

# SOUTHERN PHILIPPINES ROAD MANAGEMENT PROGRAM

## Initial Environmental Assessment

*Prepared for*

**AusAID**

Level 22-24, Tower 2, RCBC Plaza  
6819 Ayala Ave, Makati City 1200

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## Acronyms

ADB	Asian Development Bank
AusAID	Australian Agency for International Development
DAC	Development Assessment Commission
EIA	Environmental Impact Assessment
GoA	Government of Australia
GoP	Government of Philippines
ILO	International Labour Organisation
JBIC	Japan Bank for International Cooperation

# 1 Introduction

The Southern Philippines Road Maintenance Program is a Government of Philippines (GoP), Government of Australia (GoA) and World Bank program involving five initiatives of which the Provincial Roads Management Facility is one. The Provincial Road Management Facility is involved in physical road rehabilitation and maintenance work in the southern Philippines at a provincial level in Mindanao and the Visayas.

Provincial Road Management Facility aims to contribute to the increased localised economic growth in selected provinces through delivering a reliable, better managed and affordable core road network at the national, provincial and municipal levels by supporting local government's to increase revenue, and improve budgeting and expenditure management for road maintenance; and by supporting greater institutional accountability of road management institutions for undertaking an Initial Environmental Assessment/Environmental Impact Assessment and preparation of Environmental Management Guidelines. In addition to Provincial Road Management Facility there are a number of World Bank co-financed projects – Mindanao Rural Development Project Phase 2 and National Road Improvement and Management Program Phase 2. Mindanao Rural Development Project Phase 2 and National Road Improvement and Management Program Phase 2 environmental assessment processes were reviewed by the World Bank against the needs of the Australian Agency for International Development (AusAID).

There are many potential direct and indirect environmental impacts associated with road maintenance. AusAID, as the principal agency of the GoA, identified in its Southern Philippines Road Management Program report dated 3 October 2007:

*'The detailed design process for the Program should note the interconnectedness of environmental concerns with the following aspects: (i) roads leading to protected areas (e.g. Agusan and Liguasan Marshes) could generate disruptive activities that would endanger its biodiversity and threaten its carrying capacity; (ii) roads could disrupt the traditions and cultures of Indigenous Peoples and open ancestral domain to further encroachment; and (iii) funding of roads leading to mining areas might associate AusAID with mining activities, thereby casting doubts on the Facility's motives.'*

## 1.1 Appreciation of Task

Provincial Road Management Facility activities are governed by the environmental laws and practices of GoA, GoP and National Road Improvement and Management Program Phase 2 and Mindanao Rural Development Project Phase 2 are co-financed activities by AusAID/World Bank. Therefore, AusAID requires the following information:

- What the requirements of the various stakeholders were with respect to Provincial Road Management Facility and how they could best be harmonised into a single workable system of environmental management to ensure environmental impacts associated with the Program were minimised; and
- Whether the environmental assessment processes applied by World Bank to the co-financed Mindanao Rural Development Project Phase 2 and National Road Improvement and Management Program Phase 2 meet AusAID's environmental

assessment requirements (questions as to the adequacy of the World Bank process were made by the AusAID Environment Adviser, Marjorie Sullivan in an email dated 10 July, 2007 to a Zoe Woodlee).

This Initial Environmental Assessment sets out the AusAID requirements following a desktop review and in-country ‘ground-truthing’ exercise involving discussions with all stakeholders.

Currently, (30 May 2008), the Provincial Road Management Facility is at the program design stage and therefore the Initial Environmental Assessment will feed into the current design process to ensure that environmental management is fully incorporated into the Facility Design Document, rather than appear as a parallel system.

The main goals of the environmental assessment exercise are:

- To undertake an Initial Environmental Assessment of Provincial Road Management Facility to determine the next steps for AusAID to comply with both GoA and GoP laws respectively;
- To assess how to align and harmonise Australian and World Bank environment requirements, assessment and implementation for Provincial Road Management Facility; and
- To provide an outline of a management system for Provincial Road Management Facility that the Managing Contractor and stakeholders, at the Provincial level, can implement to ensure all environmental issues are adequately managed and compliant with all stakeholder requirements.

In designing a process of environmental assessment and reporting for Provincial Road Management Facility to be compliant with GoA and GoP guidelines, it is also important to ensure that monitoring takes into consideration any Provincial Road Management Facility Monitoring and Evaluation relating to the sustainability of Program activities.

Based on advice from AusAID, the National Economic Development Authority (NEDA) is to be the proponent with respect to making a formal application to the GoP authorities.

Further to the above Provincial Road Management Facility objectives, an additional objective of ensuring the adequacy of the World Bank’s environment requirements and guidelines for the co-financed component of the Southern Philippines Road Management Program was undertaken to determine whether these meet Australian requirements. The reviewed co-financed activities were Mindanao Rural Development Project Phase 2 and National Road Improvement and Management Program Phase 2.



## **2 Methodology**

### **2.1 Scope and Program of Work**

The three main objectives of the Initial Environmental Assessment exercise were met by carrying out the following:

- An Initial Environmental Assessment/Environmental Trigger Assessment of the proposed Provincial Road Management Facility, in accordance with AusAID's existing Environmental Management Guidelines, and other best practice guidelines for road programs;
- Establishing whether an EIA is required for the Program (or components of it) under either GoA or GoP law;
- If an EIA is required, establishing the specific factors that trigger it; outlining the steps required to undertake it and preparing a draft Terms of Reference to undertake it;
- If a referral to the Minister is required by GoA legislation, completion of the referral documentation as set out in AusAID's Environmental Management Guide;
- If a full EIA is not required, preparation of draft Environmental Management Guidelines and Key Performance Indicators, including capacity building and Monitoring and Evaluation for managing an activity; and
- Preparing draft guideline for inclusion in any tender request documents that may be issued under the Southern Philippines Road Management Program for physical works.

### **2.2 Desk Top Review**

The desktop review of environmental obligations involved reviewing applicable GoA, GoP and World Bank environmental law, guidelines and processes.

#### **2.2.1 Meetings and Review of Relevant Documentation**

The Environmental Specialist undertook a range of activities during the period 3-31 May 2008. This included, but was not restricted to, the following:

- Discussions with AusAID personnel regarding Program activities;
- Discussions with relevant in-country stakeholders in Philippines including Department of Public Works and Highways, Department of Environment & Natural Resources - Environmental Management Bureau, World Bank and various local government agencies;
- A desk top review of other infrastructure and capacity building projects including National Road Improvement and Management Program Phase 2, Mindanao Rural Development Project Phase 2, Infrastructure for Rural Productivity Enhancement Sectoral Project (Asian Development Bank (ADB)), and Philippines Australia Local Sustainability Project (AusAID) from which experiences/learning could be gleaned;

- A review of the Provincial Road Management Facility draft Facility Design Document and Monitoring and Evaluation plans; and
- A review of World Bank (Road and Environment Handbook) and GoP technical guidelines on road maintenance, including those prepared by Department of the Interior and Local Government and Department of Public Works and Highways' Social and Environmental Management System Operations Manual that sets out how monitoring of water, air and noise emissions should be conducted.

