



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

1 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 the initial comments and recommendations for the Bank's consideration received from the Development Bank of the Philippines (DBP), Land Bank of the Philippines (LBP) and Department of Environment and Natural Resources (DENR).

Any additional feedback shall be relayed as soon as received from the relevant agencies possibly within this week.

Thank you.

Very truly yours,

A handwritten signature in black ink, appearing to read "R. de Leon", is written over a faint circular stamp.

ROSALIA V. DE LEON
National Treasurer

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Development Bank of the Philippines

08-20-004



DEPARTMENT OF FINANCE
Republic of the Philippines



August 18, 2014

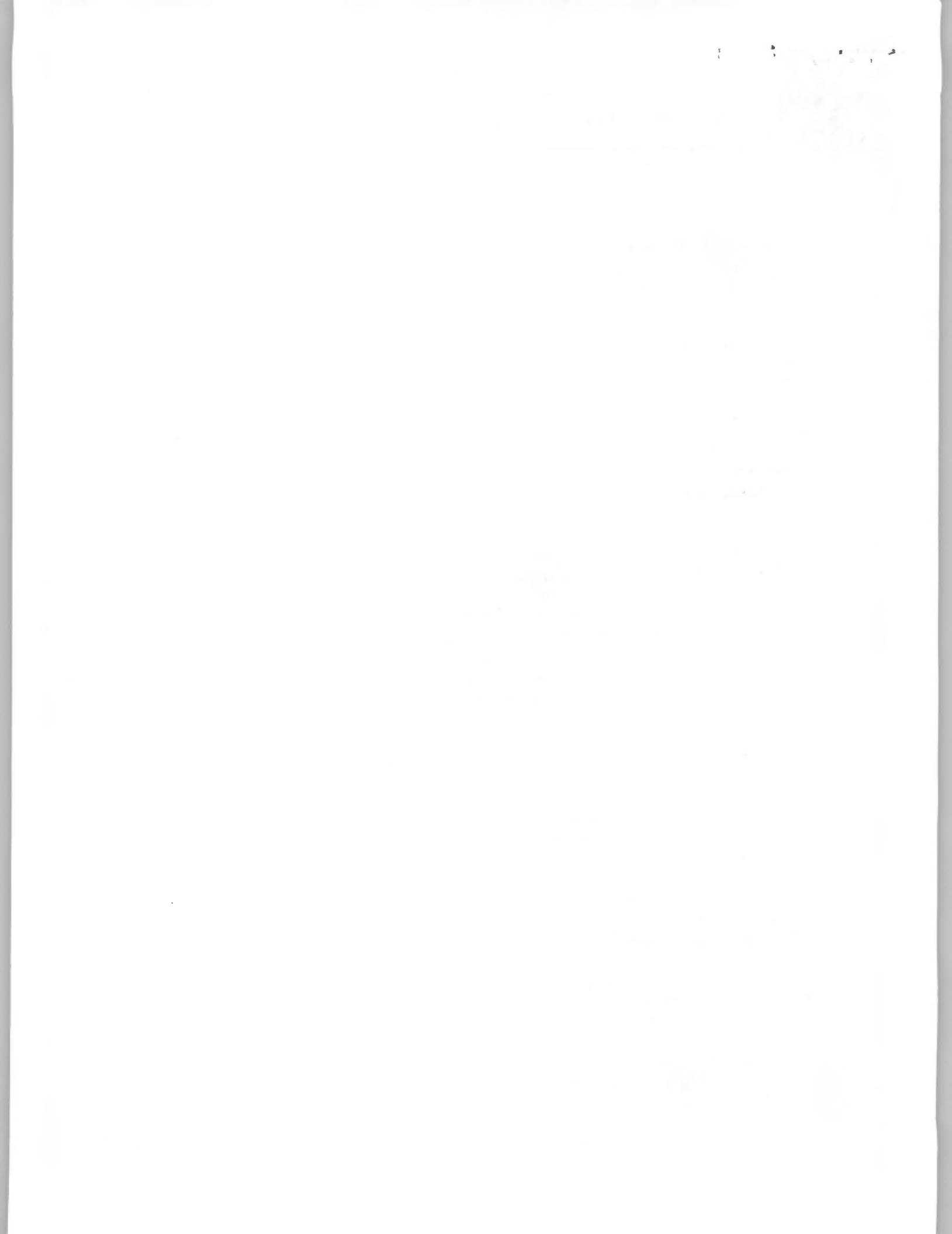
MS. ROSALIA V. DE LEON
National Treasurer
DEPARTMENT OF FINANCE

