



Republic of the Philippines
DEPARTMENT OF FINANCE
Roxas Boulevard Corner Pablo Ocampo, Sr. Street
Manila 1004

22 September 2014

Mr. ROBERTO B. TAN

Executive Director for Brazil, Colombia, Dominican Republic,
Ecuador, Haiti, Panama, Philippines, Suriname, Trinidad and Tobago
The World Bank Group

Dear **ED Tan**:

With reference to the first draft of the proposed Environmental and Social Framework (ESF), please find attached herewith additional comments and recommendations for the Bank's consideration received from the National Economic and Development Authority (NEDA), Department of Transportation and Communications (DOTC) and Department of Social Welfare and Development (DSWD).

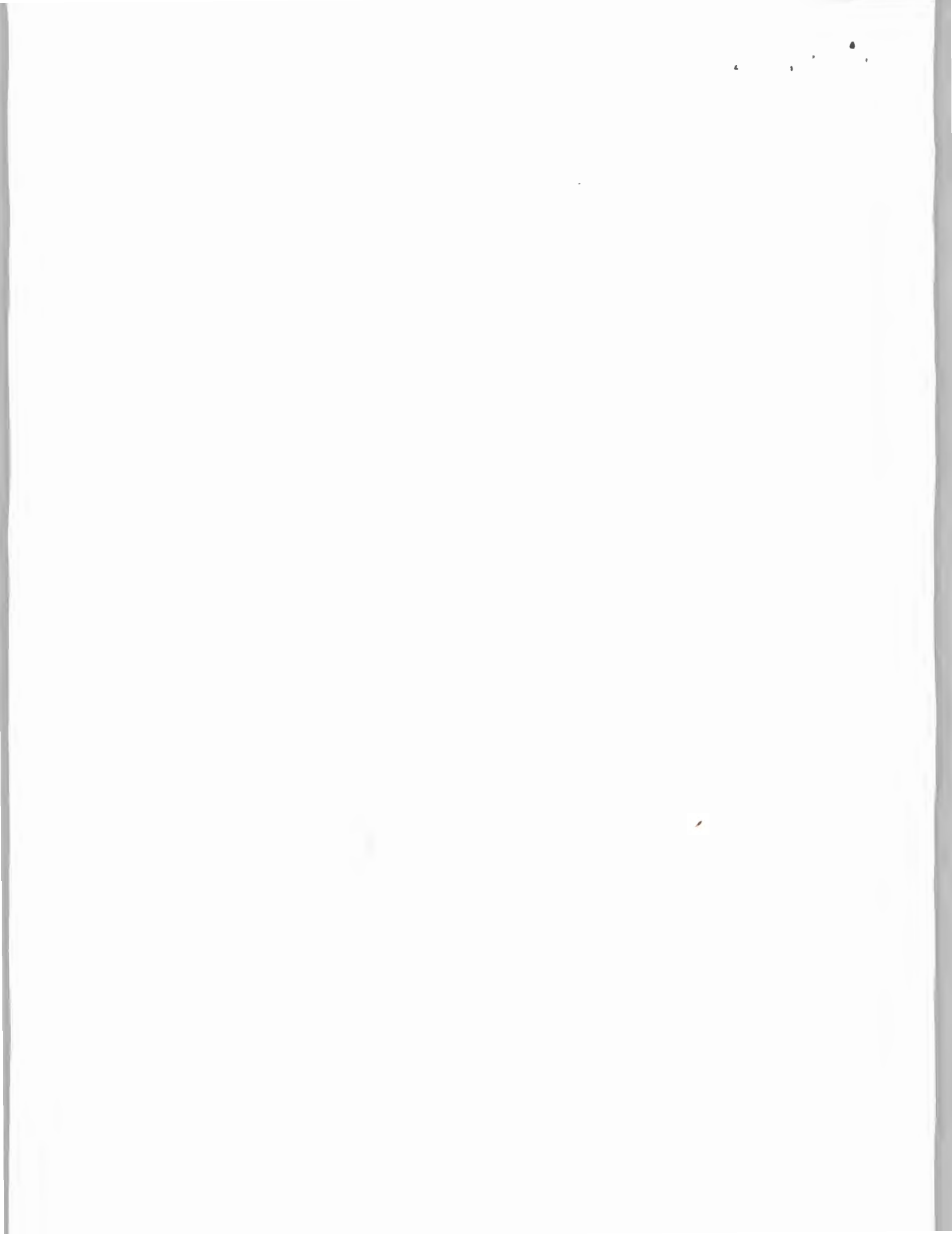
Thank you.

