessary option for project implementation, World Bank's Operational Policy on Involuntary Resettlement will be triggered, and is to be the basis for appropriate action.

## **C. Application of ESMF**

Project identification (as signified through a Letter of Intent from a proponent), screening and evaluation, implementation, and CDM project monitoring, verification, and validation, are the elements of a project through its cycle in CDM implementation. The ESMF is integrated into these key elements as follows:

- Environmental due diligence performed by LBP for identified potential projects;
- Environmental compliance to applicable environmental laws and regulations, required of projects prior to inclusion into applicable CDM PoA;
- Conduct of Stakeholders' Consultation activities with relevant stakeholders impacted by projects, as a social safeguard action prior to inclusion of projects into applicable CDM PoA;
- Continued environmental compliance during monitoring, verification, and validation stages for projects successfully included into applicable CDM PoA.

#### **D. Limitations of ESMF**

This ESMF has been developed based on the current Philippine environmental laws and regulations and World Bank guidelines, as applicable on the date of this document. Any proposed laws and regulations or guidelines that were notified as 'draft' at the time of preparation of this document have not been considered while developing this ESMF.

Important parts of this document have been extracted from the DENR DAO 2003-30 Revised Procedural Manual. In the case that any discrepancies would exist with the current DENR regulations, the latter will prevail.

## **II. THE CARBON FINANCE SUPPORT FACILITY OF LBP**

The Carbon Finance Support Facility (CFSF), as LBP's flagship program for climate change-mitigation projects, is its institutionalized response to the worldwide challenge of reducing impacts of global warming and climate change, through implementation of methane recovery initiatives and programs eligible under the Clean Development Mechanism (CDM).

The CDM emerged as one of the "flexibility mechanisms" of the Kyoto Protocol convention of 1997, which allows for industrialized nations to purchase carbon credits from developing countries with projects that reduce GHG emissions, in order to achieve the emission targets of participating industrialized nations.

It is through the CFSF that LBP is able to implement a voluntary coordinated action by introducing and supporting projects with CDM-eligibility potentials, which could lead to GHG emission reductions, and at the same time, provide incentives through generation of additional revenue in the form of carbon credits.

LBP, through the Environmental Program and Management Department (EPMD) serves as the Coordinating and Managing Entity (CME) of the CDM Program of Activities (PoA).

### **A. Objectives of the CFSF**

The CFSF has the following objectives:

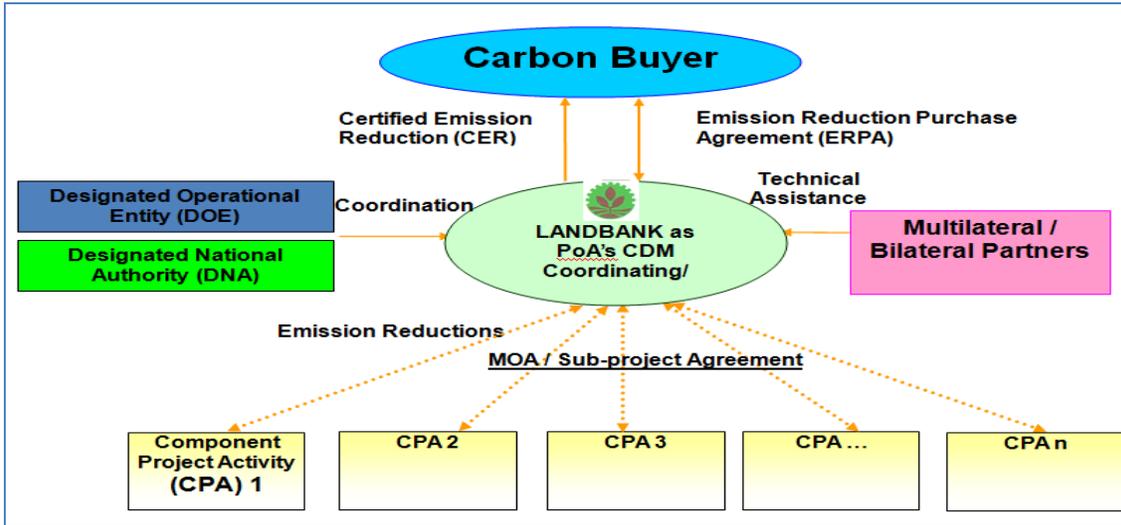
- a. To promote climate change-mitigating activities in the business operations of LBP's clients;
- b. To provide services to clients in the form of carbon financing and assistance to become CDM-eligible projects; and
- c. To reduce greenhouse gas emissions to mitigate climate change.

### **B. Services of LBP Under the CFSF**

LBP, as CME, provides services within the context of CDM, such as:

- Facilitation of pre-assessment and due diligence activities;
- Preparation of the Component Project Activity-Design Document (CPA-DD) and CDM Sustainable Development Form;
- Facilitation of validation/verification activities in coordination with a Designated Operational Entity;
- Support and assistance on CDM documentation and monitoring activities;
- Financing assistance for the installation of CDM project facilities, subject to the Bank's loan evaluation criteria.

**Figure 1** graphically illustrates an overview of LBP's CFSF.



**Figure 1: Overview of LBP's CFSF.**

### **C. Program Components of CFSF**

LBP, with assistance from the World Bank, has developed and registered the following CDM Program of Activities (PoA), for which it is the Coordinating and Managing Entity:

#### **1. CFSF PoA for Landfill**

The PoA for landfill is developed to encourage Local Government Units (LGUs) and private operators to set up proper sanitary landfills in compliance with applicable environmental laws and regulations. The PoA also aims to encourage construction of related CDM facilities that may generate further revenues for the benefit of the CDM project. The PoA is expected to reduce GHG (methane, in particular) emissions to levels substantially lesser to that which would have occurred in the absence of the PoA. With the installation of electricity generation units, GHG emissions are further reduced by replacing grid electrical power sourced from fossil fuel plants with renewable energy from the recovered methane.

Under this PoA, LBP, as a financial and technical intermediary, undertakes a voluntary coordinated action for the construction of landfill gas (LFG) extraction and flaring and electricity generation systems in sanitary landfill sites within the Philippines. LBP also provides carbon finance and investment finance assistance for the installation of LFG collection systems that capture and combust methane gas through flaring or by generating electricity of less than 15 MW. LBP likewise

acts as the project entity in charge of validation and verification activities, and in aggregating project information and monitoring data for this purpose.

The projects themselves are implemented by the landfill site owners or operators who meet the criteria set by LBP, as outlined for this PoA. These landfill site owners or operators operate the systems and have agreements with LBP on the carbon finance transaction. Roles assigned to these owners or operators include implementation of daily monitoring, and quality control and reporting in accordance with the CDM rules.

Eligible projects for this PoA are mainly landfill gas recovery and combustion with renewable energy generation from sanitary landfill sites.

## **2. CFSF PoA for Piggery Projects**

The PoA for piggery projects is developed to introduce and encourage use of wastewater methane recovery systems to piggery owners that are still using conventional, open-air, anaerobic systems for storing and treating wastewater effluents from piggery operations. The PoA also aims to encourage construction of related CDM facilities that may generate further revenues for the benefit of the CDM project. The PoA is expected to reduce GHG (methane, in particular) emissions to levels substantially lesser to that which would have occurred in the absence of the PoA. With the installation of electricity generation units, GHG emissions are further reduced by replacing grid electrical power sourced from fossil fuel plants with renewable energy from the recovered methane.

Under this PoA, LBP, as a financial and technical intermediary, undertakes a voluntary coordinated action for the adoption of wastewater methane recovery systems in a group of piggeries. LBP also provides carbon finance and investment finance assistance for the installation of anaerobic wastewater treatment systems and capture and combust methane gas while generating electricity of less than 15 MW. LBP likewise acts as the project entity in charge of validation and verification activities, and in aggregating project information and monitoring data for this purpose.

The projects themselves are implemented by the piggery owners that meet the criteria outlined for this PoA. These piggery owners operate the wastewater methane recovery systems and have agreements with LBP on the carbon finance transaction. Roles assigned to piggery owners include on-the-ground monitoring, and quality control and reporting in accordance with the CDM rules.

Eligible projects for this PoA are mainly biogas recovery and combustion from piggery manure management systems.

### 3. CDM Inclusion Process

Proposed projects being considered for CDM must undergo an inclusion process, subject to eligibility criteria, as illustrated in **Figure 2**:

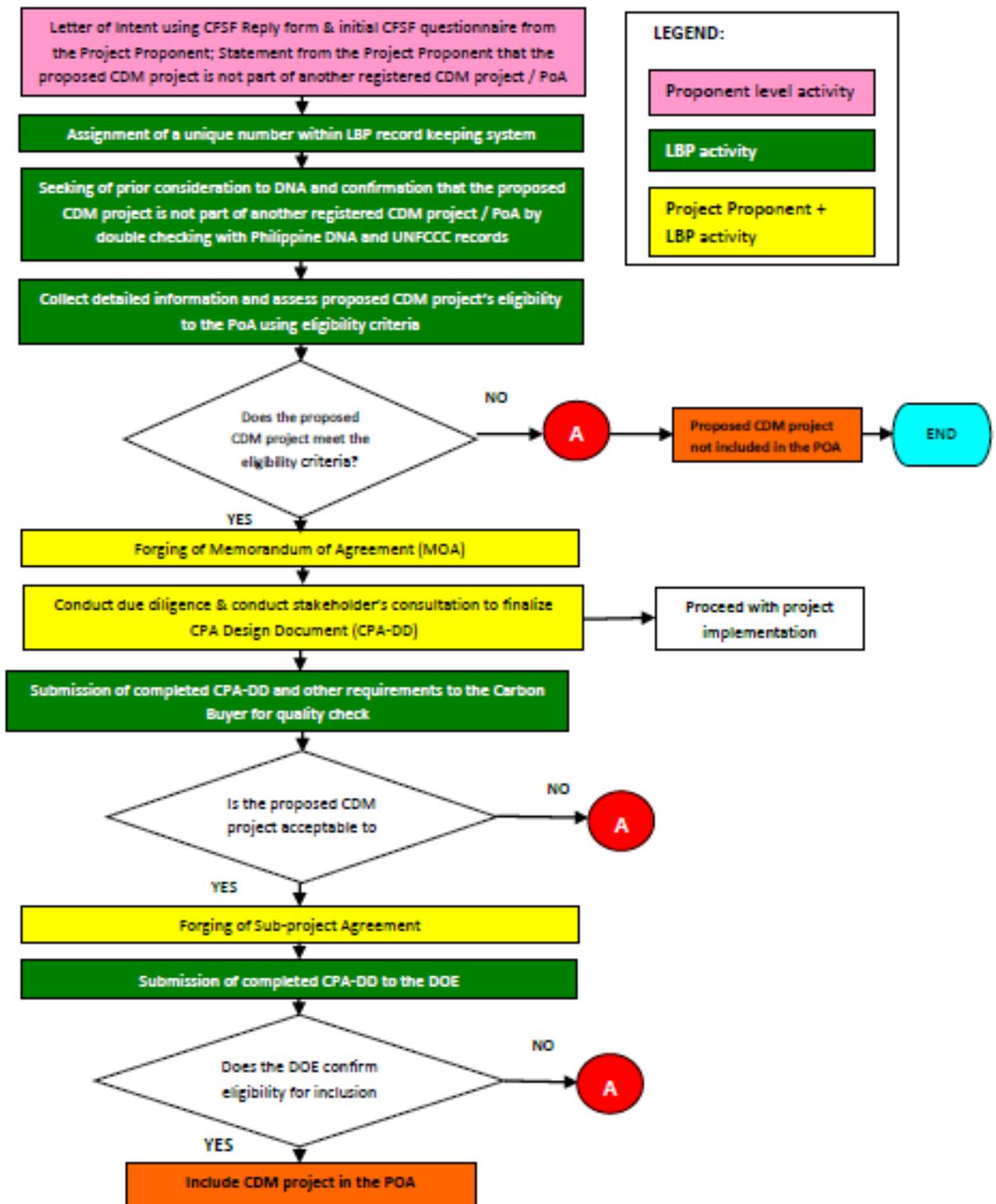


Figure 2: CDM Inclusion Process

### **III. SAFEGUARDS AS PART OF THE CDM PROJECT PREPARATION**

#### **A. Applicable Safeguard Policies, Laws, and Regulations**

The ESMF is developed in line with the relevant Philippine national and local laws and regulations and the World Bank Safeguards Policies. The safeguards requirements for the project builds upon these national guidelines and requirements in order to streamline, to the extent possible, the documents required for each project without compromising in any manner the relevant legal requirements under the system of laws under the Philippine government, or the Safeguard requirements of the World Bank.

##### **1. Philippine Laws and Regulations**

The implementation of project activities proposed under the CFSF must be consistent with all applicable Philippine laws and regulations that are judged to be relevant in the context of the implementation of the project activities. It is the responsibility of LBP to ensure that project activities are consistent with the national or municipal/local regulatory/legal framework.

The following environmental laws and regulations relevant to the environmental safeguards and implementation of CDM PoA for landfill and piggery projects provide the basis for the overall framework of the ESMF:

- Presidential Decree (PD) No. 1586, 1978 on the Environmental Impact Statement (EIS) System;
- Republic Act (RA) No. 9275, 2004 on the Philippine Clean Water Act;
- RA 9003 Ecological Solid waste Management Act of 2001;
- RA 8749 Philippine Clean Air Act of 1999;
- RA 6969 Toxic Substances and Hazardous and Nuclear Wastes Control Act of 1990;
- DENR Administrative order (DAO) No. 2016-08 Water Quality Guidelines and General Effluent Standards of 2016;
- Presidential Proclamation No. 2146, 1981 on Environmentally Critical Projects/Areas;
- Administrative Order No. 42 by the Office of the President 2002, describing categories of projects and areas subject to the EIS System;

- DAO No. 2003-30, the Implementing Rules and Regulations (IRR) for the Philippines EIS System (2003), and its Revised Procedural Manual issued August 2007; and
- Memorandum Circular No.: 2010-14 Standardization of Requirements and Enhancement of Public Participation in the Streamlined Implementation of the Philippine EIS System.