### **2.2.2 Review of Relevant Laws and Standards**

As requested by AusAID a review of Program activities was carried out, including a review of applicable GoP laws and regulations, and good environmental practice. This included but was not restricted to the following:

- The Environmental Management Guidelines for Australia's Aid Program 2003 that describes AusAID's Environmental Management System, and outlines the steps to be followed in environmental assessment of Program activities, as well as the procedures for managing potential environmental impacts;
- AusAID obligations under the Environment Protection and Biodiversity Conservation Act, 1999;
- AusAID publication, 'Australian Aid: Investing in Growth, Stability and Prosperity', 2002;
- AusAID's obligations under its 'Ecologically Sustainable Development Policy'; and
- GoP laws, regulations and policies that comprise the environmental regulatory framework in the Philippines, including Philippines Environmental Impact Statement System, Land Acquisition, Resettlement, Rehabilitation and Indigenous Peoples Policy; and applicable environmental laws governing the quality of the receiving environment.

## **2.3 Meetings with Relevant Stakeholders**

As part of the in-country assessment a number of meetings were held between the Environment Specialist, Anne Orquiza (Southern Philippines Road Management Program Manager, AusAID) and various stakeholders. These discussions were undertaken to determine the stakeholders' requirements, in terms of the level of environmental assessment necessary to gain insight into how national/provincial decision making occurred, and to understand the best way to capacity build at the provincial level. Meeting findings are incorporated into the relevant sections on GoP, World Bank obligations and overall report conclusions. The meeting discussion notes are set out in Annex 4. The following meetings were held:

- Department of Public Works and Highways - Asst Secretary Maria Catalina Cabral & Bel Fajardo Officer in Charge (Officer in Charge) Environmental & Social Services Officer with Anne Orquiza (AusAID), Tim Jarvis (Environmental Specialist);
- Department of Environment and Natural Resources - EIA Management Division Chief Engineer Cesar Siodor Jr & Section Chief for Review and Assessment, Elsie Cezar;
- World Bank – Ben Eijbergen Infrastructure Sector Coordinator;

- Philippines Australia Local Sustainability Project - Sam Chittick & Rosa Antes;
- Department of Environment and Natural Resources Region VII- Environmental Management Bureau Regional Director - Alan Arranguez with Connie Panibio (AusAID), Tim Jarvis (Environmental Specialist);
- Provincial Engineering Office – Engineer Ronilita Bunado and colleagues, and Provincial Planning & Development Office– Attorney John Vistal with Connie Panibio (AusAID), Tim Jarvis (Environmental Specialist); and
- Provincial Engineering and Natural Resources Office – Nestor Canda, and Bohol Environmental Management Office Deputy Head Eng Renato Villaber, with Connie Panibio (AusAID), Tim Jarvis (Environmental Specialist).

## **2.4 Review of Proposed SPRMP Activities in the Field**

No prospective areas where road maintenance activity will be undertaken by Provincial Road Management Facility were visited. This is due to the fact that the project has not yet commenced and locations/activities are not yet clear.

The reviews of co-financed activities (National Road Improvement and Management Program Phase 2 and Mindanao Rural Development Project Phase 2) were undertaken as desktop reviews.

## **2.5 Reporting**

This Initial Environmental Assessment is set out with the following sections:

### **Background and Discussion**

- Sections 1-2 - Appreciation of Task/Methodology.
- Sections 3-4 - Background to Southern Philippines Road Management Program and potential environmental impacts of Provincial Road Management Facility road maintenance activity.
- Section 5 - The legal and policy setting of Southern Philippines Road Management Program including GoA, GoP and World Bank guidelines and legal requirements, including EIA methodologies.

### **Findings**

- Section 6, 7 & 8 - Discussions and findings of the obligations placed on Provincial Road Management Facility activities by GoA, World Bank and GoP laws and EIA methodologies. Section 8 also looks at the adequacy of World Bank environmental assessment processes applied to the Mindanao Rural Development Project Phase 2 and National Road Improvement and Management Program Phase 2 programs.
- Section 9 - Outlines the recommended approach to EIA for Provincial Road Management Facility activities, including the proposed EIA methodology, program-level Environmental Management System, Environmental Management Program and Monitoring and Evaluation, taking into account all stakeholders requirements.

- Section 10 - Conclusions of Initial Environmental Assessment. These include both Provincial Road Management Facility conclusions, with a subsection on the adequacy of World Bank's National Road Improvement and Management Program Phase 2 and Mindanao Rural Development Project Phase 2 assessments.
- Section 11 - Recommendations of Initial Environmental Assessment. The majority of these will form recommendations for incorporation into the Provincial Road Management Facility Design Document. It is anticipated that these will form the basis of the environment Terms of Reference for the Managing Contractor. Co-financed activities appear separately here.

### 3 Background to SPRMP

Southern Philippines Road Management Program's goal, purpose and outcomes are as follows:

**Goal:** Increased economic growth in targeted provinces by reducing road transport impediments to economic activity.

**Purpose:** Sustainable GoP provision, management and maintenance of a core network of roads in Mindanao and the Visayas.

**Outcomes:** These will include improvements in the following areas:

- Improved condition of selected national arterial roads and the priority provincial/municipal road networks through better managed funds and rehabilitation;
- Improved road transport planning and management of the core affordable road network at provincial and municipal levels in target provinces, including through improved procurement and contract management;
- Strengthened public administration, budget and revenue management by provincial and municipal Local Government Units; and
- Improved funding for maintenance as a result of strengthened Local Government Unit budget management systems.

#### 3.1 Program Components

**Table 1: SPRMP Goals and Objectives**

Initiative	Partner agency and scope of work*
<b>National roads</b>	Jointly with World Bank through the second phase of the National Road Improvement and Management Program Phase 2. Alternative partners include Japan Bank for International Cooperation (JBIC) under their Road Enhancement and Asset Management and Preservation Program and the ADB. The ADB at this time does not have a suitable program for partnering but may develop one in the future.
<b>Provincial roads</b>	Through an AusAID designed and implemented Provincial Road Management Facility.
<b>Municipal and barangay roads</b>	Primarily through co-financing of the World Bank Mindanao Rural Development Project Phase 2 project, but with the Provincial Road Management Facility also providing funding where roads are considered a priority but are not included in the World Bank project. Provincial Road Management Facility may also support other donor activities e.g. co-financing ADB's InfRES Project.
<b>Local Government Unit Performance Grants Program</b>	Under this proposed World Bank program, AusAID could co-finance the channelling of supplementary performance based funds to Local Government Units. AusAID would work with World Bank to ensure road maintenance issues are included as performance criteria.

Initiative	Partner agency and scope of work*
<b>Support of capacity building with national agencies</b>	These activities would link to the support being provided through the Australian funded Partnership for Economic Governance Reform facility by assisting a range of donor programs supporting improvements in national agency capacity and policy and regulatory issues.

