

**INTEGRATED SAFEGUARDS DATA SHEET
APPRAISAL STAGE**

Report No.: ISDSA17159

Date ISDS Prepared/Updated: 17-Mar-2016

Date ISDS Approved/Disclosed: 18-Mar-2016

I. BASIC INFORMATION

1. Basic Project Data

Country:	Philippines	Project ID:	P153268
Project Name:	Access to Sustainable Energy Project (P153268)		
Task Team Leader(s):	Alan F. Townsend, Roberto La Rocca		
Estimated Appraisal Date:	07-Mar-2016	Estimated Board Date:	12-Apr-2016
Managing Unit:	GEE02	Lending Instrument:	Investment Project Financing
Sector(s):	Other Renewable Energy (80%), Transmission and Distribution of Electricity (20%)		
Theme(s):	Rural services and infrastructure (50%), Infrastructure services for private sector development (50%)		
Is this project processed under OP 8.50 (Emergency Recovery) or OP 8.00 (Rapid Response to Crises and Emergencies)?			No
Financing (In USD Million)			
Total Project Cost:	23.24	Total Bank Financing:	0.00
Financing Gap:	0.00		
Financing Source			Amount
Borrower			0.00
Free-standing Single Purpose Trust Fund			20.24
Global Partnership on Output-based Aid			3.00
Total			23.24
Environmental Category:	F - Financial Intermediary Assessment		
Is this a Repeater project?	No		

2. Project Development Objective(s)

The Project Development Objective (PDO) is to increase household access to solar powered electricity within select electric cooperative service areas.

3. Project Description

The Project, funded largely by the European Union-World Bank Trust Fund Access to Sustainable Energy Project (ASEP), supports solar energy-based electrification and network supply. The Project provides investment support through an Output-Based Aid (OBA) facility, which will be financed by a European Union grant of \$20,240,000 (or €18,400,000) and co-financed by a GPOBA grant of \$3,000,000. The Project will include two main components and a small pilot, as follows:

- i. Component 1: PV Mainstreaming (PVM), which entails rural electrification via solar home systems (SHS) of an estimated 40,500 households within the coverage areas of the participating ECs. Through the contributions of the European Union (EU) and GPOBA, PVM will target ECs seeking to receive grants in the form of a competitively allocated capital subsidy for SHS distribution and installation. Sustainability of the proposed scheme is based on the regulatory framework for SHS, which includes monthly service fees paid by SHS customers;
- ii. Component 2: Rural Network Solar (RNS), which aims to increase renewable energy production via small, grid connected solar power plants. It is expected that 14 MW of new renewable energy generation capacity will be brought on-line as a result of the project interventions. A capital subsidy buy-down based on a least-cost, competitive approach is expected to level the playing field for grid connected solar vis-à-vis higher polluting alternatives. The subsidy made available under this component is provided by the EU; and
- iii. Component 3: Pre-Paid Metering (PPM) Pilot, which targets commercial efficiency at the EC level through controlled pilots - estimated at 1,000 meters - of PPM systems. This component is closely tied to a PPM analysis that will be done as part of the EU-funded, Bank-executed technical assistance to NEA.

All components will be managed by a professional, private sector financial institution, the LGU Guarantee Corporation, which has been providing management services to the DOE's ECPCG program for about a decade. In parallel to the investment support provided under the Project, EU-financed, Bank-executed technical assistance will target institutional strengthening of the DOE family.

The Project is classified as category Financial Intermediary (FI) based on: (i) the "on-granting" arrangement envisioned for the OBA facility; and (ii) the implementing agency LGUGC's past experience in an FI role, such as under the Electric Cooperative System Loss Reduction Project (ECSLRP).

4. Project location and salient physical characteristics relevant to the safeguard analysis (if known)

The Project will cover the whole country. Specific locations of the output-based subsidy subprojects have not yet been identified specifically and subsidy allocation will be demand driven. Subproject locations will be in the franchise areas of a subset of the country's 120 electric cooperatives.