## 2. World Bank Safeguards Policies

The following World Bank policies will or are likely to be triggered by the potential CDM PoA for landfill and piggery projects:

- **OP/BP 4.01 Environmental Assessment:** Individual projects will be screened and environmental due diligence will be conducted in accordance with **OP 4.01**. A technical guidance note on the preparation of an Environmental Management Plan/mitigation measures (EMP), is included in this ESMF.
- **OP/BP 4.04 Natural Habitats:** Field visits and the location of potential projects in urban areas indicate that natural habitats are unlikely to be adversely affected. Nevertheless, project proposals are to be screened for potential adverse impacts on critical and non-critical natural habitats and suitable mitigation measures needed, if any, are to be prepared as part of the project-specific EMP.
- **OP/BP 4.11 Physical Cultural Resources (PCR):** Whenever a project includes reconstruction or preservation of historic or archeological sites, PCR management plans are to be prepared for said projects, either as part of the project-specific EIA or as a stand-alone document. Projects are to be reviewed for their potential impacts on PCR in the context of their respective EIA/EMP and procedures will be included in relevant standard bidding documents to deal with chance finds during construction. A technical guidance note on “Preparation and implementation of PCR management plans” is included in this ESMF.
- **OP/BP 4.12 Involuntary Resettlement:** Land acquisition and involuntary resettlement are anticipated under the project, particularly for mini-hydro projects. For this reason, **OP 4.12** will be triggered. Projects will be screened for land-related impacts and resettlement action plans will be developed and implemented. A technical guidance note on “Preparation and implementation of resettlement documents” is included in this ESMF.

## 3. LBP Environmental Policy Relative to Credit Delivery

The ESMF is also aligned with *LBP Environmental Policy Relative to Credit Delivery (CPI 2009-002)* which is implemented in support of the Bank’s corporate environmental policy of actively promoting environmental protection and sustainable development. This is being done thru the Environmental Due Diligence (EDD) system wherein all projects directly financed by the Bank and collaterals offered as security, are subjected to environmental assessment and compliance monitoring. Detailed EDD is applied to

projects covered by the Philippine EIS system to identify, mitigate and monitor the adverse impacts of the LBP-financed project to the environment.

## **B. Timing of Environmental Impact Assessment in CDM Project Preparation**

The basic approach in the preparation of environmental assessment report is to have it simultaneous, closely coordinated, and integrated with the preparation of the main project environmental assessment report and CDM project feasibility study. In doing this, all environmental aspects and impacts will be included right from the beginning to facilitate the proper selection of project alternatives that will bear the minimal amount of environmental risk or negative environmental impact.

All potential projects shall be screened to determine the environmental category and type of safeguard instruments needed based on both the WB safeguard policies and the Philippine EIS system (refer to Section 2a below). The EA report may vary from Project Description (PD), Initial Environmental Examination (IEE), IEE checklist, or Environmental Impact Statement (EIS), depending on the project's environmental category. **Attachment ESF-2.**

- Project Description (PD); **Attachment ESF-3**
- Initial Environmental Examination (IEE) Checklist;
- IEE Report; **Attachment ESF-4**
- Environmental Impact Statement (EIS). **Attachment ESF-5**

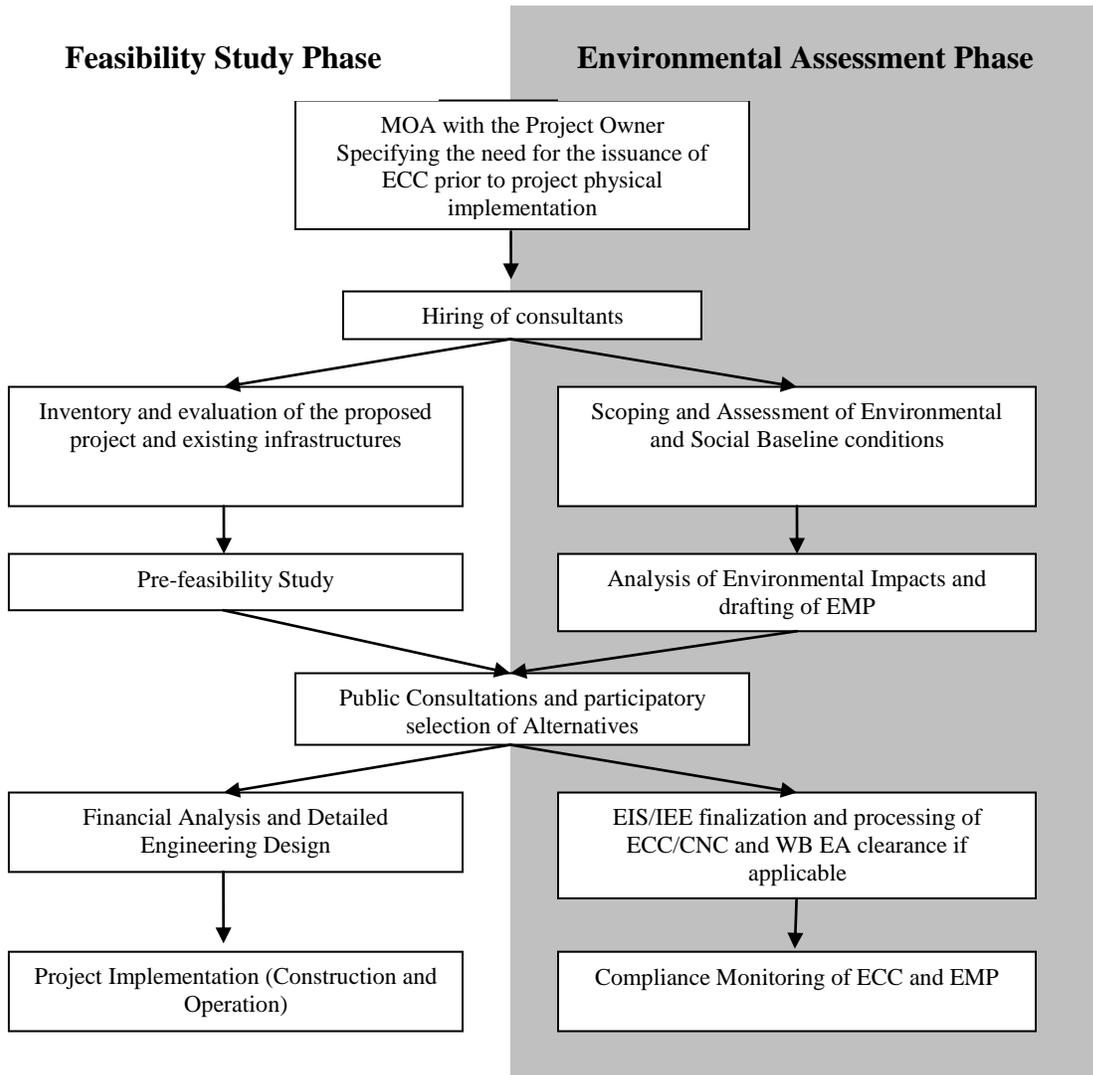
If the proposed CDM project involves procurement of equipment intended for environmental infrastructure, an Environmental Management Plan (EMP) for the operations phase shall be prepared ahead of the scheduled delivery to inform the procuring entity of the mitigating measures of potential negative environmental impacts.

Should the main project has long been existent before the CDM project is proposed and it is covered by the Philippine EIS System, the main project's ECC and Environmental Monitoring Report has to be provided to LBP to form part of the CDM documentation. Moreover, if the project's EA Report and EMP were previously prepared, they will be reviewed to check if the potential impacts of the proposed CDM project have been captured. If found lacking, a separate EA Report and EMP will be prepared to address this deficiency and will be used solely for the CDM project preparation.

The timing of environmental assessment preparation may not only cover projects, which have to prepare Feasibility Study (FS). In the event a project prepares a Detailed Project Description (DPD), a separate, appropriate environmental assessment shall be conducted prior to engineering design. The assessment of predicted environmental impacts shall be the basis for the Project Owner and the design consultants in the selection of appropriate project alternatives.

The procedure, indicating the scheduling and coordination of the EA activities for major / complex infrastructure projects, is schematically presented below, **Figure 3.**

**Figure 3: Schematic Presentation of EA Preparation for Major Projects**



#### **IV. ENVIRONMENTAL SAFEGUARDS PROCEDURES FOR CDM PROJECT PREPARATION**

##### **A. Project Categories Requiring Environmental Clearance**

DENR Administrative Order No. 30 series of 2003, the implementing rules and regulations of the Philippine EIS System or Presidential Decree No. 1586, provides guidelines on environmental compliance for various types of undertakings. The EIS law also gives emphasis on the need to secure an Environmental Compliance Certificate (ECC) prior to project construction.

The two major classifications of project or undertaking identified by Presidential Proclamation No. 2146 that the DENR requires an ECC from are:

- Environmental Critical Projects (ECPs); and
- Projects located in Environmental Critical Areas (ECA).

Projects that are within these two major classifications shall prepare EA reports / safeguards document (PD, IEE Checklist, IEE, or EIS) based on the DENR operational criteria and procedures. The type of EA report can be determined and shall be based on four (4) environmental categories prescribed by the Philippine EIS system:

- **Group I** Environmentally Critical Projects (ECPs) with significant potential to cause negative environment impacts;
- **Group II** Projects that are not environmentally critical in nature, but which may cause negative environmental impacts because they are located in Environmentally Critical Areas (ECAs);
- **Group III** Non-environmentally critical project in non-environmentally critical area;
- **Group IV** Co-located project under one or more proponents/locators which are located in a contiguous area. The co-located project may be an economic zone or industrial park, or mix of projects within a catchment, or any geographical, political or economic unit of area; and
- **Group V** Unclassified projects or projects not listed in any of the groups. This is an interim category wherein the projects under it will eventually be classified into their appropriate groups after DENR evaluation.

As stated under DAO 2003-30, all projects located in ECA are classified as Group II and exhibit at least one of the following qualification criteria.

- Areas declared by law as national parks, watershed reserves, wildlife preserves, and sanctuaries
- Areas set aside as aesthetic, potential tourist spots
- Areas which constitute the habitat for any endangered or threatened species of ; indigenous Philippine wildlife (flora and fauna)
- Areas of unique historic, archeological, geological, or scientific interest. Areas which are traditionally occupied by cultural communities or tribes
- Areas frequently visited and or hard-hit by natural calamities (geologic hazards, floods, typhoons, volcanic activity, etc.)
- Areas with critical slope

- Areas classified as prime agricultural lands
- Recharged areas of aquifers
- Water bodies
- Mangrove Areas
- Coral Reefs

Further, the Environmental Enhancement and Environmental Mitigation projects, such as pollution control devices or facilities required under the ECC conditions of the main project covered under Groups I and II, are also classified under Group II. The recommended EA Report is the PD should the Project Owner wants to secure a Certificate of Non-Coverage (CNC).

## **B. Technical Procedures for Conduct of EA**

Attachment ESF-2 of the Framework shows the DENR thresholds, the corresponding environmental category, and the EA documentary requirements for types of projects commonly implemented with CDM. The projects listed in Attachment ESF-2 are lifted from Annex 2-1b of DAO 2003-30 and from Annex D of LBP CPI 2009-002, taking into consideration other types of projects not listed in DAO 2003-30 but is part of the earlier version of the EIS procedural manual, DAO 96-37.

For projects not included in Attachment ESF-2, determination of coverage by the Philippine EIS System shall be based on the following criteria:

- a) Location. The activity must conform to existing and duly approved land use plan of the area.
- b) Technology / Process The activity must employ the use of appropriate technology that will not require the use of toxic and hazardous materials; will not produce or require the disposal of waste materials that can pose serious health hazards; or; will not generate significant amount of organic or solid wastes.
- c) Size The activity / structure must not occupy a floor area of more than 1,000 m<sup>2</sup> in an urban area or 1.0 hectare in a rural area.
- d) Emission and effluent. The effluents or discharges of the activity must conform to emission and effluent standards established by the DENR e.g. RA 8749 or DAO 00-81; DAO 34 & 35 series of 1990, regardless of quantity, volume or amount.
- e) Environment-related hazards and risk of accidents
- f) The nature of the activity shall not pose significant (cumulative) environmental impact as determined by the EMB or DENR regional offices.

An activity that passes **ALL** criteria shall be considered as outside the purview of the Philippine EIS System.

## **C. Levels of Project Review**

### **1. Review Process**

The roles and responsibilities of the Project Owner, LBP and WB are determined to define the extent of task each institution must do so that the progress of a project is kept in the right track. **Table ESF-2**

Copies of EA report must be prepared in draft form for presentation and comment by the Sangguniang Bayan/ Panlungsod/ Panlalawigan of LGUs or by the Board of the private owned project. Any amendment or additional information on the draft EA report, as agreed during the presentation, should be included in the final EA report and must be submitted to the DENR and PMO for review.

The extent of review performed by PMO/LBP-EPMD is substantive in nature to ensure that appropriate mitigating measures and institutional responsibilities are not left out in the report. It is also imperative for the LBP to perform such review so that credit risks as a result of non-compliance to environmental regulatory requirements are addressed by the Project Owner.

The Project Owner is responsible for the quality and accuracy of the information in the EA document, as well as the transmission of the EA process (i.e., interagency coordination, scoping, public hearings, document review at the level of the LGU Sanggunian or Board of private owned project), and general oversight. Any costs associated with the government EA process, i.e., filing and processing fee of EA report, cost of review, and cost of environmental monitoring shall be shouldered by the Project Owner.

### **2. DENR Review**

The environmental safeguards for projects must undergo project level and agency review to ensure that the necessary environmental safeguards are considered.

As a basic requirement for ECC, projects have to successfully pass the DENR screening system. Screening of projects is typically performed at the regional offices of DENR-EMB for Group II projects and at the EMB central office for Group I projects. The regional offices may also review EIS for certain types of projects where there exist qualified professionals to constitute an Environmental Impact Assessment Review Committee (EIARC).

### **3. WB Review**

The WB will conduct an appraisal review on safeguard documents of the projects, such as the EMP and other EA documents as may deemed necessary. The WB will also conduct regular monitoring and evaluation of the projects safeguard performance.