Very truly yours,

A handwritten signature in blue ink, appearing to read "Rosalia", is written above the printed name.

ROSALIA V. DE LEON
National Treasurer

005646





REPUBLIC OF THE PHILIPPINES

NATIONAL ECONOMIC AND DEVELOPMENT AUTHORITY

23 September 2014

MS. ROSALIA V. DE LEON

National Treasurer
Bureau of the Treasury
Department of Finance
Manila

Dear Treasurer De Leon:

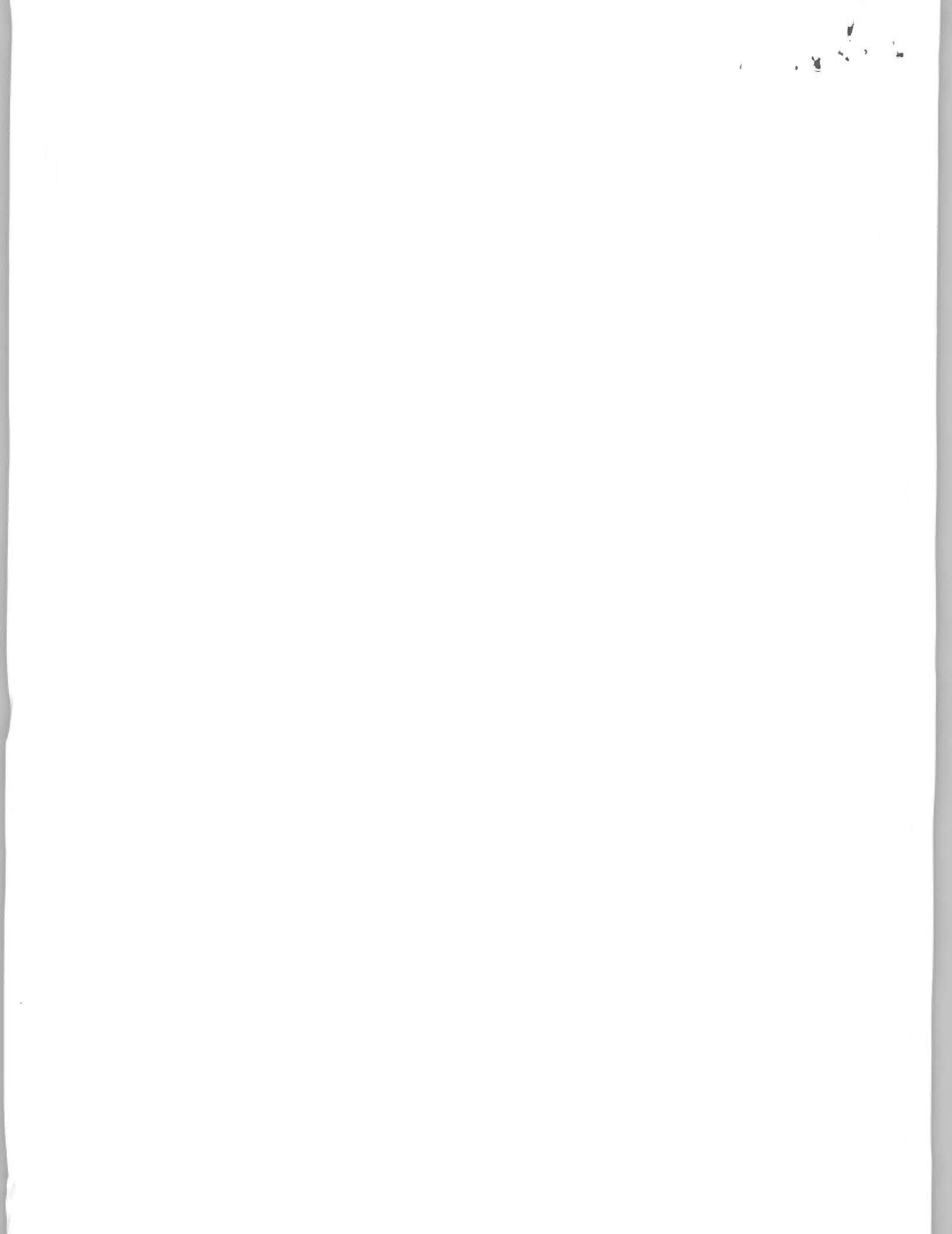
Subject : Environmental and Social Framework: Setting Standards for Sustainable Development