5. Environmental and Social Safeguards Specialists

Gerardo F. Parco (GEN02)

Marivi Amor Jucotan Ladia (GSU02)

6. Safeguard Policies	Triggered?	Explanation (Optional)
Environmental Assessment OP/BP 4.01	Yes	<p>The project supports the National Electrification Administration (NEA) and Department of Energy (DOE) efforts to work with the electric cooperatives (ECs) on the expansion of electrification and meeting the demand for energy in an affordable, equitable and sustainable manner. One investment component is to provide subsidies for the installation and operation of solar home systems which require battery maintenance and, eventually, need proper disposal management. Likewise, solar farms may entail the clearing of tracts of land to make way for open spaces for setting up of the photovoltaic (PV) panels and its attendant facilities. Given the potential environmental impacts that may be generated need to be addressed, this policy is triggered.</p> <p>The project is Category FI. The LGUGC will act as a financial intermediary in this project. Investments will be supported through output-based aid mechanisms, with subsidies allocated via competitive mechanisms. Safeguard compliance requirements will be clear to all bidders as a part of the bid process, which will be structured as a competition for subsidy allocation. Sub-projects which are ultimately financed will arise from this process, making this project a good fit with the FI.</p> <p>The Environment and Social Safeguards Framework (ESSF) and Resettlement Policy Framework (RPF) of the Philippines Renewable Energy Development (PHRED) project will be applied in the ASEP. The ESSF has been updated to include specific provisions and procedures in handling and disposal of used batteries. ASEP will finance only products that are quality-certified by Lighting Global, which means that only modern, lithium ion batteries and LED lights will be financed. Battery disposal is less challenging for Li-on technology than for older, lead-acid varieties; LED lights, unlike CFLs, contain no mercury and thus really have no significant environmental issues associated with them. The Philippines has regulations specific to the storage, transport, treatment and disposal of toxic and hazardous waste under Republic Act 6969 or the Toxic and Hazardous Waste Act. TSD facilities (Treatment Storage and Disposal) have been accredited by the Environmental Management Bureau throughout the Philippines. Collection centers for batteries are located in most major towns and cities. Improper disposal of batteries is unlikely</p>

		due to the opportunity of turning these in for cash.
Natural Habitats OP/BP 4.04	No	The project will not cause any degradation or conversion of natural habitats as defined under the safeguard policy.
Forests OP/BP 4.36	No	The project will not degrade critical forest areas as defined under the safeguard policy.
Pest Management OP 4.09	No	Electric cooperatives do not use nor lead to the procurement of pesticides. It was also verified that the project will not use chemical herbicides for vegetation control. It is not the practice to use herbicides to control growth of plants in the vicinity of solar PV facilities.
Physical Cultural Resources OP/BP 4.11	No	The project will not adversely affect sites with archeological, paleontological, historical, religious, or unique natural values.
Indigenous Peoples OP/BP 4.10	Yes	There is a possibility that IPs are present in the project area. The IPs may be positively or adversely affected by investments related to the subsidy components. The IP Policy Framework formulated for PHRED will be applied to this project.
Involuntary Resettlement OP/BP 4.12	Yes	Installing solar home systems, and prepaid metering will most likely not require land outside those already owned by homeowners who will benefit from the project. Limited land acquisition may be required for the rural network solar plant. The Land Acquisition and Resettlement and Rehabilitation Policy Framework formulated for PHRED will also apply to cases that may trigger the policy on involuntary resettlement.
Safety of Dams OP/BP 4.37	No	The project does not involve any dams.
Projects on International Waterways OP/BP 7.50	No	The project does not involve international waterways.
Projects in Disputed Areas OP/BP 7.60	No	The project will not be located in any known disputed areas as defined in the policy.

II. Key Safeguard Policy Issues and Their Management

A. Summary of Key Safeguard Issues

<p>1. Describe any safeguard issues and impacts associated with the proposed project. Identify and describe any potential large scale, significant and/or irreversible impacts:</p> <p>Social Safeguards: An environmental and social safeguards framework (ESSF) has been adapted from PHRED. The ESSF was cleared and disclosed in country and at InfoShop on February 19, 2016. Impacts from the development of and installation of solar panel PV cells are not significant, site specific, temporary and easy to mitigate. There are no social safeguard issues unique to ASEP; as with PHRED, projects that are ultimately financed will arise through a demand-driven, competitive process designed to achieve value-for-money in terms of subsidy allocation. Households electrified under ASEP will be previously un-electrified households in relatively remote areas within the franchise territories of the various ECs – preliminary identified as 21 in</p>
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total, out of the 120 ECs nationally – that participate in PV Mainstreaming. Many of these households will include Indigenous Peoples. The ESSF will be used in screening for impacts on Indigenous Peoples, enhancing positive impacts, and in engaging with them. No adverse impacts on Indigenous Peoples are anticipated. ASEP does not finance hydro plants but, through the rural network solar component, will provide investment support to small solar power plants that feed into the distribution networks of grid-connected ECs. These small solar plants will require plots of land; it is expected that this land is already in the possession of a would-be developer, or would be acquired on a willing-buyer willing seller basis. One of the criteria for subproject eligibility is that there should be no involuntary resettlement involved hence it is very unlikely that temporary or permanent involuntary resettlement will ensue. However, the ESSF includes provisions on involuntary resettlement in the event that involuntary resettlement does come up. Household beneficiaries of the project will experience more and better quality energy availability – better lighting, improved indoor air quality, better security, and enhanced connectivity (through TV, radio, and mobile phones) – thus contributing to the social development of project communities.