\* Bold text relates to the Southern Philippines Road Management Program components reviewed in this report

## 4 Potential Environmental Impacts of Roads and Highways

The nature of environmental impacts of road projects varies considerably depending on local conditions such as climate, vegetation, population density, indigenous culture, sensitivity of the regional environment and hydrology among others<sup>1</sup>. The consequences of rehabilitation and maintenance work are very similar to those of construction work, i.e., noise and dust, soil contamination, impacts on the population, and vibration caused by actual road works. Adverse environmental impacts can also arise through drainage works, quarrying, or the removal of material for road construction from rivers, and the flow-on impacts of increased traffic on rehabilitated roads, and the regions and populations they serve.

The World Bank ‘Roads and the Environment: A Handbook’, defines the following categories of impacts associated with road projects: i) direct impacts; ii) indirect impacts; and iii) cumulative impacts. It further divides these groupings into:

- Positive and negative impacts;
- Random and predictable impacts;
- Local and widespread impacts;
- Temporary and permanent impacts; and
- Short- and long-term impacts.

For the purposes of the Provincial Road Management Facility program, impacts have been divided into direct and indirect impacts, and into the different phases of development, namely planning, construction, operation and maintenance to which they relate.

### 4.1 Indirect Impacts of Roads and Highways

An indirect impact is where there is an expectation that the changes in policy, or behaviour flowing from the activity, will affect the environment in the future or ‘downstream.’

A wide variety of indirect negative impacts have been attributed to road and highway construction or improvement. Many of them are primarily socio-cultural and relate to new land settlement and induced development. These include visual degradation by roadside billboards; impacts of unplanned land development induced by the project; disruption of local land ownership by speculation; construction of new secondary roads; greater human access to wildlands and other natural areas; and labour force migration and displacement of subsistence economies.

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<sup>1</sup> AusAID source





In the rural setting, the key impacts usually revolve around removal of productive agricultural lands and the opening up of previously inaccessible, or marginally accessible, territory to in-migration and large-scale resource harvesting. Introduction of new sources of noise is often an issue in rural settings where ambient noise levels are typically low. Furthermore, because rural life is so closely integrated with the biophysical aspects of the environment, issues such as water quality and biodiversity conservation deserve special consideration. In the urban setting, where population densities are higher and the connection to the biophysical environment is less significant, the dominant impacts have to do with displacement of people and their homes, general neighbourhood disruption, local airshed contamination and noise.

## **4.2 Direct Impacts**

Direct impacts result from construction, maintenance, and operation (principally traffic use). The most significant construction-related impacts are those related to clearing, grading or roadbed construction: loss of vegetative cover; foreclosure of other land uses; modification of natural drainage patterns; changes in groundwater elevation; landslides, erosion, stream and lake sedimentation; degradation of vistas or destruction of cultural sites; and interference with movements of wildlife, livestock, and local residents.

Many of these impacts can arise not only at the construction site, but also at quarries, borrow pits and materials storage areas serving the project. In addition, adverse environmental and socio-cultural impacts can occur in both construction and maintenance projects as a result of air and soil pollution from asphalt plants, dust, noise from construction equipment and blasting; use of pesticides; fuel and oil spills; rubbish; and, on large projects, the presence of a non-resident labour force.

Direct road and highway use impacts may include: increased demand for motor fuels; accidents with and/or displacement of non-motorised methods of transport; increased air pollution, noise, roadside litter; injury or death to animals and people attempting to cross roadways; health risk and environmental damage from accidents involving hazardous materials in transit; and water pollution from spills and accumulated contaminants.

## **4.3 Overview of Potential Impacts Associated with the Provincial Road Management Facility**

The World Bank defines direct environmental impacts relating to roads as those concerning all construction, maintenance, or use issues. However, as Provincial Road Management Facility is involved solely in maintenance work on existing road networks it is proposed that the definition of direct and indirect impacts differ subtly from World Bank guidelines. Provincial Road Management Facility defines direct impacts as those immediately arising from maintenance work, with impacts related to issues such as increased road use (arising from better maintenance) being termed indirect impacts.

### 4.3.1 Indirect Impacts

The main indirect impacts associated with Provincial Road Management Facility activities relate to the reasons why road maintenance work is occurring in the first place: to improve the flow of goods and services along roads to improve the livelihoods of rural people.

Indirect impacts are listed first in this report as they form the first logical set of issues that an environmental assessment needs to consider at the feasibility phase. (i.e. whether based on environmental considerations, proposed road maintenance activity should go ahead). Potential impacts associated with an increased flow of goods and services include:

- The spread of nuisance/introduced species and disease as a result of movement of labour and raw materials along the route of the road;
- Improved roads to lead to increased exploitation of protected areas (e.g. Agusan and Liguasan Marshes) that could lead to disruption and endangerment of the biodiversity of these areas;
- Increased traffic flows on improved roads that could result in visual amenity, noise and air quality issues;
- Increased impacts of unplanned land development induced by improved roads providing improved access into areas;
- Disruption of local land ownership by speculation; construction of new secondary roads; greater human land use pressures;
- Improved road access resulting in increased erosion of traditions and cultures of indigenous people, including opening of ancestral domains, labour force migration and displacement of subsistence economies; and
- Improved roads leading to the increase in exploitative industries with the potential for increased environmental impact (such as mining and logging) that are not necessarily consistent with AusAID, World Bank, and GoP development objectives.

### 4.3.2 Direct Impacts

The main direct impacts associated with road maintenance activity include construction and maintenance related activities, given that the Planning Phase has already been completed (i.e. the route selection has already been made with an existing road). Construction and maintenance related impacts in the context of road maintenance relate to activities such as:

- Excavation of borrow or base via quarrying and the impacts that this can have in terms of destruction of native vegetation and slope destabilisation;
- Potential disruption of natural river flows;
- The possibility of road routes or workers camps encroaching on historically or culturally significant sites;
- Potential to result in increased erosion of soil and cement into rivers and streams during the construction works;
- The requirement for appropriate storage of fuels, paints, herbicides and other hazardous materials associated with routine maintenance work;

- Noise, dust and water quality issues associated with establishment of workers camps and in particular the potential to impact upon the quality of adjacent watercourses;
- The potential for construction related impacts associated with cement and hydrocarbon residues reaching rivers from washing of tools, use of plant and equipment; and
- The possibility of the ongoing operation of workers camps resulting in potential impacts upon the quality of adjacent watercourses via sewage and hazardous materials storage issues.

## 5 Legal and Policy Setting of SPRMP

Southern Philippines Road Management Program falls under the jurisdiction of environmental laws, regulations and guidance of GoA, GoP and World Bank. A brief background on the principal laws and guidelines are explained in the following section.

### 5.1 Environment Protection and Biodiversity Conservation Act, 1999

The Environment Protection and Biodiversity Conservation Act requires AusAID to consider advice from the Minister for the Environment and Heritage (or his or her delegate) before entering ‘into a contract, agreement or arrangement for the implementation of a project that has, will have or is likely to have a significant impact on the environment anywhere in the world’ (Environment Protection and Biodiversity Conservation Act 1999, section 160, chapter 4, part 11, division 4, subdivision A). The Environment Protection and Biodiversity Conservation Act does not apply to an activity implemented prior to 16 July 2000 unless AusAID proposes to enter into a new contract for implementing the activity (for example, a contract amendment negotiated following redesign).