Dear Ms. De Leon:

This refers to your letter to Development Bank of the Philippines (DBP) President, Mr. Gil A. Buenaventura, requesting comments on the first draft of the World Bank Environmental and Social Framework (ESF).

We are pleased to provide below DBP's comments on the draft ESF, which is being subjected for consultation. These comments are on the perspective of DBP as a Financial Institution (FI) and as a conduit bank of the World Bank in providing assistance in the form of loans.


1. Classifying the Financial Intermediaries (FI) as one of the Environmental and Social Standards (ESS 9) may not be appropriate considering that FIs are, as the name implies, intermediaries of funds to support various projects and sub-projects and is not a set of standards on environment and social aspects of the project. ESS 1 -8 and 10 provides these standards while ESS 9 provides procedures for FIs to follow. The World Bank may consider removing FI under the ESS and include as another chapter/section in the main document or as another attachment, using another term, such as Environmental and Social Requirements and Procedures for Financial Intermediaries.
2. We have noted that while climate change mitigation and adaptation was mentioned in paragraph 2, page 5 as part of the WB's global commitment to environmental sustainability, and in the following page where it states that the Bank seeks to address project-level impact on climate change, we did not see detailed discussions of climate change mitigation and adaptation in the ESS. The WB may want to consider providing more detailed discussions on this.
3. We have taken note that the Annexes for ESS 1 is not yet available. We will be interested to see the details of these annexes as these are the meat of the requirements. These annexes are:
 - Environmental and Social Assessment, which will specify the issues that need to be addressed in an environmental and social assessment;
 - Environmental and Social Commitment Plan (ESCP), which will set out, in sufficient detail, the material measures and component actions, which have been agreed upon between the Borrower and the Bank for the project to achieve compliance with the ESSs over a specified timeframe; and
 - Management of Contractors, which provides requirements to the Borrower to ensure that all contractors engaged on the project operate in a manner consistent with the requirements of the ESSs, including the specific requirements set out in the ESCP.



4. We have also noted that there are now four (4) classifications of the project, namely: High Risk, Substantial Risk, Moderate Risk, and Low Risk. The DBP has an Environmental Due Diligence Manual, where the projects are classified based on the current WB classification of high, medium, and low risks. It is our observation that the medium risk category is quite broad in terms of its qualifiers and criteria. We quite agree to the WB's approach of dividing the medium risk into substantial and moderate risk. We are interested to see more details on the description of these risk classifications.
5. Still on the project risk categories, the document specifies that High Risk projects will follow ESS 1 – 8 and 10. There was no mention of what will be followed by the other categories. It is recommended that the required level of environmental and social assessment for other categories be also discussed.
6. On page 16, a new document will be required by the WB, the Environmental and Social Commitment Plan (ESCP). We assume this will be a compilation of all environmental and social requirements which the Borrower will be required to commit to its implementation, and will replace the environmental and social management framework or environmental management plan which are currently being required. This major environmental requirement is however not mentioned in ESS-9 if and how will it be required for FIs.
7. Levels and complexities of the ESCP requirements and contents should be commensurate to the category of the project. We recommend that these requirements and contents be specified for each project category for easier understanding and compliance of the Borrower.
8. On ESS-9, under Requirements, it is stated that All subprojects will be structured to meet the relevant environmental and social requirements of national law and that High Risk projects will undergo environmental and social assessment following ESS 1-8 and 10. Are we to understand that the 3 lower risk categories will not be required to follow anymore the WB ESS?
9. As stated in paragraph 17, page 91, "The FI will list on its website the link to any environmental and social assessment reports for High Risk sub-projects which it finances". We are quite apprehensive of this requirement considering that our clients include the private sector. This requirement may have some repercussions in our Bank-client relationships, particularly on confidentiality of transactions.

