

# INTEGRATED SAFEGUARDS DATA SHEET

## CONCEPT STAGE

**Report No.:** ISDSC15397

**Date ISDS Prepared/Updated:** 21-Dec-2015

**Date ISDS Approved/Disclosed:** 22-Dec-2015

### I. BASIC INFORMATION

#### A. 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:	30-Nov-2015	Estimated Board Date:	31-Mar-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%)		
Financing (In USD Million)			
Total Project Cost:	35.39	Total Bank Financing:	0.00
Financing Gap:	0.00		
Financing Source			Amount
Borrower			0.00
Global Partnership on Output-based Aid			3.00
Philippines - Free-standing Trust Fund Program			32.39
Total			35.39
Environmental Category:	F - Financial Intermediary Assessment		
Is this a Repeater project?	No		

#### B. Project Objectives

The overarching objective of the proposed trust fund (TF) is to assist the Philippines in increasing access to electricity in a sustainable manner. The TF will do this by 1) enhancing governance and regulatory effectiveness of key sector institutions through technical assistance (TA); and 2)

facilitating the flow of additional private investment into rural electrification and renewable energy through technical assistance and output-based subsidies.

### **C. Project Description**

The TF technical assistance (€9.5-million) and targeted subsidy program (€19.5-million) complements the Government's ECPCG program, the expansion of which is supported by the CTF-financed PHRED project. GPOBA is additionally contributing \$3-million to the solar home systems subsidy component. The subsidy components will be managed by LGUGC which is experienced in safeguards compliance because of past project experience with the Bank. Their institutional capacity will be supplemented by using specialist consultants during due diligence and later, at the monitoring stage.

The TA package focuses primarily on NEA and ERC. Both have critical roles to play in the sector and are intimately involved in the DOE's ECPCG program, which provides guarantees to commercial banks to cover some of their risks of lending to ECs. It is designed to contribute to long-term capacity strengthening and to help the agencies make contributions to the short and medium term goals of DOE's access and renewable energy programs. The TA activities include: (i) Capacity Building of NEA's Office of Renewable Energy Development (ORED); (ii) EC Project Development and Management (€1-million); (iii) Enhancing EC Service Delivery (€1-million); (iv) Bangsamoro EC Capacity Building (€1.5-million); (v) Implementing the Key Performance and Governance Standards (KPGS) System (€2-million); Developing the Inter-Agency GIS RE4RE Planning Systems (€2-million); ERC Technical Assistance (€1.5-million); and Pre-Paid Metering Study and small pilot (€0.5-million). It should be noted that ERC is not an environmental regulator and is not the agency primarily responsible for safeguards compliance. NEA, the ECs, and private companies that would participate in the subsidy programs will be primarily responsible for compliance, with LGUGC, as program manager of the subsidy window, checking that safeguards provisions have been complied with both at the due diligence stage and during implementation. This approach was followed in a previous project in which LGUGC, as manager of a DOE guarantee facility, undertook due diligence on EC network investment plans and then monitored compliance through investment project implementation.

The proposed grant would also fund two output-based subsidy components. First, the DOE's PV Mainstreaming program (€12.5-million) which targets rural electricity service providers - Electric Cooperatives (ECs) and Qualified Third Parties (QTPs) - providing performance-based grants to accelerate electrification via solar home systems. Under this component, a partial subsidization of 30,000 systems is being targeted. GPOBA funding of a further \$3-million will support 7,000 additional connections. Second, support to small network solar power (€7-million) with output-based subsidies designed to bring their costs to the purchasing utility to equivalency with the least-cost (usually coal-fired) alternative generation option. Under this component, a partial subsidization of 14 megawatts of installed capacity is being targeted.

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

The outputs and outcome of the technical assistance component of the project will support the development and rehabilitation of renewable energy facilities and equipment and related support services in the entire Philippines. Specific locations of the output-based subsidy projects have not yet been identified specifically and subsidy allocation will be demand driven. Project locations will be in the franchise areas of a subset of the country's 120 electric cooperatives.

### E. Borrowers Institutional Capacity for Safeguard Policies

NEA and LGUGC have limited capacities in planning and implementing safeguards measures. To address this, a safeguards orientation workshop specifically tailored for them has been conducted by the Bank. Specific weaknesses particularly in staffing for safeguards have been identified in NEA and LGUGC. These will be used in the planning and conduct of measures to address gaps. For staffing, focal persons have been identified by both institutions; environmental and social development consultants will augment the work force as needed. Partner institutions including ECs, financial institutions, renewable energy developers and independent power providers, private solar power developers will be asked to participate in WB safeguards forum and other trainings which are expected to become available in the proposed Philippine Learning Center on Safeguards. LGUGC and NEA will organize regular workshops and symposia with its potential clients –to regularly update them as part of their marketing strategy. Safeguards requirements described in the ESSF for PHRED to enhance project sustainability will be included in these discussions. On the job support using learning by doing activities will be provided by the task team to help the institutions and its subproject proponent especially in the first year of operations. Additionally, LGUGC will have access to technical assistance resources provided by GPOBA.

### F. Environmental and Social Safeguards Specialists on the Team

Gerardo F. Parco (GENDR)

Marivi Amor Jucotan Ladia (GSURR)

## II. SAFEGUARD POLICIES THAT MIGHT APPLY

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 team proposes a Category FI for this project. 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</p>

		<p>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 category.</p> <p>The ESSF and RPF of the PHRED project will be applied in the ASEP. The ESSF will be 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 due to the opportunity of turning these in for cash.</p>
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 chemicals for vegetation control.
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 shall apply 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 shall 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.

### III. SAFEGUARD PREPARATION PLAN

**A. Tentative target date for preparing the PAD Stage ISDS:** 15-Nov-2015

**B. Time frame for launching and completing the safeguard-related studies that may be needed.**  
**The specific studies and their timing<sup>1</sup> should be specified in the PAD-stage ISDS:**

There are no safeguards specific studies needed.

### IV. APPROVALS

Task Team Leader(s):	Name: Alan F. Townsend,Roberto La Rocca	
<b><i>Approved By:</i></b>		
Safeguards Advisor:	Name: Peter Leonard (SA)	Date: 21-Dec-2015
Practice Manager/ Manager:	Name: Dejan R. Ostojic (PMGR)	Date: 22-Dec-2015

<sup>1</sup> Reminder: The Bank's Disclosure Policy requires that safeguard-related documents be disclosed before appraisal (i) at the InfoShop and (ii) in country, at publicly accessible locations and in a form and language that are accessible to potentially affected persons.