Environmental Safeguards: As mentioned above, ASEP will have an ESSF adapted from PHRED. Impacts from the development of and installation of solar panel PV cells are not significant, site specific, temporary and easy to mitigate. ASEP includes solar home systems, so treatment of battery disposal and recycling has been added to the ESSF. Solar systems typically use Lithium-Ion batteries which are not considered as containing toxic materials. Disposal of these batteries will be done through firms registered with the Department of Environment and Natural Resources as Transport, Storage and Disposal (TSD) Facilities. It is not expected that any pesticide use will be associated with the project. Developers of small solar plants will want to control vegetation within the fence of their facilities, but multiple Filipino developers have confirmed to us that vegetation is controlled manually in their operations and chemicals are never used. Otherwise there are no environmental issues of note and, given the impact that solar home systems will have on the composition of energy use at the household level, it is expected that the project will have very localized air quality benefits (especially indoors) for project beneficiaries

2. Describe any potential indirect and/or long term impacts due to anticipated future activities in the project area:

The long term impact of the project is mostly positive. Electrification of communities with no access to the grid will have significant impact on quality of life, including access to basic services. The potential impacts related to operation of the subproject infrastructure are described in previous section. No other negative potential indirect and/or long term environmental and social impacts due to future activities are anticipated in the project areas.

3. Describe any project alternatives (if relevant) considered to help avoid or minimize adverse impacts.

The Project follows a framework approach. Subprojects will be selected upon a competitive selection process, which will be initiated through a request for proposal (RFP). At the time of the RFP, proposals accepted for competitive selection will be shortlisted based on their compliance with a list of predefined criteria, which will be crafted with the purpose of screening subprojects to minimize the risk of potential adverse impacts.

4. Describe measures taken by the borrower to address safeguard policy issues. Provide an assessment of borrower capacity to plan and implement the measures described.

The LGUGC has previous experience in implementing World Bank projects. Familiarity with World Bank safeguards policies and procedures is adequate. Project funds will be allocated for training in the UP Learning Resource Center on Safeguards, organized with the assistance of the

World Bank and ADB. This training will also be promoted in the level of the Electric Cooperatives. The LGUGC has drafted the ESSF and RPF which details the procedures to incorporate safeguards compliance in the ASEP operations.
5. Identify the key stakeholders and describe the mechanisms for consultation and disclosure on safeguard policies, with an emphasis on potentially affected people.
Key stakeholders in the project are the Electric Cooperatives and the communities they serve. In the agency level, LGUGC is the main counterpart. Other partner agencies would include the NEA and the DOE. Disclosure of safeguards instruments will be done through the website of the LGUGC. Participating ECs will also be provided a physical copy of the ESSF and RPF. Consultation will be done at the level of the communities served by the participating ECs. These consultations will be done through the assistance and guidance of the LGUGC.

B. Disclosure Requirements

Environmental Assessment/Audit/Management Plan/Other	
Date of receipt by the Bank	19-Feb-2016
Date of submission to InfoShop	19-Feb-2016
For category A projects, date of distributing the Executive Summary of the EA to the Executive Directors	
"In country" Disclosure	
Philippines	19-Feb-2016
<i>Comments:</i>	
Resettlement Action Plan/Framework/Policy Process	
Date of receipt by the Bank	19-Feb-2016
Date of submission to InfoShop	19-Feb-2016
"In country" Disclosure	
Philippines	19-Feb-2016
<i>Comments:</i>	
Indigenous Peoples Development Plan/Framework	
Date of receipt by the Bank	19-Feb-2016
Date of submission to InfoShop	19-Feb-2016
"In country" Disclosure	
Philippines	19-Feb-2016
<i>Comments:</i>	
If the project triggers the Pest Management and/or Physical Cultural Resources policies, the respective issues are to be addressed and disclosed as part of the Environmental Assessment/Audit/or EMP.	
If in-country disclosure of any of the above documents is not expected, please explain why:	