Environmental significance has a specific meaning under the Environment Protection and Biodiversity Conservation Act, 1999 (‘the Act’). Under the Act, together with AusAID’s record of understanding with Environment Australia, AusAID is required to take action with respect to all potential negative environmental impacts. In this respect, significant environmental impacts are negative impacts that are inherent in an activity irrespective of any positive impacts the activity may have, or any proposed environmental management or mitigation measures. If AusAID’s environment staff determine that an activity is likely to have significant negative environmental impacts that activity must be ‘referred’ to the Minister for the Environment and Heritage for formal advice.

As far as Environment Protection and Biodiversity Conservation Act is concerned, the Minister for the Environment and Heritage has agreed that a ‘significant environmental impact’ refers only to a significant negative environmental impact. This means that in determining whether it is necessary to refer an activity, negative environmental impacts must be considered in isolation from any net or overall benefit of the activity.

Referral should occur as early as possible in the activity cycle, and before completion of the final draft design document, so that ideally the referral process can run in parallel with activity preparation. If a sub activity of a flexible activity has potential significant negative environmental impacts, that sub activity is also subject to the referral process.

The requirement for referral is determined by applying the GoA Environmental Marker Questions again. If any potential environmental impacts are identified, irrespective of the type of impact, the answer to question 2 is ‘Yes’. Environmental impacts can be direct or indirect, and positive or negative, and include cumulative impacts. Referral to the Minister is only required if the project/activity has resulted in affirmative ‘Yes’ responses

to questions 1, 2 & 5. A referral involves approaching the Minister for the Environment and Heritage, involving the Activity Manager, seeking advice from AusAID's Environment Adviser or other environmental expert, and ensures AusAID's Environment Protection and Biodiversity Conservation Act referrals information form is completed.

## **5.2 AusAID Environmental Management Guidelines**

AusAID's 2003 Environmental Management Guidelines provides an overview of AusAID's Environmental Management System and outlines the steps to be followed in environmental assessments of activities and the procedures for managing potential environmental impacts both for AusAID and for AusAID programs.

The Environmental Management Guidelines requires AusAID Activity Managers undertake two levels of environmental assessment to assess potential impacts associated with program activities:

- Screening via a Strategic Environmental Assessment; and
- An Initial Environmental Assessment /Environmental Trigger Assessment to determine the potential impacts based on a more detailed assessment of activities/impacts.

Both levels require assessment of activities against AusAID's five key marker questions, with the screening Strategic Environmental Assessment focused more on broader indirect, as well as direct, impacts in order to make a decision as to whether a program should go ahead.

The Key Environmental Marker Questions and response scenarios are set out below:

Q1 Is the activity in an environmentally sensitive location or sector?

Q2 Is there potential for the activity to have an impact on the environment?

Q3 Is the explicit, or implicit, aim of the activity to have a positive environmental impact?

Q4 Is the activity relevant to multilateral environment agreements?

Q5 Could the activity have significant negative environmental impacts?

**Table 2: Response scenarios when answering environmental marker questions**

Question	Scenario 1	Scenario 2	Scenario 3	Scenario 4
1	No	Yes	Yes	Yes
2	No	No	Yes	Yes
3	No	No	Yes or No	Yes or No
4	No	No	Yes or No	Yes or No
5	No	No	No	Yes
	No further action is required. Activity manager ensures monitoring for unexpected environmental impacts is incorporated into activity's monitoring and evaluation process.	Activity manager ensures feasibility and design team reassesses potential environmental impacts. If impacts are identified, refer to response 3. If no impacts are identified, refer to response 1.	Activity manager ensures that: environmental expertise is included in feasibility and design team; team is adequately briefed on AusAID's legal and policy obligations prior to departure; team undertakes the EIA and develops the Environmental Management Program; and EIA reports and Environmental Management Program, or Environmental Management Program specifications, are included in design document.	Activity may require referral to Minister for the Environment and Heritage. Activity manager seeks advice from AusAID's environment adviser or other environmental expert, and ensures AusAID's Environment Protection and Biodiversity Conservation Act referrals information form is completed

To answer question 3 the Activity Manager must decide whether the environment is a specific objective of the activity and assign the appropriate environmental primary and secondary DAC codes to the activity. This will enable AusAID to meet its reporting obligations as well as help AusAID's environment staff to identify and analyse the agency's portfolio of environmentally beneficial activities. AusAID activity managers can find a full description of DAC and generic field codes in AusAID's activity management system handbook. The activity management system is described in AusGUIDE.

In theory, completion of this screening environment assessment at the Strategic Environmental Assessment stage flags the need for the next level of environmental assessment - the Initial Environmental Assessment, and preparation of Environmental Management Programs to manage those activities/impacts identified. It is not known as to whether this screening study has been carried out. This Environmental Scoping Study constitutes the Initial Environmental Assessment process (findings are set out in Section 7).

Application of the Environmental Marker Questions at the Initial Environmental Assessment stage determines whether or not an EIA will be required. The EIA process is undertaken in-country by the feasibility and design team that includes members with appropriate environmental skills.

The Terms of Reference for a design mission must specify the requirement to conduct an EIA, including a thorough investigation of any environmental issues identified during the initial environmental assessment. An EIA should involve all relevant stakeholders including the affected community and partner government, the national environment agency and/or the local environment agency. The participation of communities that will be affected by a proposed development activity is an important part of an EIA. It is especially important in the case of activities involving the management of natural resources and is most effective if initiated early in activity preparation. EIA results should be incorporated into the Project Design Document, either in the problem analysis or setting sections, or as a separate annex. Potential negative environmental impacts and non-achievement of intended positive environmental impacts should be addressed further in the risk matrix of the Project Design Document.

### **5.3 Other GoA Policy Instruments**

The guide describes AusAID's legal obligations under the Environment Protection and Biodiversity Conservation Act 1999 (Environment Protection and Biodiversity Conservation Act) and provides a framework to assist in meeting AusAID's legal and policy obligations.

Furthermore it sets out the two main policies relating to the environment under the Australian aid program namely:

- Reducing Poverty: The Central Integrating Factor of Australia's Aid Program (2001). This policy document acknowledges the links between the environment, poverty and stresses that are preventing environmental degradation.
- Australian Aid: Investing in Growth, Stability and Prosperity: The Eleventh Statement to Parliament on Australia's Development Cooperation Program (2002). This policy document reinforces the policies established in 1997 in Better Aid for a Better Future, which describes the Australian aid program's commitment to mainstreaming environmental considerations in the design and implementation of all of its aid activities. It also brings together the policy framework that has evolved since then, emphasising five guiding themes that link AusAID's strategy for reducing poverty with individual aid activities. Sustainable resource management is one of those themes and promotes sustainable approaches to managing the environment and using scarce natural resources.

## **5.4 Environmental Impact Statement System - Department of Environment and Natural Resources - Environmental Management Bureau Administrative Order 30-2003**

The Philippines Environmental Impact Statement System or EIA process is concerned primarily with assessing the direct and indirect impacts of projects on the biophysical and human environment, and ensuring that these impacts are addressed by appropriate environmental protection and enhancement measures.