#### **4. LBP Review**

LBP, being an ISO 14001 certified institution, the PMO will exercise environmental due diligence by keeping records of project EA reports, feedbacks / technical information, and ECCs / CNCs. Environmental safeguards documents may undergo substantive review by the PMO environmental engineer or the LBP's Environmental Program and Management Department (EPMD), particularly if pressing environmentally critical issues exist.

The conduct of review by PMO / LBP-EPMD is part of its oversight function and task enumerated in the LBP CPI 2009-002 to verify that projects are in compliance to environmental standards and regulations. This type of review performed by either the PMO or WB is entirely independent and does not conflict with the nature of evaluation the DENR performs.

#### **D. Public Disclosure**

##### **1. WB Policy on Disclosure of the EA Reports**

Whenever the WB requires an environmental assessment (EA), the Project Owner prepares an EA report as a separate, free-standing document. The EA report is publicly available:

- after the Project Owner has made the draft EA report available at a public place accessible to project-affected groups and local NGOs in accordance with OP/BP 4.01, Environmental Assessment, and
- after such EA report has been officially received by the WB, but before the WB begins formal appraisal of the project.

For financial intermediary (FI) operations or sector investment operations that are expected to have projects which, for environmental screening purposes, are classified as Category A under OP/BP 4.01, Environmental Assessment, each identified participating FI or the responsible project entity provides the WB, before the beginning of formal project appraisal, with an assessment of the institutional mechanisms or framework in place for conducting the EAs for such Category A projects.

After these assessments have been officially received by the WB, and before the WB begins formal project appraisal, the assessments are publicly available. EA reports for such Category A projects are publicly available after they have been officially received by the WB's Bank Disclosure of Social Safeguards Reports.

##### **2. Public Disclosure Procedures**

This ESMF will be disclosed locally through the public library of LBP. It will be disclosed in English and be made available at the WB InfoShop. The WB also requires all other safeguards documents including subproject specific documents/mitigation plans prepared subsequently to be disclosed at the LBP public library. The borrower prepares

these as separate and freestanding documents. All Category A subprojects' safeguards documents will be disclosed in the WB Infoshop.

LBP will consult project-affected groups and local non-governmental organizations on the subproject's environmental and social aspects, and will take their views into account. The EPMD and CPA owners will initiate these consultations as early as possible, and for meaningful consultations, provide relevant material in a timely manner prior to consultation, in a form and language(s) understandable and accessible to the groups being consulted.

## **E. Monitoring and Follow-up**

### **1. Purpose**

On top of the monitoring of CDM parameters (as discussed in the CDM Operations Plan), projects that are covered by the Philippine EIS System are required by DAO 2003-30 to conduct regular self-monitoring of parameters indicated in the project's EMP. The Project Owner must satisfy this requirement by submitting an Environmental Monitoring Report (EMR) on a semi-annual frequency, i.e., within January and July of each year, to the concerned DENR-EMB regional office. A copy of the submitted EMR must be provided to the PMO for reference and review purposes.

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

- Monitor project compliance with the conditions set in the ECC;
- Monitor compliance with the EMP(s) and applicable laws, rules and regulations; and
- Provide a basis for timely decision-making and effective planning and management of environmental measures through the monitoring of actual project impacts vis-à-vis the predicted impacts in the EIS / IEE.

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

### **2. LBP PMO Document Monitoring**

When such need arises, the submission of EA document shall be monitored to keep track of the pace of processing the ECC so that project physical implementation is not prolonged. This activity shall serve as a barometer that will push the agency responsible to work on the needed deliverables.

### **3. DENR Procedures**

All projects covered by the Philippine EIS System which have been issued an ECC shall be subjected 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 with the EMB regional offices to which the latter can request for the assistance of the Provincial Environment & Natural Resource Office (PENRO).

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

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

#### **4. Internal Implementation and Monitoring of the EMP**

The PIU of the Project Owner shall monitor compliance with the conditions of the ECC and its delivery of commitments made in its EMP, and carry out the requisite data collection during construction and operational phases. Semi-annual EMR shall be submitted to DENR/EMB and the PMO, including:

- Presentation of the collected data;
- Discussion on the compliance or non-compliance to the EMP and ECC;
- Conclusions and recommendations; and
- Photos of environmental monitoring and adherence to mitigating measures.

If any irregularities are observed, the PMO will report its findings to the PIU and discuss the measures to be taken.

#### **V. Institutional Arrangements**

It is the responsibility of the Project Owner to carry out the necessary EA required by the ESF, and to obtain the necessary environmental clearances for each project before starting of with the construction. Environmental sound practices have to be incorporated into the project design and implementation, and potential negative impacts will have to be mitigated to acceptable levels / standards.

Screening of social safeguards should be integrated into the process of the EA. Refer to the Resettlement and Compensation Framework (RCF). ANNEX 1.

The success of an environmental safeguards screening is dependent on adequate baseline environmental data, technical expertise, good planning, management support, and coordination with key players and decision makers. The Project Owner, with the assistance from the LBP-PMO, must provide the safeguards team with:

- a clear and concise statement of work including the expected technical and procedural standards to be met;
- available background information;
- EA documents standards;
- schedule of project construction and implementation;
- budgetary allocations (i.e., cost estimates); and,
- procedures for post-review and comment, to include consolidation and clarification of comments by the Project Owner before delivery to the EA team.

The Project Owner is responsible for the quality and accuracy of the information in the EA document, as well as the transmission of the EA process i.e. interagency coordination, scoping, public hearings, document review at their level, and general oversight.

Therefore, a PMO is established within the LBP, which will include the environmental expertise to guide and provide Project Owners' PIUs and their consultants with the necessary assistance in carrying out the EA and attaining environmental compliance to the conditions and statement of the ECC/EMP.

WB staff will advise and support the PMO in carrying out its responsibilities. Within the WB, operational staffs will provide information to the PMO and ascertain whether policy requirement have been met.

#### **A. Delineation of Safeguard Roles and Responsibilities**

##### **1. LBP**

- a) LBP shall require projects to comply with existing environmental laws. LBP shall screen potential projects to determine their compliance with requirements of this ESMF. It shall require the proponent to submit all relevant safeguard instruments, permits and clearances and shall conduct due diligence in determining the proponent's level of compliance to the applicable safeguard policies and regulations.
- b) LBP shall prepare and submit the CDM Project Design Documents and SDBD to the DNA for Endorsement and will have overall responsibility to responding to questions and requests;
- c) LBP, through the World Bank or other Carbon Buyer, shall be responsible for contracting the DOE for review of the CDM Project Documents and will have overall responsibility for responding to questions and requests;
- d) LBP shall make available financing facilities which can be accessed by the Project Proponent, subject to the existing lending policies of LBP;

- e) LBP shall sign a sub-project agreement with the Project Proponent for the purchase of CERs;
- f) LBP shall collect from the Project Proponent, and if necessary confirm the accuracy of, all information required for the preparation of CDM Project Design Documents and the Environmental Management Plan;
- g) During subproject implementation LBP shall be responsible for implementing the provisions of the Sub-project agreement including overseeing the monitoring, verification process and acting as an intermediary between the World Bank/Carbon Buyer and the Project Proponent.
- h) LBP, in close coordination with the Project Proponent, shall implement the project based on the agreed activities and timelines as stipulated in the Annex A of this MOA.

2. CPA (Project Proponent)

- a) The Project Proponent shall prepare the required EMP designed to should be prepared to address the potential impacts of the proposed CDM project, which will be monitored on a semi-annual basis by EPMD.
- b) The Project Proponent shall ensure to meet project design requirements for qualification to CDM, such as construction of anaerobic wastewater treatment facility for piggery, piggery biogas recovery system, among others.
- c) The Project Proponent shall assist and provide LBP with all the necessary, reasonable and relevant information to enable the latter to prepare the CDM Project Design Documents and SDBD and obtain DNA endorsement;
- d) The Project Proponent shall enter into a sub-project agreement with the LBP for the sale of CERs.
- e) During implementation the Project Proponent shall be responsible for implementing the provisions of the subproject agreement including monitoring the projects, among others.
- f) The Project Proponent shall satisfy any obligations in respect of applications for all licenses, permits, consents and authorization required to implement the project.
- g) The Project Proponent shall prepare a separate Environmental Monitoring Report (EMR) submit this to the PMO on a semi-annual basis.

h) The proponent, in close coordination with LBP, shall implement the project based on the agreed activities and timelines as stipulated in the Annex A of this MOA.

3. DENR

a) The DENR is the Designated National Authority of the CDM Program in the country whose main role is to review and endorse the PoAs to the UNFCCC.

The DENR, thru its Environmental Management Bureau, is the primary agency responsible for the management and protection of the country's environment and natural resources

## **VI. Grievance Redress Mechanism**

The focal person shall be the Head of the Environmental Program & Management Department as designated by Lending Programs Management Group (LPMG) of LBP whose address and contact numbers are as follows:

The Head, Environmental Program & Management Department  
27<sup>th</sup> floor, LBP Plaza, 1598 M.H. del Pilar corner Dr. J. Quintos Sts., Malate,  
Manila 1004  
Tel Nos: 522-0000 local 7339  
E-mail address: pcalado@mail.LBP.com

There are three levels of issue resolution. These are:

- a) Barangay Level: All complaints shall be discussed and negotiations must be carried out in the specific communities where the complainant peoples live. The barangay concerned should facilitate this process and the EPMD must ensure that complaints are properly represented. Resolution of conflicts should be encouraged at the lowest possible, thru the facilitation of Municipal Councils. Such meetings and interactions with complainant/communities must be documented and copies of the same shall be distributed to relevant stakeholders.
- b) Municipal Level: if not resolved at the Barangay, this will be elevated to the LGU level for resolution.
- c) LBP Level- Should the complainant still find the decisions rendered at the LGU level unacceptable, they can elevate the issue to the central level office of the LBP through the EPMD. The EPMD shall be tasked to coordinate with the CPA to ensure that the issue is resolved to the best interest of the affected complainant.

Documentation of complaints and its resolution shall be properly done and its summary shall be part of the regular monitoring of the project.



## **ATTACHMENTS**

### **Attachment ESF-1 LBP Credit Policy Issuance No. 2009-002**

#### **CREDIT POLICY ISSUANCE (CPI)**

CPI No.	:	<b>2009-002</b>
Subject	:	<b>REVISED ENVIRONMENTAL POLICY RELATIVE TO CREDIT DELIVERY</b>
Remarks	:	Amendment of CPI No. 2004-002 entitled “ <b>Environmental Policy Relative to Credit Delivery</b> ”

#### **A. RATIONALE**

Credit Policy Issuance (CPI) No. 2004-002 entitled “Environmental Policy Relative to Credit Delivery” is hereby revised to enhance its effectiveness and ensure the achievement of the Bank’s corporate environmental policy. Hence, identification, monitoring and mitigation of credit risks arising from the adverse impact on the environment of projects financed by the Bank as well as the identification of the environmental benefits of said projects shall be conducted.

#### **B. SCOPE AND COVERAGE**

All projects financed by the Bank and the collaterals being offered as security shall be covered by this issuance. However, only projects covered by the Philippine Environmental Impact Statement (EIS) System and only collaterals which are part of the project or used as project site shall require an environmental assessment.

#### **C. DEFINITION OF TERMS (See Annex A)**

#### **D. ACRONYMS (See Annex B)**

#### **E. STATEMENT OF POLICY**

1. The Lending Units (LUs) shall ensure that all projects of loan clients or borrowers shall conform to environmental protection regulations and requirements. Non-compliance with applicable environmental laws and regulations shall be considered a condition of default. **(See Annex C)**
2. To determine the accounts/projects needing environmental assessment, these shall be classified per the Revised DENR Administrative Order No. 2003-30 as updated by DENR Memo Circular 2007-002, as follows:
  - a) **GROUP I** – Environmentally Critical Projects (ECPs) with significant potential to cause negative environment impacts;
  - b) **GROUP II** – Projects that are not environmentally critical in nature, but which may cause negative environmental impacts because they are located in Environmentally Critical Areas (ECAs);

- c) **GROUP III** – non-environmentally critical project in non-environmentally critical area;
- d) **Group IV** – Co-located project under one or more proponents/locators which are located in a contiguous area. The co-located project may be an economic zone or industrial park, or mix of projects within a catchment, or any geographical, political or economic unit of area; and
- e) **Group V** – Unclassified projects or projects not listed in any of the groups. This is an interim category wherein the projects under it will eventually be classified into their appropriate groups after DENR evaluation.

Per DAO 2003-30, projects that were operational or implemented prior to 1982 are not covered by the Philippine EIS System unless it is modified or expanded after 1982 and met the threshold of Group I or II.

**Annex D** provides the matrix of projects with the corresponding group based on the Philippine EIS System.

3. For new account/project, an initial environmental assessment (IEA) to identify its potential aspects/impacts to the environment as well as its benefits shall be conducted. The environmental assessment shall not be limited to the object of financing but shall include the entire facility or business operation within the same or contiguous area. This shall be conducted as follows:
  - a) For Field Unit / Lending Center (LC) Accounts/Projects, the LC shall designate an Environmental Assessor from the Loan Administration Unit (LAU). The Environmental Assessor shall prepare and submit a copy of the IEA Checklist/Report to the Environmental Program & Management Department (EPMD) for further review/validation/reference. The IEA Checklist may also serve as reference of the AO in preparing the Credit Facilities Proposal (CFP). **(See Annex E)**
  - b) For Head Office Accounts, an IEA Checklist and/or Environmental Compliance Report (ECR) shall be prepared by the EPMD in accordance with the schedule stipulated in item E.6.
4. The AO shall indicate in the Environmental Impact Section of the CFP the following:
  - a) Project Group/Category based on the Philippine EIS System;
  - b) The Environmental Due Diligence conducted by the Project, which shall emphasize the proponent's effort to mitigate potential and significant environmental impacts of the project; and
  - c) The Environmental Benefits resulting from the project and its environmental initiatives. **(See Annex F)**
5. The Environmental Compliance Certificate (ECC) shall be a pre-release requirement for all covered projects. In lieu of the ECC, a proof of filing of application with the DENR and other authorized agencies of the government may be allowed, subject to the approval of next higher loan approving group, with the Investment and Loan Executive Committee (ILEC) as the highest

approving authority. Provided further that: the project is not under Group I (ECP), it is not within a protected / contested area, and the proponent commits to provide resources through a Deed of Undertaking should the approved ECC require additional mitigating measures as part of its conditionalities.