Should you have further clarifications on the above comments, please feel free to call SAVP Anita C. Salayon or the undersigned at Tel. Numbers 8191409 and 8933548.

Very truly yours,


FVP PAUL D. LAZARO
Head, FIELD (Program Development I)

Cc: Office of the President, DBP
The Head, DBP-Development Banking Sector



LAND BANK OF THE PHILIPPINES

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18 August 2014



DEPARTMENT OF FINANCE
Republic of the Philippines



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TREASURER ROSALIA V. DE LEON

Bureau of the Treasury
Palacio Del Gobernador Building
Intramuros, Manila

**Subject: Proposed Environmental and Social Framework (ESF) Developed
By World Bank**

Dear Treasurer De Leon:

We are pleased to provide you with LANDBANK's observations/suggestions on the proposed Environmental and Social Framework (ESF) developed by the World Bank.

We have observed that the said framework encapsulates the World Bank's existing operational and bank policies that are being imposed on ongoing projects with LANDBANK.

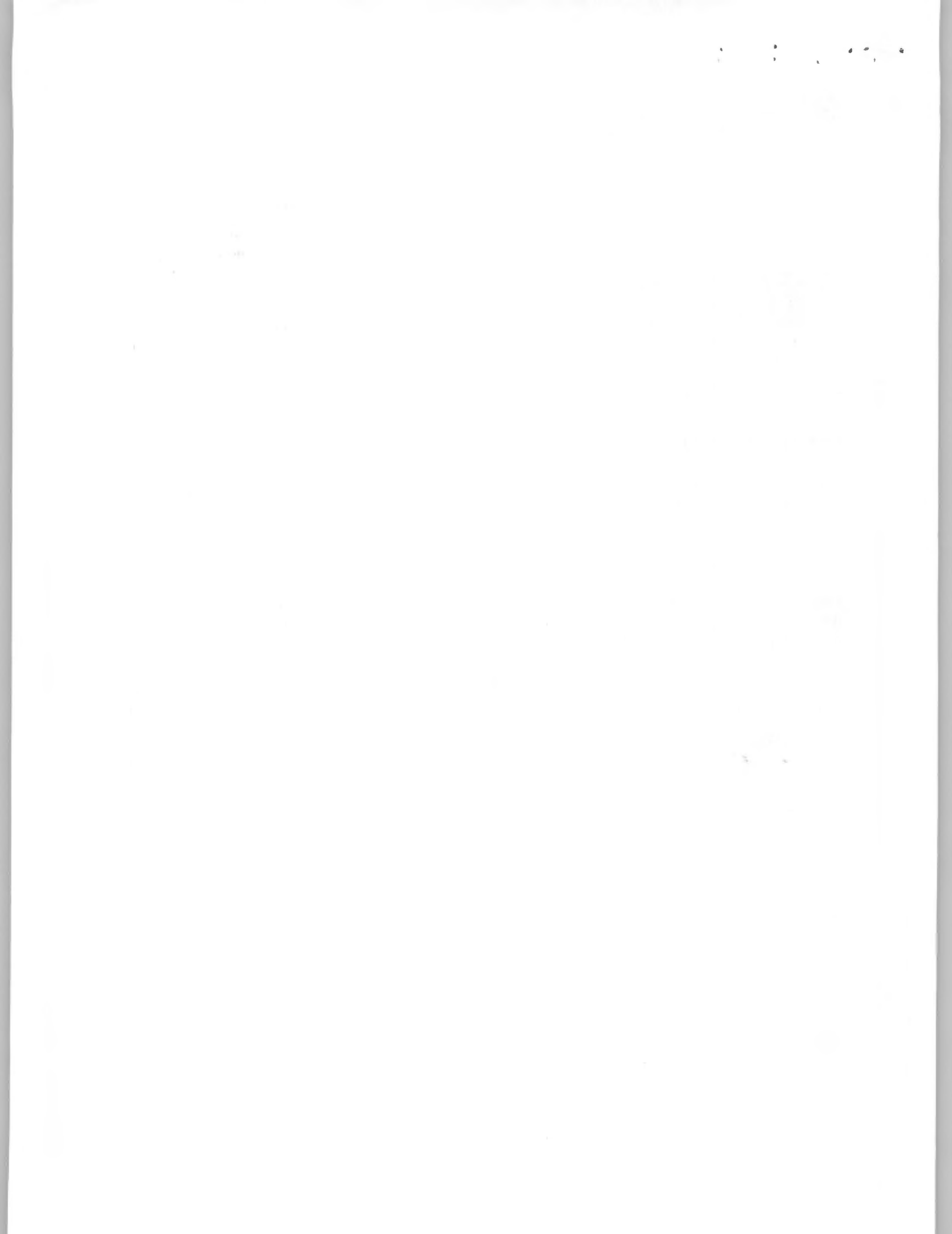
For future ODA with World Bank, the general requirements under the draft ESF should allow flexibility in the implementation of projects contracted by financial intermediaries, particularly on the portions mentioned in the attached review/observations.