This is in response to your request for review and comments on the draft subject framework prepared by the World Bank, in order to improve the Bank's environment and social safeguard policies.

The NEDA Secretariat (NS) finds merit in the proposed Environmental and Social Framework (ESF) as its objectives to prevent and mitigate undue harm to people and the environment complement the outcomes and goals of the updated 2011-2016 Philippine Development Plan (PDP). It will also strengthen the implementation of existing laws, policies and regulations on environmental sustainability and social development such as (i) Presidential Decree (PD) 1586 or Environmental Impact Statement; (ii) Republic Act (RA) 9003 or the Ecological Solid Waste Management Act; (ii) RA 7279 or Housing and Urban Development Act; (iii) RA 7586 or the National Integrated Protected Areas System (NIPAS) Act; and (iv) and RA 8371 or Indigenous People Rights Act (IPRA).

However, the NS believes that as a universal document of the WB, the ESF should recognize existing national laws and policies of the borrowing country. In the event that the standard requirements of the Bank are more stringent than the domestic considerations/processes, the Bank should discuss with the borrowers regarding their compliance. Also, the ESF conditionalities should serve as a mechanism to ensure that the WB's supported initiatives are environmentally sound and socially responsive and acceptable, rather than an impediment to access the Bank's facilities/assistance. The ESF should serve as an opportunity for the borrowers to improve the project design to be more effective in addressing the development needs/gaps.

Moreover, given that compliance with ESF requirements/standards entail technical expertise and additional cost, the WB should clarify if these resources will be made available over and above its usual assistance. Further, the WB should clarify at the onset the benchmarks/indicators that will objectively assess the borrower's compliance with WB's environment and social safeguard policies.



We hope that these inputs assist the WB in the finalization of the ESF. Attached is the NS's detailed comments and suggestions, specific on the following areas: (i) environment and social standards; (ii) classification of projects; (iii) monitoring and implementation support; (iv) technical and financial requirements; (v) free, prior, informed consent; and (vi) grievance mechanism. For clarifications, please directly coordinate with Director Mercedita A. Sombilla of our Agriculture, Natural Resources, and Environment Staff at tel. no. (02) 631-2187 or email MASombilla@neda.gov.ph or &agri-esd@neda.gov.ph.

Thank you and best regards.

Very truly yours,



EMMANUEL F. ESGUERRA
Deputy Director-General for Policy and Planning

attached: a/s

**NEDA Secretariat's (NS) Comments on the World Bank's Environmental and Social Framework:
Setting Standards for Sustainable Development**

1. **Consistency of the ESF's Environmental and Social Standards with existing national policies and regulations.** The NEDA Secretariat (NS) finds merit in the proposed Environmental and Social Framework (ESF) as its objectives to prevent and mitigate undue harm to people and the environment complement the outcomes and goals of the updated 2011-2016 Philippine Development Plan (PDP).
2. However, the NS believes that as a universal document of the WB, the ESF should recognize existing national laws and policies of the country. For instance, in the Philippines, project which is located in an environmentally critical area or which is classified outright as environmentally critical requires the proponent to undergo Environmental Impact Assessment (EIA) and secure Environmental Compliance Certificate (ECC) prior program/project implementation. The EIA process considers environmental and social considerations based on existing national laws and regulatory policies. In the event that the standard requirements of the Bank are more stringent than the domestic considerations/processes, the Bank should discuss with the borrowers regarding their compliance. Also, additional resources and necessary expertise should be made available by the Bank over and above the approved resources for the program/project in order to facilitate compliance.