For projects classified as Group III, a Certificate of Non-Coverage (CNC) from the DENR-EMB and an ECR from the EPMD shall not be required for the approval of the loan.

6. For new accounts, the EPMD shall conduct an environmental assessment and shall prepare/issue an Environmental Compliance Report (ECR) based on the following conditions/schedule:
  - a) For projects under Group I, ECR shall be a pre-release requirement;
  - b) For new projects under Groups II & IV, ECR shall be required one (1) year after the initial release of loan;
  - c) For existing projects under Groups II & IV, ECR shall be required within six (6) months from the date of initial loan release;
  - d) For projects operational prior to 1982 which have significant impact to the environment and / or have had expansion / modification after 1982, ECR shall be required within six (6) months from the date of initial loan release.

To facilitate the issuance of the ECR, the concerned LU will request EPMD for the conduct of environmental assessment at least 2 months before the due date. Timeframe for ECR preparation shall be as follows: maximum of five (5) working days for desk assessment, and ten (10) working days for site assessment. **(See Annexes G & H)**

7. Compliance with the submission of the pre-release documentary requirements specified in Items E.5 & E.6 as well as with the applicable environmental laws & regulations required during the operation of the project shall be incorporated in the Loan or Credit Line Agreement.
8. To determine the degree of assessment and prioritize monitoring of accounts/projects, the EPMD shall devise an environmental risk rating tool to classify accounts/projects according to their significance and potential to adversely affect the environment. **(See Annexes I & J)**
9. The AO shall monitor compliance of the account/project with applicable environmental laws and regulations until such time that it is fully paid. To guide the AO and facilitate monitoring of compliance, the EPMD shall conduct annual Environmental Performance Monitoring & Audit for projects/accounts earlier issued with ECR. EPMD shall also issue reminder/list of projects with pending environmental requirements to concerned LU. **(See Annexes K & L)**
10. The EPMD shall conduct roadshows/trainings for LU personnel to effectively implement this environmental policy, in coordination with the Credit Policy and Risk Management Department and Organizational Development Department.

## F. LIST OF ANNEXES

A	-	Definition of Terms
B	-	Acronyms
C	-	Environmental Permitting Requirements
D	-	Project Groups and Required Environmental Documents Based on the Philippine EIS System
E	-	IEA Checklist / Report
F	-	Matrix of Environmental Impact, Mitigating Measures and Benefits per Activity/Type Industry
G	-	G.a Flowchart on Environmental Assessment of New LBP Field Unit Accounts G.b Flowchart on Environmental Assessment of New LBP Head Office Accounts
H	-	ECR template
I	-	I.a Initial Environmental Risk Rating Score Sheet I.b Latest Environmental Risk Rating Score Sheet
J	-	Environmental Due Diligence System (Summary of Procedure based on Risk Rating)
K	-	Flowchart on Environmental Performance Monitoring & Audit of Existing Term Loans
L	-	EPMAR template

## G. EFFECTIVITY

All issuances/orders that are inconsistent herewith are deemed superseded or amended accordingly. These guidelines shall take effect immediately.

**GILDA E. PICO**  
President and CEO

**Attachment ESF-2**

**Environmental Category and Documentary Requirements of Projects Commonly Implemented with CDM**

<b>Project Category</b>	<b>Group I</b> (Environmentally Critical Projects (ECPs) with significant potential to cause negative environmental impacts in both ECAs and Non-ECAs)	<b>Group II</b> (Projects that are not environmentally critical in nature, but which may cause negative environmental impacts because they are located in Environmentally Critical Areas (ECAs) / Non-ECPs in ECAs)	<b>Group III - A1</b> (Projects intended to directly enhance environmental quality or address existing environmental problems)	<b>Group III - A2</b> <ul style="list-style-type: none"> <li>■ Projects not falling under other categories OR unlikely to cause adverse environmental effects</li> <li>■ ECP/ECA projects operational prior to 1982</li> </ul>	<b>Group IV</b> (Co-located projects in either ECA or Non-ECA)
<b>Environmental Documents Required by EPMD</b>	Environmental Compliance Certificate (ECC)	Environmental Compliance Certificate (ECC)	Certificate of Non-coverage (CNC) (Optional)		Environmental Compliance Certificate (ECC)
<b>A. Agriculture, Fishery and Forestry</b>					Co-located projects or groups of single projects which are located in a contiguous area and managed by an administrator, e.g. economic zones, industrial parks and a mix of projects within any geographic, political or economic unit of area
<b>1. Agricultural Projects</b>					
Livestock projects <ul style="list-style-type: none"> <li>• Piggery / Cattle / Goat Raising</li> </ul>		<b>EIS:</b> equal to or greater than 5,000 heads <b>IEE CHECKLIST:</b> equal to or greater than 100 heads but less than 5,000 heads		less than 100 heads	
<ul style="list-style-type: none"> <li>• Poultry / Birds</li> </ul> (Note: The term poultry/birds covers all avian species regardless whether these are ostrich, quails, ducks or fighting cocks. While the term head of pigs refer to individual heads of pigs and not the sow level.)		<b>EIS:</b> equal to or greater than 100,000 birds  <b>IEE CHECKLIST:</b> equal to or greater than 10,000 birds but less than 100,000 birds		less than 10,000 birds	
Grazing Projects (management of forest range resources for forage productivity needed to support livestock production)	more than 1 head/hectare			1 head/hectare	
Agricultural plantation (e.g. orchards, including rubber plantation)		<b>EIS:</b> equal to or greater than 1,000 hectares <b>IEER:</b> equal to or greater than 100 hectares but less than 1,000 hectares		less than 100 hectares	
<b>2. Agricultural Services</b>					
Agricultural processing facilities (except coconut)		<b>EIS:</b> equal to or greater than 50,000 MT		less than 5,000 MT	

		<b>IEER:</b> equal to greater than 5,000 MT but less than 50,000 MT		
Rice mill		<b>IEE CHECKLIST:</b> greater than 1 ton/hr		equal to or less than 1 ton/hr
Animal products processing <ul style="list-style-type: none"> <li>• fish/meat processing</li> <li>• canning</li> <li>• slaughter houses</li> <li>• Etc.</li> </ul>		<b>EIS:</b> equal to or greater than 10,000 Kg daily production capacity  <b>IEER:</b> equal to or greater than 500 Kg but less than 10,000 Kg daily production capacity		less than 500 Kg daily production capacity

<b>Project Category</b>	<b>Group I (Environmentally Critical Projects (ECPs) with significant potential to cause negative environmental impacts in both ECAs and Non-ECAs)</b>	<b>Group II (Projects that are not environmentally critical in nature, but which may cause negative environmental impacts because they are located in Environmentally Critical Areas (ECAs) / Non-ECPs in ECAs)</b>	<b>Group III - A1 (Projects intended to directly enhance environmental quality or address existing environmental problems)</b>	<b>Group III - A2</b> <ul style="list-style-type: none"> <li>■ Projects not falling under other categories OR unlikely to cause adverse environmental effects</li> <li>■ ECP/ECA projects operational prior to 1982</li> </ul>	<b>Group IV (Co-located projects in either ECA or Non-ECA)</b>
<b>Environmental Documents Required by EPMD</b>	Environmental Compliance Certificate (ECC)	Environmental Compliance Certificate (ECC)	Certificate of Non-coverage (CNC) (Optional)		Environmental Compliance Certificate (ECC)
<b>B. Manufacturing</b>					Co-located projects or groups of single projects which are located in a contiguous area and managed by an administrator, e.g. economic zones, industrial parks and a mix of projects within any geographic, political or economic unit of area
<b>1. Food and Related Industries</b>					
Sugar Mills		<b>EIS:</b> equal to or greater than 50,000 MT annual production capacity <b>IEER:</b> less than 50,000 MT annual production capacity			
Fruit and vegetable processing (including candy, chocolate manufacturing, etc.)		<b>EIS:</b> equal to or greater than 500 Kg daily processing capacity <b>IEER:</b> less than 500 Kg daily processing capacity			
Processing of dairy products		<b>EIS:</b> equal to or greater than 100,000 L (liquid) OR equal to or greater than 100,000 Kg (solid) monthly production capacity			

		<b>IEER:</b> less than 100,000 L (liquid) OR less than 100,000 Kg (solid) monthly production capacity		
Coconut processing plants		<b>EIS:</b> equal to or greater than 25,000 MT per month production capacity		
		<b>IEER:</b> less than 25,000 MT per month production capacity		
Other types of food processing industries to include: other food by-products, additives, beverage manufacturing (excluding beer), etc.		<b>EIS:</b> equal to or greater than 50,000 MT annual production capacity (finished product)		
		<b>IEER:</b> less than 50,000 MT annual production capacity (finished product)		
<b>2. Distilleries and Fermentation Industries</b>				
Distillation and Fermentation Plants • including beer production, bioethanol production		<b>EIS:</b> equal to or greater than 50,000 MT annual production capacity		
		<b>IEER:</b> less than 50,000 MT annual production capacity		

<b>Project Category</b>	<b>Group I</b> (Environmentally Critical Projects (ECPs) with significant potential to cause negative environmental impacts in both ECAs and Non-ECAs)	<b>Group II</b> (Projects that are not environmentally critical in nature, but which may cause negative environmental impacts because they are located in Environmentally Critical Areas (ECAs) / Non-ECPs in ECAs)	<b>Group III - A1</b> (Projects intended to directly enhance environmental quality or address existing environmental problems)	<b>Group III - A2</b> ■ Projects not falling under other categories OR unlikely to cause adverse environmental effects ■ ECP/ECA projects operational prior to 1982	<b>Group IV</b> (Co-located projects in either ECA or Non-ECA)
<b>Environmental Documents Required by EPMD</b>	Environmental Compliance Certificate (ECC)	Environmental Compliance Certificate (ECC)	Certificate of Non-coverage (CNC) (Optional)		Environmental Compliance Certificate (ECC)
<b>C. Environmental Protection</b>					Co-located projects or groups of single projects which are located in a contiguous area and managed by an administrator, e.g. economic zones, industrial parks and a mix of projects within any geographic, political or economic unit of area
<b>1. Waste Management Projects</b>					
			All types of facilities / devices intended to prevent emissions and/or discharges beyond allowable limit		
Sanitary landfill for domestic wastes only		<b>EIS:</b> greater than 1,000 MT daily capacity			

		<b>IEE CHECKLIST:</b> equal to or less than 1,000 MT daily capacity		
Materials Recovery Facilities		<b>IEE CHECKLIST:</b> with composting facilities (see category of composting)		Material segregation only
Domestic wastewater treatment facility		<b>EIS:</b> equal to or greater than 5,000 cubic meters daily capacity		less than 30 cubic meters daily capacity
		<b>IEER:</b> less than 5,000 cubic meters daily capacity		
Compost/fertilizer making		<b>IEE CHECKLIST:</b> equal to or greater than 15 MT daily capacity		less than 15 MT daily capacity

<b>Project Category</b>	<b>Group I (Environmentally Critical Projects (ECPs) with significant potential to cause negative environmental impacts in both ECAs and Non-ECAs)</b>	<b>Group II (Projects that are not environmentally critical in nature, but which may cause negative environmental impacts because they are located in Environmentally Critical Areas (ECAs) / Non-ECPs in ECAs)</b>	<b>Group III - A1 (Projects intended to directly enhance environmental quality or address existing environmental problems)</b>	<b>Group III - A2</b> <ul style="list-style-type: none"> <li>■ Projects not falling under other categories OR unlikely to cause adverse environmental effects</li> <li>■ ECP/ECA projects operational prior to 1982</li> </ul>	<b>Group IV (Co-located projects in either ECA or Non-ECA)</b>
<b>Environmental Documents Required by EPMD</b>	Environmental Compliance Certificate (ECC)	Environmental Compliance Certificate (ECC)	Certificate of Non-coverage (CNC) (Optional)		Environmental Compliance Certificate (ECC)
<b>D. Power Plants and Power Facilities</b>					Co-located projects or groups of single projects which are located in a contiguous area and managed by an administrator, e.g. economic zones, industrial parks and a mix of projects within any geographic, political or economic unit of area
Geothermal facilities	equal to or greater than 50 MW generating capacity	equal to or greater than 1 MW but less than 50 MW generating capacity		less than 1 MW generating capacity	
Hydropower facilities	equal to or greater than 30 MW rated capacity	equal to or greater than 5 MW but less than 30 MW rated capacity		less than 5 MW, Run-of-river system	
Renewable energy projects such as ocean, solar, wind, tidal power except waste-to-energy and biogas projects		<b>EIS:</b> equal to or greater than 100 MW rated capacity <b>IEER:</b> equal to or greater than 5 MW but less than 100 MW rated capacity		less than 5 MW rated capacity	

Power Barge		<b>IEE CHECKLIST:</b> greater than 1 MW but less than 10 MW		equal to or less than 1 MW
Waste-to-energy projects including biogas projects		<b>EIS:</b> equal to or greater than 50 MW		equal to or less than 1 MW
		<b>IEER:</b> less than 50 MW but greater than 1 MW		
Wind farms / Wind projects		<b>IEE CHECKLIST:</b> equal to or greater than 5 MW but less than 100 MW		less than 5 MW

**Attachment ESF-3  
RECOMMENDED FORMAT for PROJECT DESCRIPTION**

**I. INTRODUCTION**

**II. PROJECT DESCRIPTION**

- A. Project Rationale
- B. Proposed Project Location
- C. Description of Project Operations
  - 1. Process Flow
  - 2. Material and Energy Balance
  - 3. Production capacity and descriptions of raw materials, by-products, products and waste materials
- D. Description of Project Phases
  - 1. Pre-construction/Operational phase
  - 2. Construction phase
  - 3. Operational phase
  - 4. Abandonment phase
- E. Project Capitalization and Manpower Requirement

**III. ENVIRONMENTAL MANAGEMENT PLAN** (discussion of the residual management scheme among others)

- A. Air
- B. Water
- C. Land

**IV. ATTACHMENTS**

(It should be noted that CNC applications does not require any other attachments aside from those needed to provide additional information or details on project descriptions. Specifically, barangay clearances or permits, LGU endorsements, and similar documents are not required.)