Section 4 of Presidential Decree 1586 (1978), (Department of Environment and Natural Resources - Environmental Management Bureau guidance document 30-2003) sets out the requirements of the EIA process for all projects in the Philippines.

At the end of the environmental assessment process, (and assuming the relevant level of environmental assessment report has been submitted to Department of Environment and Natural Resources - Environmental Management Bureau and is satisfactory), a positive determination is made by Department of Environment and Natural Resources - Environmental Management Bureau. This results in the issuing of an Environmental Compliance Certificate or a Certificate of Non-Coverage.

The issue of an Environmental Compliance Certificate allows a project/activity to proceed to the next stage of project planning, which is the acquisition of approvals from other Government Agencies and Local Government Units, after which the project can commence, assuming all approvals have been agreed. This involves the Environmental Compliance Certificate recommendations being transmitted by Department of Environment and Natural Resources - Environmental Management Bureau to the concerned Government Agencies and Local Government Units to be considered in their decision-making process ensuring a more integrated, coordinated and participative approach.

Philippine Environmental Impact Statement System has six sequential stages. Stages 1, 2, 3 and 6a are all proponent-driven while Stages 4, 5 and 6b are Department of Environment and Natural Resources - Environmental Management Bureau driven stages. The first five (5) stages are those involved when a Proponent applies for Environment Compliance Certificate or Certificate Non-Coverage. A brief synopsis of the implications of each of these stages is discussed here (for a more in-depth listing of the Philippine Environmental Impact Statement System refer Annex 1).

The six stages are:

1. Screening
2. Scoping
3. EIA study and report preparation
4. EIA report review and evaluation
5. Decision making
6. Monitoring, Validation (a) & Evaluation/ audit (b)



The first five stages of the Philippine Environmental Impact Statement System process remain the same regardless of the level of environmental assessment and reporting required, with just the scope and level of detail of the assessment varying, dependent upon report type. The final stage relates only to the more stringent levels of environmental assessment and reporting, requiring a fully fledged auditable monitoring plan.

## **Screening**

Screening involves determining if a proposed project or activity is subject to the Philippine Environmental Impact Statement System and if so, the level of assessment and reporting required. It involves looking at the proposed activity and the sensitivity of the proposed location.

The sensitivity and potential for impact are determined via reference to a listing of Environmentally Critical Projects and projects in Environmentally Critical Areas according to GoP legislation (refer Annex 1). This gives rise to five different ‘Groups’ as far as Department of Environment and Natural Resources - Environmental Management Bureau is concerned. Each of these main Groups is then further distilled by determining at what stage a project or activity is at – a process known as Sub-Grouping. Sub-Groups are based on whether a project or activity is new, existing with prior Environmental Compliance Certificate approval, or existing without an Environmental Compliance Certificate (Refer Annex 1).

The combination of five main Groups and the three Sub-Groups results in 15 possible project type/location categories (i.e. 5 Groups x 3 Sub-Groups relating to whether the project is new or existing). These 15 permutations are then subject to seven different levels of EIA reporting and assessment of varying degrees under the Philippine Environmental Impact Statement System. These are:

- Environmental Impact Statement;
- Environmental Performance Report and Management Plan;
- Initial Environmental Examination Report;
- Initial Environmental Examination Checklist;
- Programmatic Environmental Performance Report and Management Plan;
- Programmatic Environmental Impact Statement System; and
- Project Description Report.

The type of reporting and assessment required is determined by looking up the activity against the Group/Sub-Group classification contained in Annex 2-1b to Department of Environment and Natural Resources - Environmental Management Bureau Administrative Order 30-2003 project grouping matrix for determination of EIA report type new single and co-located projects.

## **Scoping**

This is a proponent-driven step, aimed at determining the Terms of Reference for the environmental assessment. Scoping identifies the most significant issues/impacts of a proposed project, and the baseline information requirements to evaluate and mitigate the impacts. The need for and scope of an Environmental Risk Assessment is also done here. Scoping is done with the local community through public scoping and with a third party EIA Review Committee through technical scoping, both with the participation of the Environmental Management Bureau. The process results in a signed Formal Scoping Checklist by the review team, with final approval by Department of Environment and Natural Resources - Environmental Management Bureau.

There are different requirements placed on proponents based on the level of environmental assessment and reporting required by Department of Environment and Natural Resources - Environmental Management Bureau Administrative Order 30-2003.

## **EIA Study and Report Preparation**

Department of Environment and Natural Resources - Environmental Management Bureau Administrative Order 30-2003 contains annexes providing templates for the Impacts Management Plan and Environmental Monitoring Plan. The proponent needs to complete and submit an EIA report in accordance with the prescribed level.

## **EIA Report Review and Evaluation and Decision Making**

These stages of the environmental assessment process involve Department of Environment and Natural Resources - Environmental Management Bureau making a determination about the application. There are specified turn-around times for applications based on their level. Non-conforming documents will be returned to the proponent for further clarification.

A positive determination by the Department of Environment and Natural Resources - Environmental Management Bureau results in the issuance of the Environmental Compliance Certificate. The release of the Environmental Compliance Certificate allows the project to proceed to the next stage of project planning i.e., acquisition of approvals from other Government Agencies and Local Government Units, after which the project can start implementation. Local Government Unit consultation is undertaken by the proponent as part of the EIA process.

## **Monitoring and Audits**

The primary purpose of the monitoring, validation and evaluation/audits required under Philippine Environmental Impact Statement System is to ensure that sound environmental management occurs. Specifically, it aims to ensure the following:

1. Project compliance with the conditions set in the Environmental Compliance Certificate;
2. Project compliance with the Environmental Management Program;

3. Effectiveness of environmental measures on prevention or mitigation of actual project impacts vis-a-vis the predicted impacts used as basis for the Environmental Management Program design; and
4. Continual updating of the Environmental Management Program for sustained responsiveness to project operations and project impacts.

Findings concerning the level of Philippine Environmental Impact Statement System assessment required by Provincial Road Management Facility activities are set out in Section 7.

## **5.5 Philippine Environmental Impact Statement System and Local Government/other Environmental Laws**

The Philippine Environmental Impact Statement System is supplementary and complementary to other existing environmental laws. As early as the project's Feasibility Study stage, the EIA process identifies the likely issues or impacts that may be covered later by regional environmental permits and other regulatory bodies' permitting requirements. In addition, where there are no standards or a lack of explicit definitions in existing laws, the EIA process fills in the gap and provides appropriate cover for environmental protection and enhancement-related actions.

The EIA process is required to integrate all environment-related concerns of Government Agencies, Local Government Units and the general public. EIA findings then provide guidance and recommendations to these entities as a basis for their decision making process.

An inter-agency memorandum of agreement on Environmental Impact Statement Streamlining was entered into in 1992 by 29 government agencies wherein Environmental Compliance Certificate of covered projects was agreed to be a pre-requisite of all other subsequent government approvals. Furthermore, no permits and/or clearances issued by other National Government Agencies and Local Government Units are required in the processing of Environment Compliance Certificate or Certificate of Non-Coverage applications.