Should you have further concerns, queries or clarifications, VP Leila C. Martin of our Lending Program Management Group will be happy to assist you at telephone no. 405-7309.

Thank you and best regards.

Very truly yours,

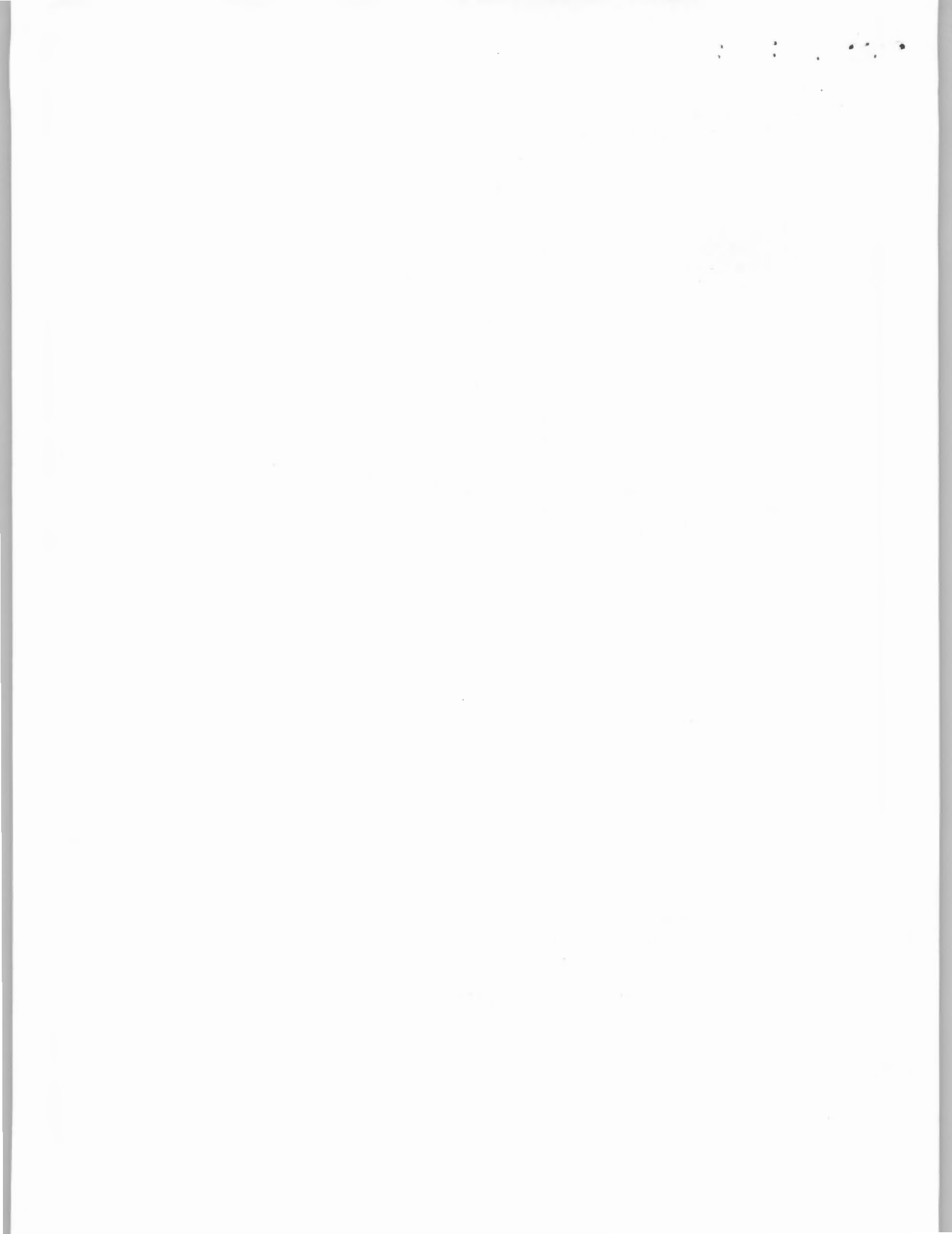
CEGILIA C. BORROMELO
Executive Vice President
Agricultural & Development Lending Sector