The following are examples of existing laws and policies in the country that take into consideration the WB's ESS concerns:

ESS Concerns	Relevant Laws
ESS1: Assessment and Management of Environmental and Social Risks and Impacts	PD 1586 ¹
ESS2: Labor and Working Conditions	PD 442 ²
ESS3: Resource Efficiency and Pollution Prevention	
<i>Wastes</i>	RA 9003 ³
<i>Hazardous Materials Management</i>	RA 6969 ⁴
<i>Pesticide Use and Management</i>	PD 1144 ⁵
ESS4: Community Health and Safety	
<i>Emergency Preparedness and Response</i>	RA 10121 ⁶
ESS5: Land Acquisition, Restrictions on Land Use and Involuntary Resettlement	RA 7279 ⁷
ESS 6: Biodiversity Conservation and Sustainable Management of Living Natural Resources	RA 7586 ⁸
ESS 7: Indigenous Peoples	RA 8171 ⁹
ESS 8: Cultural Heritage	RA 10066 ¹⁰

3. **Additional Environmental and Social Standards.** In addition to the standard requirements identified in the ESF, we would like to suggest to consider the following:
 - i. On Hazardous Materials Management. It is suggested that in addition to international bans on the manufacture, trade and use of chemicals and hazardous materials, the national bans on these materials should also be given due consideration.
 - ii. On Pesticide Use and Management. In addition to the World Health Organization's (WHO) pesticide classes, the WB may also coordinate with the DENR-EMB for the criteria on the use and regulation of pesticides (e.g., Integrated Persistent Organic Pollutants (IPOP) Management).
 - iii. On Emergency Preparedness and Response. It is suggested to include in the ESF a comprehensive emergency risk communication plan for the required Emergency Response Plan (ERP). Further, the Framework may require the project to integrate/complement its ERP with the Local Disaster Risk Reduction and Management Plan of the community, if any.

mpc

- iv. On Traffic and Road Safety. It is suggested to consider the high-way 2012 Safety Design Standards Manual developed by the DPWH. This manual aims to establish and maintain standardized road safety design principles. It also directs all road builders in both public and private sectors to comply with the principles set forth on the following areas: (a) road planning; (b) road construction; (c) project management; and (d) traffic management.
 - v. On Land Acquisition Issues on Infrastructure Projects. It is suggested that the ESF consider the current policies and processes on right of way (ROW) acquisition. The DPWH has an Infrastructure Right of Way (IROW) Manual, which provides a step-by-step procedure on how to carry out acquisition and management of IROW. The said document enumerated policy for each type of infrastructure projects.
4. **Classification of Projects**. To guide the borrowers on the project classifications (i.e., *High, Substantial, Moderate, or Low Risks*), it is suggested that the ESF provide a list of classification criteria for projects. The criteria should be able to guide the borrowers in monitoring and evaluating the project risk status vis-à-vis preparation and implementation of their Environmental and Social Commitment Plan (ESCP).

Moreover, it is suggested that the ESF consider value for money principle/tool in project development, such as the conduct of value engineering and/or value analysis, to enhance the quality of the project proposal through design optimization that achieves the objective of the project at least cost.

5. **Technical and financial requirements in compliance with the Framework**. We note that there are already WB-funded programs/projects (i.e., National Community-Driven Development Project of the DSWD) which have complied with the Bank's Environment and Social Safeguard Policy outlined in its Operational Policy and Procedure (OP/BP). In this regard, we believe that an assessment of the borrowers compliance with the WB's existing environment and social safeguard policies can be used as a guide in the development and implementation of the Environment and Social Commitment Plan (ESCP). Also, additional resources and necessary expertise should be made available by the Bank over and above the approved resources for the program/project in order to facilitate compliance.

For instance, ESS 3 on Resource Efficiency and Pollution Prevention specified that the borrowers shall quantify direct emissions of greenhouse gases (GHG) from facilities within the project boundary if the project is to produce more than 25,000 tonnes of carbon dioxide annually. However, it should be noted that not all programs/projects have staff/structure that are technically and financially capable of estimating and quantifying its direct emissions. In this regard, the ESF should define feasible measures that can be taken by the borrowers to comply with this requirement. The ability to measure GHG emissions of the project will not just quantify possible negative impact of the project on the environment, but can also be used to identify the environment's benefits from the project. Worthy to mention are projects which yield reduction of GHG emissions, such as in the use of renewable energy in producing electricity, wherein carbon credits can be quantified to become a tradable good.