However, findings and recommendations of the EIA are required to be given to relevant government agencies for them to integrate in their decision making prior to the issuing of clearances, permits and licenses under their mandates. The issuing of an Environment Compliance Certificate or Certificate of Non-Coverage for a project under the Environmental Impact Statement System does not exempt the proponent from securing other government permits and clearances as required by other laws.

Issues outside the Department of Environment and Natural Resources - Environmental Management Bureau mandate are considered and evaluated within the EIA review process, but resolution is the responsibility of the Government Agency or the Local

Government Unit. For example, social acceptability within the EIA process is limited to its environmental aspects, e.g. Environmental Management Bureau can advise on the magnitude of direct and indirect impacts, extent of impact areas and nature of environmental management measures needed to be considered in land use rezoning, or to assuage the people's fears and concerns on environmental pollution, health and safety. Other aspects of social acceptability shall be recognised by the Department of Environment and Natural Resources - Environmental Management Bureau as falling entirely within the Local Government Units or respective Government Agency's jurisdiction and authority. The relationship between principal Philippine Environmental Impact Statement System process and Local Government Unit law is outlined in Annex 2-10 in Department of Environment and Natural Resources - Environmental Management Bureau Administrative Order 30-2003.

## **5.6 Social Equity/Land Rights Laws/Guidelines**

In the event of road construction/maintenance activity resulting in changed land use (e.g. the potential for road widening activity in the context of Provincial Road Management Facility routine maintenance), a number of acts may apply. These are listed below as they appear in the Department of Public Works and Highways Land Acquisition, Resettlement, Rehabilitation and Indigenous Peoples Policy.

The policy to cover land acquisition, resettlement and rehabilitation of Indigenous People was originally formulated in 1999 specifically for the World Bank assisted National Road Improvement Project Phase 1. Thereafter the Land Acquisition, Resettlement and Rehabilitation Policy of 1999 was adopted with some modification to take into account the laws and policies of the ADB and JBIC. The 3<sup>rd</sup> edition of this policy is known as the Land Acquisition, Resettlement, Rehabilitation and Indigenous Peoples Policy. The policy includes the principles and objectives of the involuntary resettlement policy, the legal framework, requirement for consultation and compensation.

In the extreme case that there is the need to resettle or relocate people, Resettlement Action Plans for Structures and Land are set under the Republic Act 9874, and Republic Act 8371 - the Indigenous Peoples' Rights Act, 1997.

Republic Act 8974 is the Act to facilitate the acquisition of Right of Way, for National Government Infrastructure Projects. It requires the implementing agency to negotiate with the owner of land for its purchase based on current zonal value as determined by the Bureau of Internal Revenue. A Land Acquisition Plan and Resettlement Action Plan needs to be prepared for all projects using a standardised compensation package as defined in the Department of Public Works and Highways Infrastructure Right of Way Manual.

Republic Act 8371 sets out the rights of indigenous peoples, including the need to consult with them over matters that may affect their rights, lives or destinies and their right to self-determine their own priorities for the lands they own. Compensation must be provided for any damages caused.

Other relevant acts/guidelines include:

- Commonwealth Act 141, Section 112 or Public Land Act prescribes a 20 metre strip of land reserved by the government for public use, with damages being paid for improvements;
- Presidential Decree 635 amended Section 112 of Commonwealth Act 141 increasing the width of the reserved strip of 20 metres to 60 metres;
- Executive Order 113 (1995) and Executive Order 621 (1980) relating to Right of Way width;
- Executive Order 135; Memorandum Order 65, (1983), Republic Act 6389 – setting out compensation for land;
- National Commission on Indigenous Peoples Administrative Order No. 1 of the Free, Prior and Informed Consent Guidelines (2006); and
- ADB/World Bank Resettlement and Indigenous Peoples' Policy – relating to avoidance of the need for resettlement, consultation and compensation.

## **5.7 GoP Environmental Laws**

Presidential Decree 984, the National Pollution Control Decree, 1976 and Presidential Decree 1586, establishing an Environmental Impact Statement System in 1978 are the main pieces of environmental legislation in the Philippines. Beneath these is Department of Environment and Natural Resources Administrative Order 03-30 that sets out the Philippine Environmental Impact Statement System and a number of key laws governing management of specific aspects of the environment. The laws of relevance to Provincial Road Management Facility include the following:

- The Philippine Clean Air Act, 1999 (Republic Act 8749) – This Act promotes cooperation and self-regulation and pollution prevention as well as encouraging public participation in air quality planning and monitoring. It advances the formulation and enforcement of a system of accountability for project, program or activity impacts and converted the Environmental Management Bureau into a line bureau and also created the Environmental Management Bureau Regional Offices.
- The Clean Water Act, 2004 (Republic Act 9275) – This Act involves the prevention, control and abatement of pollution in water resources. It encourages that water quality management issues should not be separated from concerns to water sources and ecological protection, water supply, public health and quality of life. The Act thus endorsed management programs to address water pollution.
- Solid Waste Act, 2000 (Republic Act 9003) – This Act maximises the use of valuable resources and encourages resource conservation and recovery. It promotes solid waste avoidance and volume reduction. Republic Act 9003 places the primary enforcement and responsibility for solid waste management on Local Government Units, and encourages cooperation and self-regulation among waste generators.
- Noise Act, 1978 – This Act is set out in Official Gazette June 5<sup>th</sup> 1978, providing environmental quality standards for noise in general areas setting ambient noise

quality standards, as well as permissible noise levels for particular activities including construction and industrial activities amongst others.

## **5.8 World Bank Environment Requirements and Guidelines**

### **Safeguard System**

The World Bank's safeguard system, including environmental assessment, is used to integrate environmental and social concerns into development policies, programs and projects by providing minimum requirements that all Bank-supported operations meet. The safeguard policies are fundamental in meeting the three pillars of the World Bank Environment Strategy:

- Improving the quality of life
- Improving the quality of growth
- Protecting the quality of the regional and global commons

Among the ten World Bank Safeguard Policies, Environmental Assessment, a formal Bank policy since 1989, was the first process to mandate the screening of Bank-funded projects for their environmental (and to some extent social) impacts.

The Bank undertakes environmental screening of each proposed project to determine the appropriate extent and type of environmental assessment required. There are four categories of environmental assessment based on type, location, sensitivity, and scale of the project and the nature and magnitude of its potential environmental impacts.

(a) *Category A*: A proposed project is classified as Category A if it is likely to have significant adverse environmental impacts that are sensitive. These impacts may affect an area broader than the sites or facilities subject to physical works. Environmental assessment for a Category A project examines the project's potential negative and positive environmental impacts, compares them with those of feasible alternatives (including the "without project" situation), and recommends any measures needed to prevent, minimise, mitigate, or compensate for adverse impacts and improve environmental performance. For a Category A project, the borrower is responsible for preparing a report, normally an EIA (or a suitably comprehensive regional or sectoral environmental assessment).