Fund Sourcing Department
 Review of the Draft Generic ESSF of World Bank

Page No.	Document Chapter/Section	Review Observations/Suggestions
54	ESS4. Community Health and Safety 8. Infrastructure Equipment Design and Safety	<p>The requirements indicated under Paragraphs no. 8 and no.9 for projects classified or implemented via Financial Intermediation (FI) should be carried out by the sub-borrowers (consistent with the Environmental and Social Standards applied to Financial Intermediaries, page 96 of the draft framework), in view of their direct involvement in carrying out downstream preparatory activities i.e. detailed engineering design, construction, operation, and decommissioning of the structural elements of the subproject. While the term "Borrower" may also refer to the other entity responsible for the implementation of the project, we find it appropriate to establish as a general term, proper delineation of roles (in scope) and bank expectations between the borrower and the sub-borrower (proponent).</p>
58	ESS4. Community Health and Safety Annex 1. Safety of Dams	<p>WB should specify in Annex 1 the minimum requirements for a generic dam safety measures (indicated under footnote no.1) in order to provide the borrower and sub-borrower with the minimum terms of reference or design safety criteria/considerations. Such considerations shall enable and facilitate the eligibility/readiness screening of subprojects that are being marketed or proposed for enrollment by the borrower. By specifying the required minimum safety considerations, the proponent/sub-borrower would be able include in the cost estimates the development of plans that are aligned with the WB standards.</p>
59	ESS4. Community Health and Safety Annex 1. Safety of Dams	<p>For projects under FI Category, the borrower, such as in the case of LANDBANK should not be lodge with the responsibility of contracting the services of a Panel of Dam Safety Experts. Paragraph no. 5 should be worded such that the sub-borrower (proponent under FI Category) has the full accountability/responsibility in carrying out the required tasks of ensuring "Dam Safety". It is also advisable to indicate in Annex 1 the minimum number of disciplines needed in organizing the Panel of Experts.</p>
97	ESS9. Financial Intermediaries A. Organizational Capacity within the FI	<p>The bank requirement under Paragraph 10 for FI's to designate a Senior Management Officer may not be necessary as long as there is a management designated Bank Officer to oversee the safeguards contractual covenant. The general provision on organization capacity should have the flexibility that suits FIs with a dedicated organizational entity/representative devolved with the tasks of implementing the environmental and social safeguards framework under a particular bank financed project.</p>