**Attachment ESF-4  
RECOMMENDED FORMAT for an IEE REPORT**

**I. TABLE OF CONTENTS**

**II. EXECUTIVE SUMMARY**

**III. INTRODUCTION**

- A. Project Background
- B. EIA Process Documentation
- C. EIA Methodology
- D. EIA Team
- E. EIA Study Schedule

**IV. PROJECT DESCRIPTION**

- A. Project Rationale
- B. Project Location
- C. Project Information
- D. Description of Project Phases
  - 1. Pre-Construction / Operational Phase
  - 2. Construction Phase
  - 3. Operational Phase
  - 4. Abandonment Phase

**V. DESCRIPTION OF ENVIRONMENTAL SETTING AND RECEIVING ENVIRONMENT**

- A. Physical Environment
- B. Biological Environment
- C. Socio-Cultural, Economic and Political Environment
- D. Future Environmental Conditions without the Project

**VI. IMPACT ASSESSMENT AND MITIGATION**

- A. Summary Matrix of Predicted Environmental Issues/Impacts and their Level of Significance at Various Stages of Development
- B. Brief Discussion of Specific Significant Impacts on the Physical and Biological Resources
- C. Brief Discussion of Significant Socio-Economic Effects / Impacts of the Project

**VII. ENVIRONMENTAL MANAGEMENT PLAN**

- A. Summary Matrix of Proposed Mitigation and Enhancement Measures, Estimated Cost and Responsibilities
- B. Brief Discussion of Mitigation and Enhancement Measures
- C. Monitoring Plan
- D. Contingency Plan (if applicable)
- E. Institutional Responsibilities and Agreements

**VIII. BIBLIOGRAPHY / REFERENCES**

**Attachment ESF-5  
RECOMMENDED FORMAT for an EIS**

**I. TABLE OF CONTENTS**

**II. EXECUTIVE SUMMARY**

- A. Brief Introduction
- B. Brief Description of Methodology and Profile of EIA Team
- C. Scope and Limitation of the EIA Study
- D. Brief Project Description
- E. Brief Description of Baseline Environmental Conditions
- F. Matrix of Issues and Impacts Raised During the Scoping and Consultations
- G. Matrix of Major Impacts, and Mitigation/Enhancement Measures with Summary Discussion
- H. Matrix of Environmental Management Plan with Summary Discussion
- I. Matrix of Environmental Monitoring Plan with Summary Discussion
- J. Proposal of Environmental Guarantee and Monitoring Fund Scheme (when applicable)
- K. Summary of Process Documentation Report, and
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- A. Attachments or Annexes
- B. List of EIS Preparers (with specified field of expertise)
- C. Original Sworn Accountability Statement of Key EIS Consultants
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- F. Process Documentation Report
- G. Scoping Report
- H. Summary of Proof of Social Preparation Process Conducted

All projects or undertakings covered by the EIS System and classified by the Department of Health (DOH) as Health Sensitive Projects or located in Health Sensitive Areas shall include a chapter on Environmental Health Impact Assessment (EHIA). The EHIA Chapter shall contain, among others, the following information:  
Health and Sanitation Information of the Affected Community  
Environmental Health Impact Analysis/Assessment  
Proposed Control and Mitigating Measures for the Environmental Health Impacts Identified.

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## **Acronyms**

CA	Commonwealth Act
CFSF	Carbon Finance Support Facility
BIR	Bureau of Internal Revenue
DENR	Department of Environment and Natural Resources
DP	Displaced Person
EMA	External Monitoring Agency
EO	Executive Order
FPIC	Free and Prior Informed Consent
GOP	Government of the Philippines
ICC	Indigenous Cultural Community
IP	Indigenous People
IPP	Indigenous People's Plan
LBP	Land Bank of the Philippines
LCE	Local Chief Executive
LGU	Local Government Unit
LRIC	LGU Resettlement Implementation Committee
M&E	Monitoring & Evaluation
NCIP	National Commission of Indigenous Peoples
NGO	Non-Government Organization
OP	Operational Policy
PCUP	Presidential Commission for the Urban Poor
PD	Presidential Decree
PhP	Philippine Peso
PIU	Project Implementation Unit
PMO	Project Management Office
PO	People's Organization
RA	Republic Act
RCF	Resettlement and Compensation Framework
ROW	Right-of-Way
RP	Resettlement Plan
SSLDIP	Support for Strategic Local Development and Investment Project
WB	World Bank

## **INTRODUCTION**

This Resettlement and Compensation Framework (RCF) shall serve as guideline in the preparation of Resettlement Plans (RPs) and other related documents to be required by the Land Bank of the Philippines and the World Bank from Project Owners, the Local Government Units (LGUs), public utilities and private operators providing local infrastructure services.

### **1. DEFINITION OF TERMS**

**Compensation** means payment in cash or in kind for an asset to be acquired or affected by an infrastructure project at replacement cost (as defined below).

**Cut-off Date** is the date prior to which the occupation or use of the project area makes residents / users of the project area eligible to be categorized as affected persons. The cut-off date coincides with the commencement of the census of affected persons within the project area boundaries. Persons making claims based on subsequent occupation after the cut-off date are not eligible for claims for compensation and other entitlements.

**Displaced Person (DP)** includes any person or persons, household (sometimes referred to as project affected family), a firm, or a private or public institution who, on account of the acquisition of assets in a project, would have their right, title or interest in all or any part of a house, land (e.g., residential, agricultural, and industrial, including pasturelands, fishponds, communal forest, etc), fish pens, communal fishing grounds, annual or perennial crops and trees, or any other fixed or moveable asset acquired or possessed, in full or in part, permanently or temporarily, and who might suffer income or business loss as a consequence thereof. Eligible DPs may fall under any of the following three groups:

- a) Those who have formal legal rights to land including customary and traditional rights;
- b) Those who do not have formal legal rights to land at the time of the cut-off date but have a claim to rights to such land or assets; and
- c) Informal settlers and who satisfy the condition for eligibility to compensation as provided in the definition of 'cut-off-date' in 2.c above

Non-eligible DPs include those making claims based on subsequent occupation after the cut-off date.

**External Monitoring Agency (EMA)** is the entity designated by Project Owner to monitor the implementation of its Resettlement Plan.

**Financial Assistance** is the cash amount given to tenants/settlers/occupants of severely affected land on top of cash payment/compensation of their crops and other fixed assets actually damaged by a project. It will also be given to owners of land acquired under Commonwealth Act 141 for the area of the affected portion subject to Section 112 thereof, which grants government easement right over a 60-meter wide corridor. Financial assistance will be determined based on applicable laws, in consultation with stakeholders and relevant government agencies, and thus given to: *Marginally and severely affected structures used for business, with or without title to the land, to cover for income loss;* *Marginally and severely affected farmlands, fishponds and fishpens that are not covered by any acceptable proof of ownership, including portions of property acquired through CA 141, Section 112, to cover for improvements introduced to make the property productive;* *Severely affected farmlands, fishponds and fish pens that are covered by a title or other acceptable proof of ownership (e.g. ancestral claim, usufruct, ancestral land claim, etc.);*

*A displaced person (DP) who holds full title, tax declaration or some proof of traditional ownership (such as usufruct when the DP belongs to an indigenous community), to the land where his/her severely affected dwelling stands and who has to shift elsewhere; and*

*An informal settler who has to shift elsewhere for food subsidy.*

**Independent Shops** are commercial stalls, such as groceries, vulcanizing shops, tailoring shops, beauty parlors, market stalls, hotels, movie houses, and similar establishments that serve as the owner's principal source of income. **Sari-sari stores**, i.e., variety shops that are usually attached to a dwelling unit, may fall in the same category of independent shops.

**Indigenous People (IPs) or Indigenous Cultural Communities (ICC)** refer to a group of people or homogenous societies identified by self ascription and ascription by others, who have continuously lived as organized community on communally bounded and defined territory and who have, under claims of ownership since time immemorial, occupied, possessed customs, traditions and other distinctive cultural traits, or who have through resistance to political, social and cultural inroads of colonization, nonindigenous religions and culture, became historically differentiated from majority of Filipinos. ICC/ IPs shall likewise include people who are regarded as indigenous on account of their descent from the populations which inhabited the country, at the time of conquest or colonization, or at the time of inroads of non-indigenous religions and cultures or the establishment of the present state of boundaries, who retain some or all their own social, economic, and political institutions, but who may have been displaced from their traditional domains or who may have resettled outside their ancestral domains.

**Informal Settlers** (a.k.a. informal dwellers or squatters) are persons who have occupied lands where they have no legal title of, tax declaration that can be perfected into a title, or those who are not covered by customary law (e.g., possessory rights, usufruct) or other acceptable proof of ownership. Informal settlers who are not **professional squatters** are eligible for compensation for lost assets and incomes, including entitlements.

**Land Acquisition** means the process whereby a person alienate all or part of the land he/she owns or possesses to ownership and possession of other parties including the Government for public purpose. When compelled by Government, it is called expropriation.

**Marginally Affected** land or structure means less than 20% of the land or structure is affected and where the remaining unaffected portion is still viable for continued use.

**Professional Squatters**, the term applies to persons who have previously been awarded home lots or housing units by the Government but who sold, leased or transferred the same to settle illegally in the same place or in another urban area, and *non-bona fide* occupants and intruders or lands reserved for socialized housing. This definition excludes individuals or groups that simply rent land and housing from professional squatters or squatting syndicates

**Project** refers to an individual project (i.e., CDM Project Activity) under a Program of Activity, managed and coordinated by the Land Bank of the Philippines (LBP)' Carbon Finance Support Facility

**Rehabilitation Support** means additional assistance given to DPs whose source of income is severely impacted by the loss of productive assets, incomes, employment or sources of living, thereby requiring them to engage in some other income-earning activities. Rehabilitation support is intended to supplement payment of compensation and financial assistance as provided in 2.b. and 2.e for acquired assets in order to achieve full restoration of living standards and quality of life. The specific rehabilitation support to be given may be in the form of special skills training, project-related employment micro-credit and other self-help socio-economic measures.

**Relocation** means the physical shifting of DPs from their pre-project place to a new place of residence.

**Replacement Cost** is the amount needed to replace an asset without deduction for the costs of transaction. The computation of replacement cost is the value determined by an independent appraiser hired by the Project Owner or by a court of law as compensation for:

Agricultural lands, fishponds and fish pens based on productive value or residential land based on market value (for properties with similar location attributes);  
Houses and other related structures based on current market prices of materials and labor without depreciation and deductions for salvaged building materials;  
Crops based on current market value;  
Trees and other perennials based on the estimates of the Department of Environment and Natural Resources or those of the independent appraiser's  
Other fixed assets such as mosques, churches, burial grounds, community wells, barangay halls and health centers based on replacement cost or cost of mitigating measures; and  
Businesses based on opportunity loss and business current market prices of materials and labor without depreciation and deductions of salvaged materials.

**Resettlement Action Plan (RAP) / Resettlement Plan (RP)** refers to all measures to be taken by the Project Owner in consultation with the community or the DPs and approved by the Lender, to mitigate any adverse social and economic impacts that are direct consequences of the acquisition of assets; and the provision of other entitlements, income restoration assistance, and relocation, as needed.

**Rental Allowance** is cash assistance given to house tenants of affected structures who will have to find a new place on account of the project, for the period between project site clearing and transfer to their new home but not exceeding a period of three (3) months.

**Severely Affected Land / Structure** means 20% or more of the land or structure is affected or when less than 20% is affected, the remaining portion is no longer viable for use.

**Squatting Syndicates** as defined by RA 7279 refers to groups of persons who are engaged in the business of squatter housing for profit or gain.

**Project Owner** could be a Local Government Unit (LGU, i.e., a City, Municipality or Province) or a public utility or private sector group providing local infrastructure services.

## **2. OVERRIDING DEVELOPMENT OBJECTIVE**

In the design and implementation of the projects, efforts must be exercised to ensure that all adverse impacts of acquisition of assets and properties are fully mitigated and

that displaced persons (DPs) are benefited and are not worse off. Toward this end, the following fundamental measures will be ensured:

- Effect on income and resources will be avoided or minimized in assets acquisition that result in displacement of people;
- No demolition of assets and/or entry to properties will be done until a DP is fully compensated, except when a court of law grants a Writ of Possession to the Project Owner for the subject property in expropriation cases as explained in Section 5 of this Framework;
- DPs are provided with sufficient compensation and assistance for lost assets, income sources, and livelihood that will assist them to improve, or at least maintain, their pre-project standard of living;
- Special attention is paid to affected vulnerable groups, such as poverty groups, the handicapped, women-headed households, people with weak or absent tenure rights, etc.; and
- All project stakeholders, including DPs, are consulted and are encouraged to participate in varying practicable ways in the design, implementation and operation of the project.

### **3. INSTITUTIONAL AND LEGAL FRAMEWORK**

#### **3.1 Institutional Framework**

The key players and their roles and responsibilities in resettlement planning, implementation and monitoring are presented below. Table RCF-2 in Section 6 breaks down the roles and responsibilities of other participants in the resettlement planning, implementation and monitoring process.

##### **3.1.1 The World Bank (WB)**

The WB will review this Resettlement and Compensation Framework (RCF) to ensure its compliance with OP 4.12 and OP 4.10. It will agree with the Land Bank of the Philippines on the adoption of the RCF as the set of guidelines on social safeguards for the Project. The WB will review all Full RPs and first three (3) Abbreviated RPs prepared under the Project.

##### **3.1.2 Land Bank of the Philippines (LBP)**

Through its Lending Centers, assisted by the PMO, the LBP will review all project RPs, whether full or abbreviated, to check its compliance with the agreed RCF.