6. **Free, Prior, and Informed Consent (FPIC)**. In the Philippines, RA 8371 or Indigenous People's Right Act (IPRA) of 1997 noted FPIC as a prerequisite in the conduct of any project and/or activities in areas with ancestral domain. In this regard, the FPIC considerations are as follows: (i) consensus of all members of the ICCs/IPs; (ii) should be in accordance with the customary laws and practices; (iii) free from any external manipulation, interference and coercion; and (iv) obtained after fully disclosing the intent and scope of the activity in a manner understandable by the communities.
7. **Monitoring and Implementation Support**. The ESF should develop a monitoring and evaluation (M&E) system relative to the environmental and social risks management plan (ESRMP) of the projects. While a periodic monitoring and review will be conducted by project, it is deemed more effective to conduct an ex-post M&E to assess social and environmental impacts years after the projects' completion. This is to ensure that environmental and social harm, which takes time to manifest, will be appropriately addressed/mitigated.

non pc

Also, benchmarks and performance standards/indicators to be used in the objective assessment of programs/projects be clearly identified and disclosed to the borrowers. To the extent possible, these benchmarks, standards and indicators should be guided by existing laws/policies/mandates in the Philippines.

8. **Grievance Mechanism.** Establishment of grievance mechanism demonstrates the intent of the ESF to address the actual social and environmental impact/risk caused by the project to the community. However, it should be cautioned that the local and WB grievance structures have different levels of ability to respond to future complaints/issues. In this regard, it is suggested that a guideline to classify the nature of issues to be addressed by the local grievance structure vis-a-vis WB management should be clearly defined to ensure appropriate resolution of complaints/issues.

man
per

List of National Laws:

¹ Presidential Decree No. 1586: Establishing an Environmental Impact Statement System Including Other Environmental Management Related Measures And For Other Purposes. Can be accessed at: <http://www.cmb.gov.ph/portal/Portals/13/LAWS%20PDF/PD1586.pdf>

² Presidential Decree No. 442, As Amended: A Decree Instituting a Labor Code Thereby Revising And Consolidating Labor And Social Laws To Afford Protection To Labor, Promote Employment And Human Resources Development And Insure Industrial Peace Based On Social Justice. Can be accessed at:

<http://www.ilo.org/dyn/travail/docs/1131/Labor%20Code%20of%20the%20Philippines%20-%20DOLE.pdf>

³ RA 9003: An Act Providing for an Ecological Solid Waste Management Program, Creating the Necessary Institutional Mechanisms and Incentives, Declaring Certain Acts Prohibited and Providing Penalties, Appropriating Funds Therefor, and For Other Purposes. Can be accessed at: http://www.lawphil.net/statutes/repacts/ra2001/ra_9003_2001.html

⁴ RA 6969: An Act to Control Toxic Substances and Hazardous and Nuclear Wastes, Providing Penalties for Violations Thereof, And For Other Purposes. Can be accessed at:

<http://www.emb.gov.ph/laws/toxic%20substances%20and%20hazardous%20wastes/ra6969.PDF>

⁵ PRESIDENTIAL DECREE No. 1144: Creating the Fertilizer and Pesticide Authority And Abolishing The Fertilizer Industry Authority. Can be accessed at: <http://www.chanrobles.com/presidentialdecrees/presidentialdecreeno1144.html#.VBJbXKO3Vho>

⁶ REPUBLIC ACT No. 10121: An Act Strengthening The Philippine Disaster Risk Reduction and Management System, Providing For The National Disaster Risk Reduction and Management Framework and Institutionalizing The National Disaster Risk Reduction and Management Plan, Appropriating Funds Therefor And For Other Purposes. Can be accessed at:

http://www.ndrmmc.gov.ph/attachments/095_IRR.pdf

⁷ Ra 7279: An Act to Provide for a Comprehensive and Continuing Urban Development and Housing Program, Establish the Mechanism for its Implementation, and For Other Purposes. Can be accessed at: http://hlurb.gov.ph/wp-content/uploads/laws-issuances/mandates/ra_7279.pdf