C. Compliance Monitoring Indicators at the Corporate Level

OP/BP/GP 4.01 - Environment Assessment	
Does the project require a stand-alone EA (including EMP) report?	Yes [<input checked="" type="checkbox"/>] No [<input type="checkbox"/>] NA [<input type="checkbox"/>]

If yes, then did the Regional Environment Unit or Practice Manager (PM) review and approve the EA report?	Yes [<input checked="" type="checkbox"/>] No [<input type="checkbox"/>] NA [<input type="checkbox"/>]
Are the cost and the accountabilities for the EMP incorporated in the credit/loan?	Yes [<input checked="" type="checkbox"/>] No [<input type="checkbox"/>] NA [<input type="checkbox"/>]
OP/BP 4.10 - Indigenous Peoples	
Has a separate Indigenous Peoples Plan/Planning Framework (as appropriate) been prepared in consultation with affected Indigenous Peoples?	Yes [<input checked="" type="checkbox"/>] No [<input type="checkbox"/>] NA [<input type="checkbox"/>]
If yes, then did the Regional unit responsible for safeguards or Practice Manager review the plan?	Yes [<input checked="" type="checkbox"/>] No [<input type="checkbox"/>] NA [<input type="checkbox"/>]
If the whole project is designed to benefit IP, has the design been reviewed and approved by the Regional Social Development Unit or Practice Manager?	Yes [<input type="checkbox"/>] No [<input type="checkbox"/>] NA [<input checked="" type="checkbox"/>]
OP/BP 4.12 - Involuntary Resettlement	
Has a resettlement plan/abbreviated plan/policy framework/process framework (as appropriate) been prepared?	Yes [<input checked="" type="checkbox"/>] No [<input type="checkbox"/>] NA [<input type="checkbox"/>]
If yes, then did the Regional unit responsible for safeguards or Practice Manager review the plan?	Yes [<input checked="" type="checkbox"/>] No [<input type="checkbox"/>] NA [<input type="checkbox"/>]
Is physical displacement/relocation expected? Provided estimated number of people to be affected	Yes [<input type="checkbox"/>] No [<input checked="" type="checkbox"/>] TBD [<input type="checkbox"/>]
Is economic displacement expected? (loss of assets or access to assets that leads to loss of income sources or other means of livelihoods) Provided estimated number of people to be affected	Yes [<input type="checkbox"/>] No [<input checked="" type="checkbox"/>] TBD [<input type="checkbox"/>]
The World Bank Policy on Disclosure of Information	
Have relevant safeguard policies documents been sent to the World Bank's Infoshop?	Yes [<input checked="" type="checkbox"/>] No [<input type="checkbox"/>] NA [<input type="checkbox"/>]
Have relevant documents been disclosed in-country in a public place in a form and language that are understandable and accessible to project-affected groups and local NGOs?	Yes [<input checked="" type="checkbox"/>] No [<input type="checkbox"/>] NA [<input type="checkbox"/>]
All Safeguard Policies	
Have satisfactory calendar, budget and clear institutional responsibilities been prepared for the implementation of measures related to safeguard policies?	Yes [<input checked="" type="checkbox"/>] No [<input type="checkbox"/>] NA [<input type="checkbox"/>]
Have costs related to safeguard policy measures been included in the project cost?	Yes [<input checked="" type="checkbox"/>] No [<input type="checkbox"/>] NA [<input type="checkbox"/>]
Does the Monitoring and Evaluation system of the project include the monitoring of safeguard impacts and measures related to safeguard policies?	Yes [<input checked="" type="checkbox"/>] No [<input type="checkbox"/>] NA [<input type="checkbox"/>]

Have satisfactory implementation arrangements been agreed with the borrower and the same been adequately reflected in the project legal documents?	Yes [<input checked="" type="checkbox"/>] No [<input type="checkbox"/>] NA [<input type="checkbox"/>]
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III. APPROVALS

Task Team Leader(s):	Name: Alan F. Townsend,Roberto La Rocca	
<i>Approved By</i>		
Safeguards Advisor:	Name: Peter Leonard (SA)	Date: 15-Mar-2016
Practice Manager/ Manager:	Name: Julia M. Fraser (PMGR)	Date: 18-Mar-2016