##### **3.1.3 Project Owner**

The Project Owner could either be the Local Government Unit (LGU, i.e., a City, Municipality or Province), a public utility group or a private sector group providing local infrastructure services. Through its PIU, the Project Owner will be responsible for the overall planning, implementation, coordination and monitoring and evaluation of land acquisition and resettlement activities under the project:

- It will ensure that RPs are prepared, implemented and monitored and evaluated in accordance with the agreed RCF.
- The Project Owner will set up a Resettlement Implementation Committee (RIC) for the implementation of the RP. The specific responsibilities of the RIC include:
  - Assist the PIU in validating the list of DPs and inventory of affected assets and in finalizing the compensation and other entitlements due to the DPs;
  - Assist in the conduct of public information campaign and consultation and help to ensure the participation of the public, especially the DPs;

- Assist the PIU in the payment of compensation and other entitlement to DPs;
  - Receive complaints and grievances from DPs and other stakeholders and act on them accordingly;
  - Maintain a record of all public meetings, complaints, and actions taken to address complaints and grievances; and
  - In coordination with concerned government authorities, assist in the enforcement of laws / ordinances regarding encroachment into the project site or its ROW.
- The PIU Head will designate a staff to work closely with the RIC. The Project Owner may engage the services of a Consultant, a Resettlement Specialist, to provide technical support to the PIU on resettlement planning.
  - The Project Owner will ensure that sufficient budget and resources are provided to the PIU for resettlement planning and implementation.
  - The Project Owner will be responsible for encouraging the active participation of stakeholders, particularly the displaced and host communities, in resettlement planning, implementation and M&E.

#### **3.1.4 External Monitoring Agency (EMA)**

The EMA, engaged by the Project Owner, will monitor the effectiveness of resettlement activities in all stages of the project. Special efforts will be made to ensure good community relationships, for better reception of the project and for a clear understanding of its objectives. The EMA will submit periodic reports on the implementation process and make recommendations regarding identified issues and concerns.

#### **3.1.5 Affected Communities**

It is also the responsibility of affected communities, particularly the DPs and host community/ies, to participate in consultations and in resettlement planning, implementation and M&E.

### **3.2 Legal Framework**

#### **3.2.1 Government of the Philippines (GOP) Regulations**

This RCF is anchored on the principle derived from the Bill of Rights of the Constitution of the Republic of the Philippines, which states:

- in Article II, Section 9, *“Private property shall not be taken for public use without just compensation.”*
- in Article III, Section I, *“No person shall be deprived of life, liberty, or property without due process of law, nor shall any person be denied the equal protection of the laws.”*

This RCF, hereinafter referred to as Framework, shares the same concern for due process and the right to just compensation for everybody. Adverse impacts by a project must be avoided or minimized, with the appropriate resettlement measures, and that DPs are given the opportunity to share project benefits with the rest of the population, are the guiding principles of this Framework.

Other relevant GOP laws and orders pertaining to land acquisition and compensation shall be adopted and observed by the Project Owner. **Table RCF-1**

#### **3.2.2 World Bank Policies**

- OP 4.12, December 2001, on Involuntary Resettlement, providing the guidelines for the resettlement of project-affected population to assist DPs in their efforts to improve their incomes and living standards, or at least restore

them to predisplacement levels. This policy is triggered when there is involuntary taking of land and other assets, or when involuntary restriction of access to legally designated and protected areas results in adverse impact on the livelihoods of the displaced persons. Only direct economic and social impacts resulting from “taking of land” are covered.

- OP 4.10, July 2005, on Indigenous Peoples, requiring all projects that are affecting indigenous peoples to engage these people in a process of free, prior, and informed consultation; and to prepare an Indigenous Peoples Development Plan that will ensure these people to receive social and economic benefits that are culturally appropriate and gender and “inter-generationally” inclusive.

### **3.2.3 GOP and WB Policies, and Framework for LBP-CFSF**

Where there is a discrepancy in the resettlement and compensation standards of the existing laws in the Philippines and of the standards of the WB, the Project Owner will comply with whichever is the higher standard.

## **4. COMPENSATION AND OTHER ENTITLEMENTS**

The following guidelines will be applied to mitigate the effects of involuntary resettlement:

- Only those DPs found to be residing in, doing business in, or cultivating land, or having rights over resources within, the project area as of the cut-off date (e.g., date of start of census surveys) are eligible for compensation for lost assets (i.e., land, structures and other fixed assets) and for other assistance. DPs will be compensated for affected land, based on their tenure status, e.g., legitimate owner, lessee, etc. Proof of ownership shall include full title, tax declaration of settlers in public land, possessory rights or usufruct, ancestral land claims, among others. However, in cases where a tax declaration over assets that are inalienable or those that cannot be titled as prescribed by law (e.g., river easement, forest reserve) is the only proof of ownership, only structures and other improvements found therein should be compensated.
- The Project Owner shall compensate the DPs for land, structures and other fixed assets at “replacement cost” as defined in Section 1.
- DPs losing all of their lands and structures (e.g., farmland, house), or incurring partial loss but where the remaining assets and properties are determined by competent authorities as not viable anymore for continued use will be paid full compensation for the entire asset at replacement cost. The compensation for the entire asset at replacement cost may be given in cash or in kind. The Project Owner will assume ownership of the said asset upon payment of full compensation thereof.
- In the case of DPs whose assets are “marginally affected” as defined in Section 1, compensation for the affected assets will be paid in cash.
- Informal settlers who are affected by the project and who are not “professional squatters”, as defined Section 1, are entitled to compensation at replacement cost for affected structures and other losses but not for land.
- Swap for “severely affected land” as defined in Section 1 will be in the form of land of equivalent productive value and/or characteristics at a location acceptable to the DPs, or if replacement land is not available, cash representing the current replacement value of the land. Replacement of residential and agricultural lands will be as close as possible to the land that was lost. All replacement lands for residence, commerce and agriculture will be provided with secured tenure status.

- In addition to compensation for crops or property acquired or damaged by the project, the Project Owner will provide the following resettlement assistance to eligible DPs:
  - “Financial assistance” to tenants/settlers/occupants as provided in Section 1.
  - Rental allowance for house tenants of affected main structures who will have to find a new place on account of the project, equivalent to the period between project site clearing and transfer to their new home but not to exceed a period of three (3) months.
  - Transportation assistance (in cash or in kind, depending on the mutual agreement of the DP and the Project Owner) to DPs who are relocating, including displaced shanty dwellers in urban areas who opts to go back to their places of origin (e.g., province) or to shift to government relocation sites.
- Granting of rehabilitation support in the form of special skills training, project-related employment, micro-credit or other self-help socio-economic support to DPs who are severely affected due to the loss of productive assets and/or their primary source of income and which will require them to engage in some other income earning activities. If needed, the Project Owner will coordinate closely with concerned government agencies that have the mandate and the expertise to undertake the needed rehabilitation assistance.
- Rehabilitation support will also be granted to severely affected vulnerable groups such as indigenous groups, single parent households, the handicapped, the elderly, etc., who have the least capacity to cope with the adverse social and economic impacts of development projects.
- For married couples, payment of compensation and other entitlements (i.e., financial assistance and rehabilitation support) will be given in the names of both husband and wife.
- Where relocation is considered necessary, the lot owner of the proposed relocation site will also be entitled to compensation for his/her land, and depending on his/her choice, the compensation may be in cash or in the form of replacement land, of the same value, within or outside the relocation site.
- The Project Owner shall provide the relocation site for residential or commercial purposes with such basic services as electricity, water, drainage, sewer system, road system, etc.
- Plans for the acquisition of land and other assets will be carried out in consultation with the DPs who will receive prior information of the compensation, relocation and other assistance available to them.
- Any acquisition of, or restriction on access to resources owned or managed by DPs as a common property, e.g., communal forest, communal farm, or communal fishing ground, will be mitigated to ensure access of those DPs to equivalent resources on a continuing basis, where feasible, or other alternative measures to be determined in consultation with the DPs.
- Resettlement programs will include adequate institutional arrangements to ensure effective and timely design, planning, consultation and implementation of compensation and resettlement. The Project Owner will ensure effective coordination with relevant agencies for the RP preparation and implementation.
- The resettlement transition period will be minimized and the acquisition of assets, compensation, resettlement and rehabilitation for a segment/section or phase (except where long-term rehabilitation measures, such as vocational training recommended) will be completed at least one (1) month prior to the initiation of preparation for construction work under the respective segment/section or phase thereof.

Entitlements and compensation for the types of loss shall be guided by the Compensation Table in this Framework. **Attachment RCF-1**

Technically, all informal settlers found to be at the project site at the time of the census, will be entitled to a specific compensation depending on the laws and standards being enforced at the beginning of the project. All possible means to alleviate the DPs will be exhausted to restore or not even improve their level of living to the pre-resettlement level.

## **5. MODES OF ACQUIRING PRIVATE ASSETS**

Private assets, e.g., land, structures and other improvements, will be acquired for the project through:

- Donation and/or grant of ROW;
- negotiated purchase, or
- expropriation
- usufruct,
- lease agreement

In the case of donation, meetings held regarding land donation/s will be documented.

For donated land/s, documentation of donation must be signed by all legal owners, must note the total land area from which portion needed by project is taken, and must state the legal tenability of the donation (e.g. no lien, occupants in affected portion). An assessment report on the donor's economic viability will also be needed.

In the case of negotiated purchase, the Project Owner will offer as the purchase price an amount equal to the replacement cost of the assets, as determined by an independent appraiser using internationally accepted procedures. **Attachment RCF-2**

The Project Owner will make the offer in writing and give the property owner 15 days within which to accept the amount offered as payment for his/her property. If the property owner agrees, he or she will issue to the Project Owner a written permit to enter the property. A contract of sale will be subsequently executed between the property owner and the Project Owner.

If negotiations fail, the Project Owner shall initiate expropriation proceedings. (through the concerned LGU if Project Owner is not the LGU). Upon filing of the complaint, and after due notice to the defendant/property owner, the concerned LGU shall immediately deposit with the court or a court-appointed depository the amount equivalent to the sum of (1) one hundred percent (100%) of the value of the condemned property based on the current BIR zonal valuation and (2) an amount equal to the replacement cost of the improvements and/or structures. The Project Owner should then apply for a Writ of Possession to enable project construction.

If the property owner contests the compensation payment, the Court will determine the just compensation to be paid to the owner within sixty (60) days from the date of the filing of the expropriation case. When the decision of the Court becomes final, the Project Owner will pay the owner the difference between the amount already paid and the just compensation determined by the Court (see Implementing Rules and Regulations, RA 8974, Section 14). The DP will receive the additional payment within one (1) month following the decision of the court.

The Project Owner may resort to the imposition of an Easement of Right-of-Way provided for under the Philippine Civil Code. In such cases, a ROW easement agreement will be executed by the property owner and the Project Owner, whereby the former will grant the latter the right to use the affected portion of the lot, as ROW, but the owner retains ownership of the said portion of the lot. In these cases, the Project Owner will pay the owner the value of the affected portion of the lot based on an independent appraiser carried out according to internationally accepted norms. In addition, the Project Owner shall compensate the property owner at replacement cost for any improvements and/or structures on the land affected by the ROW. The Project Owner will enter the easement area after the provision of the full payment for the easement to the property owner. The ROW easement agreement will be immediately registered with the Registry of Deeds.

The Project Owner may also acquire a property through Usufruct. The property owner retains the naked ownership of the land, while the Project Owner enjoys the benefit of the use of land. The Project Owner and the property owner will execute a usufruct agreement. The agreement will cover the rights and responsibilities of the two parties, including the duration of the usufruct.

The Project Owner may also acquire lands through lease agreements with the rightful property owner. The Project Owner and the property owner will execute a Lease Contract. The contract will cover the rights and responsibilities of the two parties, including the duration of the lease.

All land transaction should be registered with the Registry of Deeds for annotation in the title of subject property.

## **6. APPLICATION OF THE PARTICIPATORY PROCESS**

The participatory process shall commence as early as during the project preparation stage and shall continue through to post-implementation evaluation. Key stakeholders will have valuable roles to play in each of the activities in the process.  
**Table RCF-2**

### **6.1 Subproject Preparation Stage**

#### **6.1.1 Pre-feasibility**

- The PIU will conduct a preliminary meeting with the Local Chief Executive and the Council about the project and its components:
  - Explain the general concept of the project;
  - Discuss and explain the requirements of the project and its perceived impacts;
  - Present tentative schedule of activities;
  - Create awareness and appreciation about the project;
  - Identify various project stakeholders;
  - Present the S2LDIP RCF; and
  - Discuss the composition of the RIC.

Other target participants to this meeting are:

- Heads of LGU departments relevant or attached to the PIU; and
  - Captain/s of the affected Barangay/s
- 
- **General Orientation of the Community**  
Before undertaking any survey activity in the community, the PIU will conduct a thorough barangay meeting to orient and ensure that the community understands the nature and extent of the proposed project, as well as the rights and entitlements of

those who may be affected or displaced as a result of the project. Awareness of the project will hasten the data-gathering process and ensure quality of data.

The RCF will also be discussed for the communities to have an appreciation of the processes and procedures. The RCF will be publicly posted / disclosed and will be available to the community if they want to discuss it further with the community members.

Community orientation will be facilitated by barangay officials and assisted by the PIU to ensure correctness of information to be relayed to each member of the community. The agenda for this community orientation could be:

- Project overview including overall objectives and merits;
- Identification and discussion of the likely impacts of the project;
- Activities to be undertaken, including the project schedule;
- Roles of the community with regards to the long-term sustainability;
- the Resettlement and Compensation Framework; and
- Other matters.

- **Social Assessment**

The PIU will conduct an assessment of the positive and negative impacts of the project especially to the affected community, identifying all types of possible risks involved. This will be most critical in deciding whether to push through the project or not. Often, projects though initially conceived as beneficial may in turn have to adverse socio-economic, environmental and cultural impacts, which are easily overlooked. The assessment will be carried out with the participation of various stakeholders (through consultations, focused group discussions and key informant interviews) especially those that will be adversely affected from the project and the concerned barangay. Where IP settlements / communities are affected, assessment activities should be coordinated with the National Commission on Indigenous Peoples (NCIP) prior to the field investigation. Results of such investigation will form part of the assessment.

### **6.1.2 Feasibility**

- **Draft RP Preparation**

Based on the results of the Social Assessment, a full-blown socio-economic survey of the DPs, including an inventory and valuation of affected assets, will be conducted to arrive at an appropriate Resettlement Plan (RP). The RP should include the amounts and the process to be used in the payment of compensation to the DPs.