⁸ RA 7586: An Act Providing for the Establishment and Management of National Integrated Protected Areas System, Defining its Scope and Coverage and For Other Purposes. Can be accessed at:

http://www.iapad.org/publications/legislation/phl_ra_7586_nipas.pdf

⁹ The Indigenous Peoples' Rights Act of 1997: An Act To Recognize, Protect And Promote The Rights Of Indigenous Cultural Communities/Indigenous Peoples, Creating A National Commission On Indigenous Peoples, Establishing Implementing Mechanisms, Appropriating Funds Therefor, And For Other Purposes. Can be accessed at:

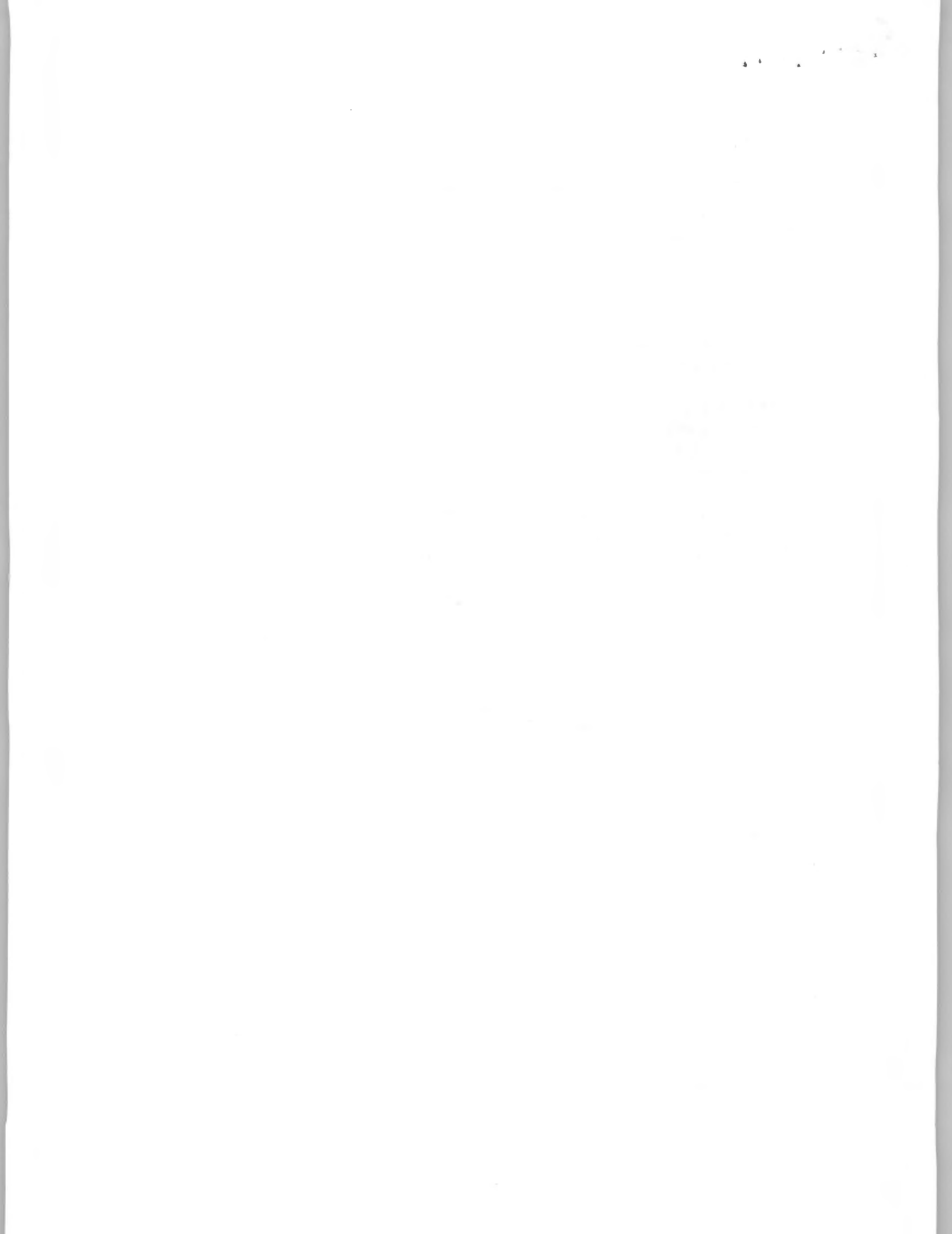
<http://www.gov.ph/1997/10/29/republic-act-no-8371/>