(b) *Category B*: A proposed project is classified as Category B if it has potential adverse environmental impacts on human populations or environmentally important areas—including wetlands, forests, grasslands, and other natural habitats—are less adverse than those of Category A projects. These impacts are site-specific; few if any of them are irreversible; and in most cases mitigatory measures can be designed more readily than for Category A projects. The scope of environmental assessment for a Category B project may vary from project to project, but it is narrower than that of Category A. Like Category A, it examines the project's potential negative and positive environmental impacts and recommends any measures needed to prevent, minimise, mitigate, or compensate for adverse impacts and improve environmental performance.

(c) *Category C*: A proposed project is classified as Category C if it is likely to have minimal or no adverse environmental impacts. Beyond screening, no further environmental assessment action is required for a Category C project.

(d) *Category FI*: A proposed project is classified as Category FI if it involves investment of Bank funds through a financial intermediary, in subprojects that may result in adverse environmental impacts.

### **Environmental Assessment Sourcebook**

The Sourcebook is a reference manual which contains the information needed to manage the process of environmental assessment according to the requirements of the World Bank's Operational Directive on EA 4.01, October 1991. It sets out the safeguards system as well as environmental assessment practices to be followed.

### **Roads and Environment Handbook, 1997**

Further to the Safeguards System and the Environmental Assessment Sourcebook, sectoral guidance relating to roads is provided by the World Bank Roads and Environment Handbook, 1997. This sets out guidance relating to the World Bank environmental assessment process, as well as identifying road-specific technical and process guidance.

The World Bank sets out two key stages for undertaking environmental assessments: Screening and Scoping. The environmental review process begins with screening at the time of project identification. Scoping and preparation of the environmental assessment occurs in tandem with, or as integral part of, the pre-feasibility and feasibility studies.

**Screening** is an early planning period where general environmental impacts from alternative solutions to a road transportation problem are identified and compared, resulting in the selection of an environmentally acceptable project option. Screening refers to an early determination of the potential magnitude of impacts and hence the depth of study required. This should be the first stage in incorporating environmental considerations into a road development project. Screening should for example provide a definition of the scale and type of project; identify a “long list” of Valued Ecosystem Components in the study area.

**Scoping** occurs at the project design level, where the optimal or preferred project design is selected in terms of alignment, grade, pavement treatment, median type, etc. It is this second stage that is generally associated with the environmental assessment. Screening and scoping can be completed by undertaking the following:

1. Describing the need for a project;
2. Describing the proposed project and alternatives (solutions);
3. Identifying Valued Ecosystem Components;

4. Evaluating the potential impacts of project options on the Valued Ecosystem Components within the study area;
5. Consulting local officials on options and impacts in order to establish institutional capacity and environmental lessons learned in the study area;
6. Selecting a preferred project option (concept); and finally; and
7. Identifying the environmental assessment type to be applied to the preferred project option.

Exceptions include: projects which are clearly site-specific and that therefore require only a programmatic or class environmental assessment approach (i.e. the overarching environmental assessment has taken into consideration the likely impacts of site-specific issues already); and projects which are clearly beneficial, such as rehabilitation of eroded transportation corridors.

For maintenance and upgrade of existing infrastructure, (the scope of Provincial Road Management Facility activity) the focus should be on rehabilitating and mitigating further impacts. This includes defining the nature of the proposed work and how it would change the existing road; and in identifying which, if any, aspects of the existing facility have caused unacceptable negative impacts; analysing the combined effect of the rehabilitation action with that of the existing facility operations; and prepare an action plan for the repair of the damage done and for the prevention of any negative effects resulting from the new work. This requirement does not suggest that the state of the environment in the study area must be brought back to the pre-development state, but rather at the very least, the degradation be halted and the environment protected from significant new negative impacts.

## 5.9 ISO14001 EMS Framework

Although not a specific requirement of GoA, GoP or World Bank, the ISO14001 standard provides the basis for GoA's Environmental Management System framework. The main Environmental Management System steps as far as the International Environmental Management System standard ISO14001 is concerned are: Policy Planning, Implementation, Monitoring and Review. They include the following requirements:

**Table 3: ISO14001 EMS Structure**

EMS Element	Requirement
<b>POLICY</b>	<ul style="list-style-type: none"> <li>• Develop an environmental policy</li> </ul>
<b>PLANNING</b>	<ul style="list-style-type: none"> <li>• Conduct an environmental review</li> <li>• Identify environmental impacts</li> <li>• Identify legal responsibilities</li> <li>• Establish environmental priorities (by risk assessment)</li> <li>• Set objectives and targets</li> <li>• Develop action plans to meet objectives and targets</li> </ul>
<b>IMPLEMENT</b>	<ul style="list-style-type: none"> <li>• Clearly establish responsibilities</li> <li>• Provide for necessary: training, communication, documentation, and operational control</li> </ul>



<b>MONITOR</b>	<ul style="list-style-type: none"><li>• Provide for monitoring and corrective action</li></ul>
<b>REVIEW</b>	<ul style="list-style-type: none"><li>• Carry out an annual review process for continued improvement</li></ul>

## **6 PRMF GoA Obligations**

### **6.1 Introduction**

One of the principal goals of the Environmental Scoping Exercise is to determine the environmental obligations placed on Provincial Road Management Facility by GoA. GoA environmental obligations can be divided into two main areas:

1. Requirements contained within the GoA Environmental Management Guidelines, principally relating to the need to conduct an EIA, and whether a program-level Environmental Management System is required; and
2. Requirements under the Environment Protection and Biodiversity Conservation Act, specifically relating to the level of EIA required and whether or not a referral to the Department of the Environment, Water, Heritage and the Arts is required.

### **6.2 Discussion of PRMF Obligations under the Environmental Management Guidelines, 2003**

The Environmental Management Guidelines requires AusAID Activity Managers undertake two levels of environmental assessment to assess potential impacts associated with program activities:

- Screening via a Strategic Environmental Assessment; and
- An Initial Environmental Assessment/Environmental Trigger Assessment to determine the potential impacts based on a more detailed assessment of activities/impacts.

Both levels of assessment require assessment of activities against AusAID's five key marker questions, with the Screening level Strategic Environmental Assessment focused more on broader indirect, as well as direct impacts in order to make a decision as to whether a program should go ahead.

In theory, completion of this Screening environment assessment at the Strategic Environmental Assessment stage flags the need for the next level of environmental assessment - the Initial Environmental Assessment, and preparation of Environmental Management Program s under this level of assessment to manage those activities/impacts identified. However, it is not known whether this Screening study has been carried out. This Environmental Scoping Study constitutes the Initial Environmental Assessment process.

### **6.3 Environmental Management Guidelines Findings**

Based on the review of Key Marker Questions against Provincial Road Management Facility activities as part of the Initial Environmental Assessment, no activities fall into Response Scenario 1 or Scenario 4. This is because although road maintenance activity

on pre-existing roads is unlikely to give rise to significant impacts, it will still have impacts that require mitigation.

Virtually all activities fall into Response Scenario 3. The profile of Scenario 3 is that activities will occur in sensitive locations and have the potential to cause some impact, but not significant impact, and are part of a program that aims to have an overall positive impact (i.e. livelihood improvement) with activities that are relevant to multilateral environment agreements.