A separate survey should be conducted for cultural minorities especially when they are not closely attached to the mainstream society. In such cases, a separate RP should be prepared for the group. (Refer to Section 9 of this Framework.)

The RCF applies to all resettlement impacts, regardless of the number of people involved or the level of severity experienced. However, the level of details contained in the RP will vary according to the target group, complexity, scale, and severity of resettlement. A full RP will be required where 200 or more persons are affected. If less than 200 persons are affected, an abbreviated RP may be prepared. **Attachments RCF-3 and RCF-4**

- **Presentation of the Draft RP**

Upon completion of the draft RP, the PIU will present it to the Local Chief Executive and Council, heads of LGU departments relevant or attached to the PIU and captain/s of affected barangay/s with a view that a consensus will be achieved on the following:

- Resettlement program;
- Relocation sites;
- Roles and responsibilities in the RP implementation; and
- Identified members of RIC,

- **Community Consultation**

Community consultation should be conducted continuously until a RP acceptable to the DPs is arrived at. All aspects of the project should be known to the affected community and if necessary, leaflets and brochures be distributed for greater information coverage.

Affected communities will also be informed on the mechanics and procedures for consultations, grievance redress mechanism, and the overall resettlement program. For indigenous groups, the NCIP will be tapped to lead the consultations and to have a more in depth analysis of the socio-cultural implications of the project. All proceedings and consultations will be recorded and form part of the RP.

### **6.1.3 Finalization of the RP and the Technical Design**

All suggestions and relevant information introduced by the DPs should be included in the RP. The PIU will again meet the Local Chief Executive and Council, heads of LGU departments relevant or attached to the PIU, captain/s of affected barangay/s and selected members of the community, particularly the People's Organization (PO) leaders, Purok leaders or other recognized leaders representing the DPs to orient them with the results of all studies and assessments made to ensure that the project will proceed as agreed upon.

A copy of the final RP and the technical design will be given to each affected barangay for reference purposes to ensure all procedures and agreements are included and met.

- **Setting up of RIC**

The RIC will be established to assist in RP implementation, to be composed of:

- Head of UPAO,
- if applicable, a Commissioner of the National Commission of Indigenous Peoples,
- PIU, particularly its Resettlement Specialist
- Representative of the Barangay of affected communities (DP and host)
- Representative of the DPs in each affected barangay (to be elected by simple majority by DPs present in a meeting to be held for the purpose);
- If applicable, leader/s or elder/s of each affected IP group;
- Representative of a non-government organization (NGO) or people's organization (PO) actively operating in the project area (to be elected by simple majority by DPs present in a meeting to be held for the purpose)

The RIC will be headed by either the head of UPAO, or if applicable, a Commissioner of the NCIP.

The RIC will meet regularly to record milestones and update the members on the progress of the RP. The following items may also be included in the agenda:

- Designation of specific assignments;
- RP timetable;

- Submittals to PCUP; and
- Others matters.

The RIC will have to work closely with the PCUP, as the government's clearing house of resettlement for the urban poor to ensure that the RP is properly implemented. They can also assist the PIU in accomplishing the requirements for the Certificate of Compliance to be issued by the PCUP before any clearing operation takes place.

## **6.2 Project Implementation Stage**

- Participation in the Implementation

Whenever possible, DPs will be contracted in the implementation of various activities in the project.

- Monitoring of the RP

The PIU, assisted by the RIC will enlist the participation of the DPs in the internal monitoring of the RP. Representation of the DPs in the monitoring of the implementation will provide a more accurate reading of the community's feelings and reactions. The internal monitoring will focus specifically on the following:

- Seeing to it that the RP is implemented as designed and approved;
- Verifying if funds for implementation are provided by the Project Owner in a timely manner and in amounts sufficient for their purposes and that the funds are used in accordance with the provisions in the RP.

In addition to the internal monitoring, an independent External Monitoring Agency (EMA) will be hired by the Project Owner, to carry out a separate M&E program of the RP. This agency may be an NGO, an academic research institution, an independent consulting firm, with qualified and experienced staff or a combination of these. Criteria for selecting the appropriate agency shall be based on competence, experience and general advocacy of the group. The selection process will undergo the usual procurement procedures. **Attachment RCF-5**

## **6.3 Post Project Implementation Stage**

- Evaluation of the RP Implementation

Upon completion of the RP implementation, a body composed of representative from PIU (preferably its Resettlement Specialist), RIC head, DP representatives, and representatives from relevant NGO and PO will be formed to evaluate the different stages of the RP preparation and implementation, and the various processes and methodologies used. Areas for improvement and best practices will be identified for future use.

The EMA will give its independent evaluation of the RP and its implementation. All recommendations and comments will be documented and archived for future reference.

## **7. GRIEVANCE PROCEDURES**

Accessible grievance mechanisms will be established for the DPs and their communities, and any host communities receiving them. It aims to address disputes that may arise from the resettlement.

Grievances will be handled through negotiations and are aimed at achieving consensus. Complaints will pass through two stages before they may be elevated to a court of law as a last resort.

Grievance Redress shall have the following level:

- Level 1 A party lodges complaint or grievance to the RIC. After proper investigation of facts presented, the RIC will provide a written response within fifteen (15) days upon receipt of the complaint.
- Level 2 If the complaint / grievance cannot be resolved at the level of the RIC, the case shall be formally referred to the PIU, which will act / decide on the complaint within fifteen (15) days. The PIU shall inform the RIC on the actions taken and progress of the case.

The RIC shall document all grievances, discussions, recommendations and resolutions in writing (or written when received verbally) at all grievance level. DPs will be exempted from all administrative and legal fees incurred pursuant to the grievance redress procedures. Resorting to courts prior to availment of this complaint and grievance process will make the appellant's action dismissible on the grounds of non-exhaustion of administrative remedies. Details of grievance redress procedures are provided in the Operational Manual for Resettlement Planning and Implementation provided by the PCUP.

## **8. COSTS AND BUDGETS**

The Project Owner will be responsible for providing needed resources for all activities related to the RP planning and implementation, including the operation of the RIC. Each RP will include detailed cost estimates for compensation and relocation of DPs, if that be the case, with a breakdown by category of DPs, agricultural, residential and business lands; houses, structures and other fixed assets affected; transport assistance when shifting DPs; etc. Cost estimates will make adequate provisions for contingencies.

## **9. INDIGENOUS PEOPLES AND INDIGENOUS CULTURAL COMMUNITIES**

In cases where indigenous peoples (IPs) and indigenous cultural communities (ICCs) will be affected, prior to the preparation of the RP, the Project Owner must secure a Free and Prior Informed Consent (FPIC) or a consensus of all members of the Indigenous Peoples and Indigenous Cultural Communities. This will be determined in accordance with their respective customary laws and practices, free and obtained after the Project Owner's full disclosure of the intent and scope of the activity, in a language and process understandable to the concerned communities.

A Certificate of FPIC is issued by the concerned IPs/ICCs through an authorized representative (usually the Commissioner of the National Commission of Indigenous Peoples or NCIP). The certificate will be obtained upon signing of a Memorandum of Agreement by and between the Project Owner and the respective IPs/ICCs. Which agreement must be written in a language understandable to the IPs/ICCs. Signatures or thumb marks must be affixed on each page of the document signifying consent or rejection. In case of rejection, the IPs/ICCs shall state in the document of rejection whether or not they shall entertain alternative proposals of similar nature. Any alternative proposal shall be subject to another FPIC of the IPs/ICCs in accordance with the foregoing procedures and requirements.

As mentioned in the earlier part of this policy, that if necessary, a separate RP with an Indigenous Peoples Plan (IPP) will be developed for IPs/ICCs to ensure appropriateness and minimize negative socio-cultural impacts. **Attachment RCF-6**

Full consultation, consent and participation will be sought after to foster a cooperative environment and strengthen cultural relationships. It will be ensured that same social and economic benefits will be granted to such groups, recognizing their rights and privileges to their ancestral domains / lands as defined in Chapter 3 of RA 8371.

In order to have a meaningful consultation and participation, the following steps will be adhered to:

- information dissemination shall be in the local / tribal language;
- a tribal leader / representative from NCIP and an NGO representative working with the group or an expert in the history, practices and traditions will always be present in all discussions with clusters of IPs; and
- all meetings will be recorded and shared with the concerned IP group.

If IPs are part of the mainstream society, same information as the other will be gathered from the group. In addition, a social impact assessment will be conducted and the following information will be collected:

- HH ownership of economic and productive assets;
- annual income from primary and secondary employment opportunities;
- economic information of community (brief information of economic and natural resources, production, and livelihood systems, tenure systems, etc.);
- social information of community (brief information of kinship, value system, types of social organization of formal / informal groups, etc.);
- potential impact of project on basic social services (water supply, health clinics, and schools); and
- potential impact of project on the social and economic livelihood.

Community participation and consultation framework shall be coursed through the NCIP, the government agency mandated by law to oversee and protect the interests of IP/ICC. Grievance redress mechanisms to be developed will be in a manner familiar to the indigenous group. Such framework will be developed in close coordination with IP/ICC tribal elders and tribal leaders in collaboration with the NCIP.

The RIC will include one of the commissioners of the NCIP (preferably the commissioner assigned to the region where the proposed project will be undertaken), and an indigenous group leader or elder from every tribe/group to represent their respective tribe. The NCIP Commissioner who is a member of the RIC will automatically be the Chairperson of the committee.

## **ANNEX 2**

### **LETTER OF INVITATION (TO PROJECT OWNERS)**

**(Official LBP Letterhead)**

(Date)

**(PROJECT OWNER)**

(Designation of Project Owner)

(Address)

Dear Mr./Ms. (Project Owner):

This refers to the Clean Development Mechanism (CDM) which emerged as one of the flexibility mechanism under the Kyoto Protocol to the United Nations Framework Convention on Climate Change (UNFCCC). Under the protocol, developed countries are mandated to reduce emissions of greenhouse gases which contribute to the global warming. Thru the CDM, developed countries are allowed to go beyond their own borders to achieve portion of the required emission reduction by purchasing carbon credits from developing countries.

Given the enhanced role of financial institutions in the international efforts to combat climate change thru CDM, LBP has established the Carbon Finance Support Facility (CFSF). One of the objectives of the Program is to provide assistance to CDM-eligible project and assist clients in every step of the CDM project cycle (e.g. project design document preparation, registration, DNA approval etc).

We would like to provide you a copy of the CFSF brochure and Reply Form to enlist your project under the Carbon Finance Support Facility program. Following your acceptance to participate, we will facilitate the letter to the UNFCCC Secretariat and DENR-Designated National Authority to inform them that your project intends to seek CDM status, as required by the CDM Executive Board.

For further clarification on the matter, please feel free to contact **(Name of the Head of EPMD)**, Head of the Environmental Program & Management Department at telephone numbers \_\_\_\_\_.

Very truly yours,

**(Name of the Program Lending Group Head)**

(Designation of the Program Lending Group Head)

Program Lending Group

**ANNEX 3**

**CFSF Reply Form / Expression of Interest to Enlist**



**ENVIRONMENTAL PROGRAM AND MANAGEMENT DEPARTMENT (EPMD)**

**Carbon Finance Support Facility (CFSF)**

To signify your interest to enlist your project under the CFSF and Clean Development Mechanism (CDM), please complete the Reply Form below and send it back to EPMD 18/F LBP Plaza, 1598 M.H del Pilar cor. Dr. J. Quintos Sts., Malate, Manila or fax at (02) 528-8484. For further inquiries, you may call at telephone numbers (02)405-7736 or 405-7539.

**R E P L Y F O R M**

<b>Project Name and Location</b>		
<b>Project Proponent</b>		
<b>Business Address</b>		
<b>Contact Details</b>	Telephone No.	
	Fax No.	
	Email Address	

*Please check the appropriate box*

<input type="checkbox"/>	Yes, we are interested to enlist our above-mentioned project under the LBP's CFSF for possible financing and CDM assistance / arrangement. And, as our initial request for assistance, we are authorizing LBP to inform the DENR-Designated National Authority in writing regarding our intention to seek CDM status.
<input type="checkbox"/>	No, we are not interested.

\_\_\_\_\_  
*Signature over printed name  
of authorized representative*

\_\_\_\_\_  
*Date*

**ANNEX 4**

**Sample Memorandum of Agreement for Intent to Purchase and Sell Certified Emission Reductions**

**MEMORANDUM OF AGREEMENT**

**For the Intent to Purchase and Sell Certified Emissions Reductions from  
\_\_\_\_\_ Sanitary Landfill Facility**

**KNOW ALL MEN BY THESE PRESENTS:**

This Agreement entered into and executed by and between:

**The LAND BANK OF THE PHILIPPINES**, a government financial institution created and existing pursuant to R.A. No. 3844, as amended with principal place of business at the LANDBANK Plaza, 1598 M.H. del Pilar cor. Dr. J. Quintos Streets, Malate, Manila, represented in this act by its [**Rank of LBP Signatory**], [**Name of LBP Signatory**], hereinafter referred to as “**LANDBANK**”.

and

The \_\_\_\_\_, a government entity existing by virtue of Philippine laws, with principal address at \_\_\_\_\_ represented in this act by its \_\_\_\_\_, and hereinafter referred to as the “**Project Proponent**”

**WITNESSETH**

WHEREAS; to address the problem of climate change due to global warming, the United Nations Framework Convention on Climate Change (UNFCCC) set the ultimate objectives of stabilizing atmospheric concentrations of greenhouse gases (GHGs) at safe levels.

WHEREAS; the UNFCCC established the Conference of Parties, which during the 3<sup>rd</sup> session in Kyoto, Japan, a legally binding set of obligations for 38 industrialized countries and 11 countries in Central and Eastern Europe was created, to return their emission of GHG to an average of 5.2 percent below their 1990 levels over the commitment period of 2008-2012. Officially this is called the Kyoto Protocol.

WHEREAS; the Clean Development Mechanism (CDM) is one of three cooperative mechanism, where developed countries has a specific obligation to reduce a set amount of GHG emission by 2012 under the Kyoto Protocol and assist developing countries to implement project to reduce or absorb GHG emission.