¹⁰ National Cultural Heritage Act of 2009: An Act Providing for the Protection and Conservation of the National Cultural Heritage, Strengthening the National Commission for Culture and the Arts (NCCA), and its Affiliated Cultural Agencies, and for Other Purposes. Can be accessed at <http://www.ncca.gov.ph/downloads/RA%2010066%20Heritage%20Law.pdf>

World Bank Environmental and Social Framework
(Setting Standards for Sustainable Development)

DOTC COMMENTS

1. We support the aims of the World Bank's proposed Environmental and Social Framework. We welcome the integration of the environmental and social themes within the same framework, enabling plans, processes, and documents that cut across both subject areas.
2. The framework document containing the policy, standards, and procedures, although quite detailed and comprehensive, is very long and not very user-friendly. Because it is very long, it will be difficult to absorb and implement. We suggest synthesizing it to a maximum of 20 pages, with annexes to provide details as needed.
3. Most Borrowers have policies, laws, and regulations that address some if not all of the policy areas identified in the framework document. The World Bank should work with the Borrower to identify where the Borrower's own plans, policies, and procedures are substantially aligned with the World Bank's framework. In such cases, the Borrower should be permitted to apply its own systems, policies, and procedures to comply with the requirements of the World Bank. In this regard, flexibility from World Bank would be much appreciated, so that the local systems to achieve the aims of the framework can be applied.
4. In the event that local systems are considered by both the Borrower and the World Bank as insufficient to meet the requirements of the framework, we agree that the World Bank will help to provide within the project design the incremental resources and capacity building support (if possible under grant assistance) in order to enable the Borrower to meet the requirements of the framework over time. In the absence of such support, there are increased risks of project delays, mistakes and negative impacts on project participants.





Republic of the Philippines
Department of Social Welfare and Development

IBP Road, Batasan Pambansa Complex, Constitution Hills, Quezon City 1126
 Telephone Nos. (632) 931-8101 to 07; Telefax (632) 931-8191
 E-mail: osec@dswd.gov.ph
 Website: <http://www.dswd.gov.ph>

05 September 2014

HON. ROSALIA Y. DE LEON
 National Treasurer
 Department of Finance
 Roxas Boulevard Corner Pablo Ocampo, Sr. Street
 Manila

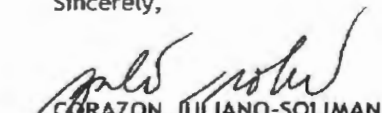
Dear Ms. De Leon,

This is to provide the Department's comments and suggestions to the World Bank's Environment and Social Framework (ESF).

<p>General Comments/Suggestions</p>	<p>It is recommended that World Bank's ESF include a framework in a diagram form to effectively reflect the interconnection and pathways among the 10 Environmental and Social Standards (ESS) towards achieving sustainable development.</p>
<p>Extent of the use of the Social Protection Framework</p>	<p>It is recognized that the ESF was designed to be applicable to all borrowers. Nonetheless, it is recommended that the World Bank consider using the Philippine Social Protection Operational Framework. This will provide a deeper insight of how social protection works across all sectors that could help the framework substantially.</p>
<p>Elaboration on other stakeholders</p>	<p>It is commendable that the policy of World Bank assures that Indigenous Peoples will not be disadvantaged through the conduct of particular projects. With that, may we further recommend that similar emphasis be given to other stakeholders such as Persons With Disability, Women, and Children among others as they are also affected by varying risks of developmental projects.</p>

For your information. Thank you.

Sincerely,


CORAZON JULIANO-SOLIMAN
 Secretary