CK





Republic of the Philippines
Department of Environment and Natural Resources
ENVIRONMENTAL MANAGEMENT BUREAU
DENR Compound, Visayas Avenue, Diliman, Quezon City 1116
Telephone Nos.: 927-15-17, 928-20-96
Email : emb@emb.gov.ph
Visit us at <http://www.emb.gov.ph>

AUG 28 2014

MS. ROSALIA V. DE LEON

National Treasurer

Department of Finance

Roxas Blvd. cor Pablo Ocampo, Sr. Street
Manila

Dear Madam:

This refers to your letter dated 12 August 2014 which was referred to EMB in a Memorandum dated 15 August 2014 soliciting comments/inputs on the draft WB Environmental and Social Framework/Standards (ESF).

In this regard please find our comments/inputs discussed below:

Comments on the Draft on Environmental and Social Framework: Setting Standards for Sustainable Development, World Bank.

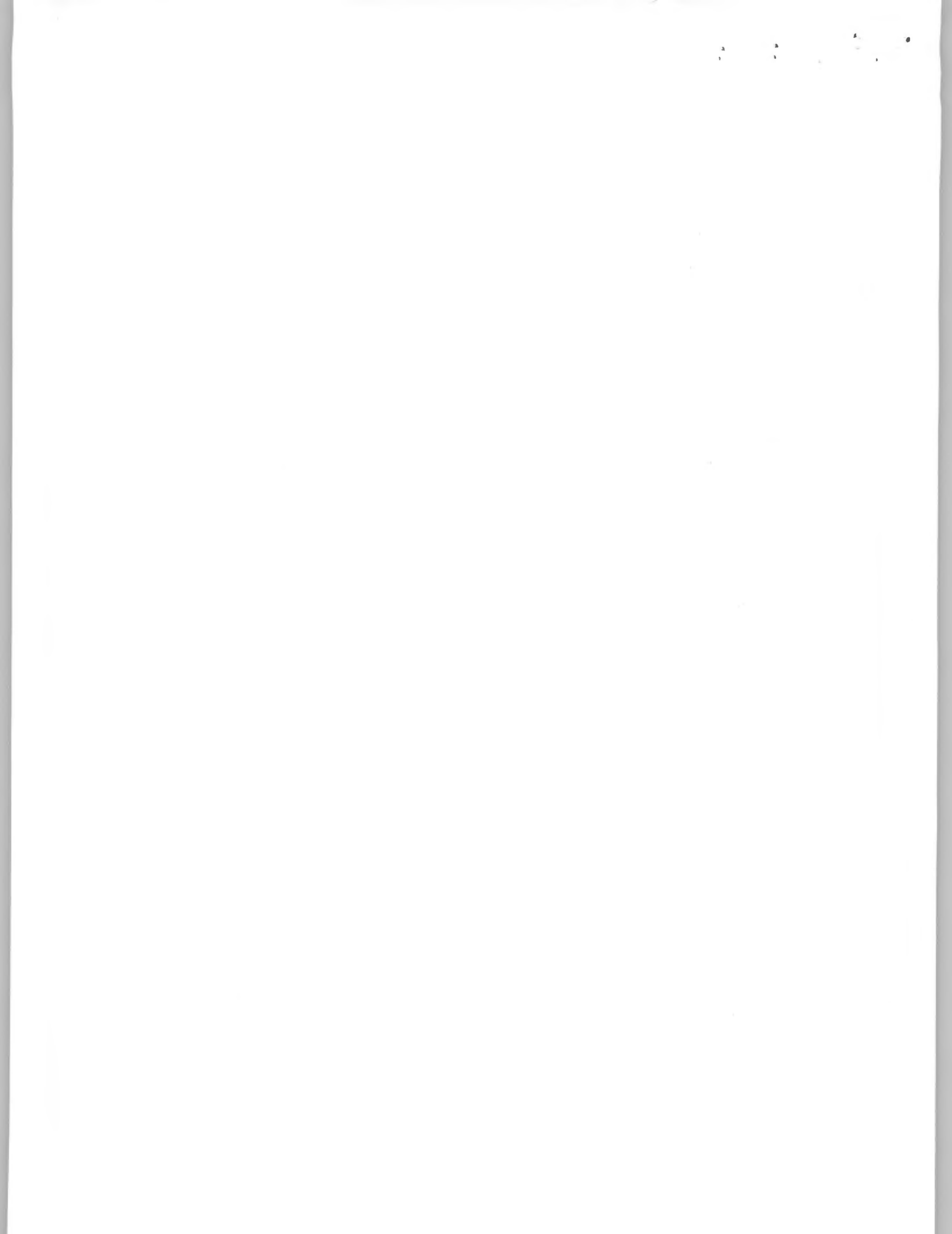
The draft outlines the holistic approach in setting out the World Bank's Environmental and Social Standards in support to Borrower's projects that could facilitate sustainable development through ensuring promotion of shared prosperity and responsibility as well.