WHEREAS, LANDBANK being the country's dominant financial institution in countryside development with commitment to protect the environment and promote sustainable development is taking steps to support international effort to reduce GHGs emission thru the establishment of the Carbon Finance Support Facility ("LANDBANK-CFSF").

WHEREAS, LANDBANK-CFSF aims to finance projects that capture, reduce or sequester emission of GHGs, as well as identify, arrange, bundle projects in order to generate tradable amounts of carbon credits.

WHEREAS, LANDBANK has developed a CDM Program of Activity (POA) for landfill gas recovery and combustion projects in partnership with the World Bank which will also be the buyer of the CERs to be generated by the POA based on the separate Emission Reduction Purchase Agreement (ERPA).

WHEREAS, LANDBANK will prepare a Project Design Document (PDD) for every eligible landfill project in order to be registered as a CDM project activity (CPA). The PDD presents information on the essential technical and organizational aspects of the project activity and is key input for the validation, registration, and verification of the project.

WHEREAS, the Project Proponent is the owner and developer of \_\_\_\_\_ Sanitary Landfill Facility, located at \_\_\_\_\_.

WHEREAS, the Project Proponent is committed to integrate CDM in the proposed landfill gas recovery and combustion project specified under this Agreement.

WHEREAS, the Project Proponent agrees in the inclusion of their landfill gas recovery facility in LBP's Landfill Gas Recovery and Combustion POA and to provide necessary support and full cooperation in all the preparation activities needed for the registration of the said landfill recovery facility as a CDM project.

WHEREAS, the Project Proponent agrees to sign a sub-project agreement (SPA) that will assign the purchase and sale of its Certified Emission Reduction (CERs) to LANDBANK.

NOW, THEREFORE, for and in consideration of the foregoing premises and by way of formalizing and confirming their commitments, the Parties hereby mutually consent to enter into this agreement for the intent to purchase and sell ERs for the aforementioned project and for LANDBANK to negotiate and sign agreements with the World Bank and other carbon buyers for this purpose in accordance with the terms and conditions hereunder set forth;

## **ARTICLE 1 DEFINITIONS**

**Carbon Buyers:** buyers of sellable emission reductions from CDM projects that are either Certified Emission Reductions (CERs).

**CDM Rules:** Article 12 of the Kyoto Protocol and all relevant rules, requirements, regulations, modalities, criteria, guidelines, principles and procedures governing the use of the Article 12 of the Kyoto Protocol including requirements of the Project host country.

**CDM Project Documents:** Documents prepared for purposes of compliance with the CDM Rules including the Project Application Document (PAD), Project Design Document (PDD).

**CER (Certified Emission Reduction):** carbon emission reduction verified and validated by DOE and certified by the UNFCCC.

**DNA (Designated National Authority):** agency designated as the national focal institution overseeing the CDM under the Kyoto Protocol. In the Philippines, the DENR is the DNA.

**DOE (Designated Operational Entity):** organization accredited by the CDM Executive Board to validate the proposed CDM projects and verify the GHG emission reduction arising from the CDM project activity.

**ERPA (Emission Reduction Purchase Agreement):** agreement between LANDBANK and the World Bank and other carbon buyers on the purchase and sale of the sellable ERs.

**ER (Emission Reduction):** GHG expressed as tons of carbon dioxide equivalent (tCO<sub>2</sub>) that was reduced as a result of the CDM project. It includes all forms of sellable Emission Reductions including but not limited to CERs.

**Executive Board:** means the executive board of the Clean Development Mechanism that is established by the International Rules.

**Environmental Management Plan:** plan submitted by the Project Proponent and approved by LANDBANK that describes the mitigation, monitoring, and institutional measures to be taken by the Project Proponent during implementation and operation of the Project and Project to eliminate, offset or reduce adverse environmental and social impacts.

**Program of Activities (PoA):** involves the aggregation of several emission reduction activities and their submission as a single clean development mechanism project activity, employing one set of methodologies for baseline determination and the monitoring or project performance. All this occurs with a view of reducing transaction costs by spreading the fixed outlay for project design, validation, and verification over a series of activities carried out in a specified period of time. Accordingly, programmatic CDM is ideally suited for small but easily replicable activities in the

areas of renewable energy and energy efficiency, explaining its attraction as a vehicle for achievement of the CDM ‘development dividend.’

**Sub-project agreement:** agreement between the LANDBANK and the Project Proponent on the purchase and sale of CERs.

## **ARTICLE II MECHANICS OF IMPLEMENTATION**

Upon signing of this agreement, the parties shall cooperate on the inclusion of eligible landfill project in the PoA in accordance with the approved inclusion criteria for the PoA. To this end, LBP will prepare a CDM Project Design Document (PDD) for the eligible landfill project and a sustainable development benefit document (SDBD) for submission to the DNA of the CDM in the Philippines for issuance of Letter of Approval (LOA). The PDD will also be submitted to an independent auditing firm or DOE who will validate if the project qualifies under the CDM Rules prior to its endorsement for registration in the UNFCCC Executive Board (EB).

Upon successful inclusion of the project in the PoA, the project proponent shall implement monitoring activities to determine the amount of greenhouse gas emissions reduced by the project. A DOE will be hired to verify the monitoring data and the amount of CERs generated to be submitted to the UNFCCC EB. Based on this report, the Carbon Buyer will pay LANDBANK under the terms of the ERPA and LANDBANK will pay the Project Proponent under the terms of the SPA.

## **ARTICLE III INSTITUTIONAL ROLES AND RESPONSIBILITIES**

### **A. OBLIGATIONS AND RESPONSIBILITIES OF LBP**

1. LANDBANK shall prepare the CDM Project Documents;
2. LANDBANK shall submit the CDM Project Design Documents and SDBD to the DNA for Endorsement and will have overall responsibility to responding to questions and requests;
3. LANDBANK, through the World Bank or other Carbon Buyer, shall be responsible for contracting the DOE for review of the CDM Project Documents and will have overall responsibility for responding to questions and requests;
4. LANDBANK shall make available financing facilities which can be accessed by the Project Proponent, subject to the existing lending policies of LANDBANK;
5. LANDBANK shall sign a sub-project agreement with the Project Proponent for the purchase of CERs;

6. LANDBANK shall collect from the Project Proponent, and if necessary confirm the accuracy of, all information required for the preparation of CDM Project Design Documents and the Environmental Management Plan; LANDBANK shall treat the information/data/documents gathered from the Project Proponent with utmost confidentiality, care and protection; and
7. During project implementation, LANDBANK shall be responsible for implementing the provisions of the Sub-Project Agreement including overseeing the monitoring, verification process and acting as an intermediary between the World Bank/Carbon Buyer and the Project Proponent.

## **B. OBLIGATIONS AND RESPONSIBILITIES OF PROJECT PROPONENT**

1. The Project Proponent shall assist and provide LANDBANK with all the necessary, reasonable and relevant information to enable the latter to prepare the CDM Project Documents and SDBD and obtain DNA endorsement;
2. The Project Proponent shall ensure to meet any additional project design requirements for qualification to CDM.
3. The Project Proponent shall enter into a sub-project agreement with the LANDBANK for the sale of CERs to be generated by the project;
4. During implementation, the Project Proponent shall be responsible for implementing the provisions of the Sub-project Agreement including monitoring the project, among others;
5. The Project Proponent shall satisfy any obligations in respect of applications for all licenses, permits, consents and authorization required to implement the project.

## **ARTICLE IV**

### **AUTHORIZATION TO NEGOTIATE AND ENTER INTO AGREEMENTS WITH THE WORLD BANK OR OTHER CARBON BUYERS**

The Project Proponent shall authorize, as it is hereby authorizes LANDBANK to negotiate and approve any agreements with World Bank or other Carbon Buyers for the sale of CERs from the aforementioned project including one or more Emission Reduction Purchase Agreements.

**ARTICLE V**  
**FEES AND CHARGES**

1. The following fees and charges shall be deducted from the gross CER proceeds upon delivery of contract CERs:
  - 1.1 LBP Management Fee – 15% of the gross CER proceeds:
  - 1.2 Kyoto Protocol fees – based on the fee mandated and charged by the UNFCCC Executive Board;
  - 1.3 CDM Development Cost – based on the costs incurred by LANDBANK, as C/ME, in relation to the development of the CPA, including but not limited to validation, registration / inclusion, among others; and,
  - 1.4 CDM Verification Cost – based on the actual cost charged by the Designated Operational Entity.
  - 1.5 Other costs incurred during the course of CDM project implementation.

Other terms of the sale and purchase shall be discussed on the Sub-project Agreement

2. Net proceeds of CERs after above deductions shall be the gross income share of the Project Proponent.

**ARTICLE VI**  
**EXCLUSIVITY**

Upon signing this agreement and until its termination, the Project Proponent shall work exclusively with LANDBANK and shall not start any discussion, negotiation or enter into any agreement regarding the dealing or sale of any CERs generated or to be generated by the project with any person/entity without prior written consent from LANDBANK.

LANDBANK and the Carbon Buyer have exclusive ownership of the CDM Project Design Document for the aforementioned subproject. The Project Proponent cannot make use of these documents for the sale of CERs of the aforementioned project.

Failure to comply with any of the obligations set forth in this MOA or breach thereof, the concerned party shall be held liable for whatever damages provided under the law.

**ARTICLE VII**  
**EFFECTIVITY AND TERMINATION**

This Memorandum of Agreement shall take effect upon the signing thereof and shall remain in full force and effect unless earlier revoke in writing by both parties.

**ARTICLE VIII**  
**MISCELLANEOUS**

If any one or more provisions in this MOA shall be declared invalid, illegal or unenforceable, the remaining provisions shall not be affected or impaired.

Should there be any dispute arising between the parties relating to this MOA, the parties shall endeavor to amicably settle the dispute. If the parties fail to achieve resolution of the dispute within sixty (60) days from the commencement of the discussions thereon, such dispute shall be finally and exclusively settled thru arbitration in accordance with the Arbitration Rules of the Philippine Dispute Resolution Center, Inc. to be conducted by one arbitrator appointed in accordance with such rules. The venue of arbitration shall be in the City of Manila and the arbitration proceedings shall be conducted in the English language. Substantial aspects of the dispute shall be settled by applying the laws of the Philippines.

**ARTICLE IX**  
**AMENDMENT**

No amendment, modification and addition to this agreement shall be binding unless similarly reduced to writing and duly approved by both parties.

**IN WITNESS WHEREOF**, the Parties have hereunto set their hands on this \_\_\_\_\_ day of \_\_\_\_\_ 2015 at \_\_\_\_\_.

**Land Bank of the Philippines**

**[Name of Project Proponent Company]**

By:

By:

**[Name of LBP Signatory]**  
**[Designation of LBP Signatory]**

**[Name of Project Proponent Signatory]**  
**[Designation of Project Proponent Signatory]**

**WITNESSES:**

\_\_\_\_\_

\_\_\_\_\_

**ACKNOWLEDGEMENT**

REPUBLIC OF THE PHILIPPINES )  
\_\_\_\_\_CITY )S.S.

BEFORE ME, A Notary Public for and in the above locality, this \_\_\_\_ day of \_\_\_\_\_, personally appeared the following:

**[Name of LBP Signatory]** - [Government ID No. issued]  
[Date of Issue]

known to me be the same person who executed the foregoing instrument and he acknowledged to me that the same is his free and voluntary act and deed and that of the office/entity which he represents.

This instrument consisting of seven (7) pages including the page on which this acknowledgement is written, and which has been signed by the above Party and his instrumental witness on each and every page thereof and sealed with my notarial seal refers to the Memorandum of Agreement between \_\_\_\_\_, and the **Landbank of the Philippines** for the intent to purchase and selling of emissions reductions from the methane capture facility project.

IN WITNESS WHEREOF, I have hereunto affixed my signature on the day, year and place above written.

\_\_\_\_\_  
**Notary Public**

Doc. No. \_\_\_\_\_;  
Page No. \_\_\_\_\_;  
Book No. \_\_\_\_\_;  
Series of \_\_\_\_\_.

**ACKNOWLEDGEMENT**

REPUBLIC OF THE PHILIPPINES )  
\_\_\_\_\_CITY )S.S.

BEFORE ME, A Notary Public for and in the above locality, this \_\_\_\_ day of \_\_\_\_\_, personally appeared the following:

**[Name of Project Proponent]** - [Government ID No. issued]  
[Date of Issue]

known to me be the same person who executed the foregoing instrument and he acknowledged to me that the same is his free and voluntary act and deed and that of the office/entity which he represents.

This instrument consisting of seven (7) pages including the page on which this acknowledgement is written, and which has been signed by the above Party and his instrumental witness on each and every page thereof and sealed with my notarial seal refers to the Memorandum of Agreement between \_\_\_\_\_, and the **Landbank of the Philippines** for the intent to purchase and selling of emissions reductions from the methane capture facility project.

IN WITNESS WHEREOF, I have hereunto affixed my signature on the day, year and place above written.

\_\_\_\_\_  
**Notary Public**

Doc. No. \_\_\_\_\_;  
Page No. \_\_\_\_\_;  
Book No. \_\_\_\_\_;  
Series of \_\_\_\_\_.

**ANNEX 5**

**Letter to UNFCCC Secretariat and CDM-Designated National Authority seeking CDM Status (per Annex 61 EB48)**

	<b>Prior Consideration of the CDM Form</b>	
<i>This form is to be used by project participants in order to submit the notification of the commencement of the project activity and the intention to seek CDM status.<sup>1</sup></i>		
<b>Date of submission</b>		day/month/year
<b>SECTION 1: PROJECT DETAILS</b>		
<b>1. Title of the CDM project activity</b>		
<b>2. Precise geographical location: (Geo-coordinates, Town/City, Country)</b>		
<b>3. Name of project proponent (Name, Title, Company, Country)</b>		
<b>4. Brief description of the proposed project activity: (include brief description of technology to be employed and source of baseline emissions to be reduced)</b>		
<b>SECTION 2: CONTACT INFORMATION</b>		
<b>Name of the entity:</b>		
<b>Contact details of authorized representative:</b> Mr.        Ms.		
Last name:		Telephone:
First name:		Fax:
Email:		Address:
<i>Signature:</i>		