This is a sort of a guide or a manual clearly stating the requirements for a project which could be acceptable socially, economically and environmentally.

All the ESS 1 to 10 have presented its introduction, objectives, scope, requirements and project monitoring and evaluation. However, there are general and specific observations/comments noted which shall be clarified:

General Observations/Comments

On the existing environmental impact assessments made under the requirements of P.D. 1586 and its IRR could be utilized by the Borrowers and enhancing the same on the specifics stated in the ESSs required by the World Bank in project evaluation and approval.



On Grievance Mechanism in all ESSs

The borrower is required by the bank to establish grievance mechanism, processes and procedures but did not specify the extent of its powers and authorities and the validation of its resolution and if not resolve to whom it will be elevated. Will this be handled according to the country's law? Likewise, the bank states that it will have its Grievance Redress Service and may submit stakeholder's complaint to its Independent Inspection Panel so that it could be validated only or decision will already be done by the bank or will be coursed through the borrower for their information and action first? the classification of the complaints must be classified and defined as well as the authorities and functions of the Bank and Borrowers.

The Annexes only state what should be in it but no specific formats have been supplied.

On Specific Observations/Comments on ESS3: Resource Efficiency and Pollution Prevention

Resource Efficiency:

On water consumption aspect, it shall include the quality of water use by industry/commercial/residential so that quality of discharges or effluent could be ascertained and the efficiency of treatment if appropriate and necessary could be made.

Pollution Prevention

Wastes can be solid or gas or liquid which are hazardous or non-hazardous that may likewise affect human health and the environment. Its pathways from generation, storage, collection, transport and transfer, recovery, disposal and treatment must be assessed by the borrower so that specific action or measure could be justified and presented.

On Monitoring and Compliance.

The monitoring should include all discharges (wastewater, emission, and solid wastes) and shall be explicitly stated. The ESCP shall include a monitoring plan but should be an the environmental management plan instead which will cover monitoring and compliance to permit/ECC conditions, discharges or effluents, air emissions and on chemicals and hazardous wastes.

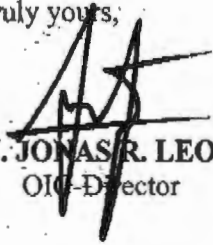
On ESS10: Information Disclosure and Stakeholders Engagement

On Meaningful Consultation.

This is very significant in any project. This will clearly provide forging of better understanding, partnership or relationship of the stakeholders and the project management in addressing issues and concerns prior, during and after project implementation. However, the definition, scope and criteria of what really is a meaningful consultation must be fully made in the context of the WB ESS.

We hope that these inputs could pursue strategies which could be environmentally sound and socially relevant and acceptable in the operation and maintenance of projects.

Very truly yours,



ATTY. JONAS R. LEONES
OIC-Director

cc:

Atty. Analiza Rebuelta-Teh
Undersecretary
Chief of Staff