### **6.3.1 EIA Requirement**

Based on the above, the Feasibility and Design team need to undertake an EIA and include an EIA report in the Project Design Document (Facility Design Document in the case of Provincial Road Management Facility) and develop an Environmental Management Program to be included in the Facility Design Document.

The EIA should be undertaken in country by the feasibility and design team that includes members with appropriate environmental skills. The Terms of Reference for the design mission must specify the requirement to conduct an EIA, including a thorough investigation of any environmental issues identified during the initial environmental assessment.

An EIA should involve all relevant stakeholders including the affected community and partner government, the national environment agency and/or the local environment agency. The participation of communities that will be affected by a proposed development activity is an important part of an EIA. It is especially important in the case of activities involving the management of natural resources, and is most effective if initiated early in activity preparation.

Inherent in the EIA is the requirement that partner governments environmental legislation, regulations, standards and/or policies are complied with.

The EIA methodology should be applied to both the Strategic Environmental Assessment and Initial Environmental Assessment levels of environmental assessment to ensure that the direct and indirect impacts associated with a program's activities have been assessed. Following the EIA, an Environmental Management Program is prepared to mitigate the impacts identified. This includes addressing the information requirements to be able to assess and manage the impacts.

Environmental Management Programs are the key vehicle for ensuring that potential environmental impacts are managed during implementation to avoid or minimise negative impacts and maximise positive impacts. An Environmental Management Program addresses the potential environmental impacts of an activity identified during EIA and describes actions for managing (i.e. avoiding or mitigating) each identified impact and

who is responsible for carrying out those actions. As with an EIA, an Environmental Management Program should be developed with all relevant stakeholders involved.

An Environmental Management Program must also describe how its implementation and effectiveness will be monitored and reported. This is to ensure that the impacts are properly managed to enable early detection and response to any unexpected environmental impacts or emergencies.

To facilitate monitoring and reporting, an Environmental Management Program should include appropriate indicators of effective environmental management. The indicators used in the Environmental Management Program should be included in the activity's Monitoring and Evaluation plan, and could be included as quality indicators in its logframe.

An Environmental Management Program can be documented in a separate section in or as an annex to the Facility Design Document, but it is most effective when integrated with the activity's overall key management systems, including the logframe, risk management framework, and Monitoring and Evaluation plan. Environmental Management Program requirements must also be included in the Scope of Services of the contract to be tendered.

A combined EIA/Environmental Management Program table (Annex 1) should form the basis of both the Environmental Management Program, and EIA required by AusAID Environmental Management Guidelines, 2003. However, a broader level of Strategic Environmental Assessment should be undertaken (refer Section 9 on how the GoA EIA process and GoP EIA process are harmonised).

### **6.3.2 Program-level EMS Requirement**

Further to the findings above, the AusAID Environmental Management Guidelines places additional requirements on Program Managers where the specifics of program activities, sub-activities or parts of these remain undefined until implementation. In this case the Facility Design Document must include a requirement for a program-level Environmental Management System for managing these 'flexible' activities.

Based on the desktop review of Provincial Road Management Facility activities to date, although the scope of most Provincial Road Management Facility activities can be anticipated, it is likely that Provincial Road Management Facility falls into the category of requiring a program-level Environmental Management System to cater for those 'flexible' program activities that may occur.

The requirements of the AusAID program-level Environmental Management System are not onerous and provide a good procedural framework for setting out how the program assesses and manages the potential environmental impacts associated with it.

## 6.4 Discussion of EPBC Act, 1999 Obligations

Environmental significance has a specific meaning under the Environment Protection and Biodiversity Conservation Act, 1999 ('the Act'). Under the Act, together with AusAID's record of understanding with Environment Australia, AusAID is required to take action with respect to all potential negative environmental impacts. In this respect, significant environmental impacts are negative impacts that are inherent in an activity irrespective of any positive impacts the activity may have or any proposed environmental management or mitigation measures. If AusAID's environment staff determine that an activity is likely to have significant negative environmental impacts, that activity must be referred to the Minister for the Environment and Heritage for formal advice.

Referral should occur as early as possible in the activity cycle, and before completion of the final draft design document, so that ideally the referral process can run in parallel with activity preparation. If it is determined that a subactivity of a flexible activity has potential significant negative environmental impacts, that subactivity is also subject to the referral process.

For the purposes of the Environment Protection and Biodiversity Conservation Act, and in the special case of the Australian aid program, the Minister for the Environment and Heritage has agreed that a 'significant environmental impact' refers only to a significant negative environmental impact. This means that in determining whether it is necessary to refer an activity, negative environmental impacts must be considered in isolation from any net or overall benefit of the activity.

This is determined by applying the GoA Environmental Marker Questions again. If any potential environmental impacts are identified, irrespective of the type of impact, the answer to question 2 is 'Yes'. Environmental impacts can be direct or indirect, and positive or negative, and include cumulative impacts.

Referral to the Minister is only required if the project/activity has resulted in affirmative 'Yes' responses to questions 1, 2 & 5. A referral involves approaching the Minister for the Environment and Heritage, involving the Activity Manager, seeking advice from AusAID's Environment Adviser or other environmental expert, and ensures AusAID's Environment Protection and Biodiversity Conservation Act referrals information form is completed.

## 6.5 Referral Decision

A review of Provincial Road Management Facility activities against the Key Environmental Marker Questions reveals that Provincial Road Management Facility does not result in an affirmative response to all the questions. This is because Provincial Road Management Facility activity is not necessarily undertaken in an environmentally sensitive location (EMQ1); and because the impacts are not likely to be of major significance (EMQ5) given that all Provincial Road Management Facility activity is related to maintenance of existing road infrastructure. Direct impacts in particular are

related to construction-related activities that are unlikely to be major. Indirect impacts might be more significant in the long-term, however, appropriate screening and scoping of roads that Southern Philippines Road Management Program is considering supporting should safeguard against the more major indirect impacts being felt.

Based on preliminary findings and an interpretation of Provincial Road Management Facility's maintenance activities against applicable GoP legislation (Annex 2-1b of GoP Department of Environment and Natural Resources – Environmental Management Bureau Administrative Order 03-30), the Provincial Road Management Facility activity is deemed to be subject only to a relatively low level of environmental assessment involving an Initial Environment Examination and the issuing of an Environmental Compliance Certificate or potentially even a Certificate of Non-Coverage for minor works to situated within an Environmentally Critical Areas (refer Chapter 7). This level of reporting and assessment is required only if the activity is located within an Environmentally Critical Areas and is subject to interpretation. Road maintenance activities are not specifically listed, however road, construction and road widening are specifically listed and it is under this category that the Provincial Road Management Facility activity would be assumed to be included under.

In summary, a referral to the Minister is not deemed necessary for Provincial Road Management Facility activities based on the following key assumptions:

- Impacts are not likely to be of major significance when scored against the Key Environmental Marker Questions;
- A review of Provincial Road Management Facility activity against GoP legislation reveals that Provincial Road Management Facility activities are likely to be subject only to a relatively low level of environmental assessment: An Initial Environmental Examination; and
- The kinds of issues associated with road maintenance work (refer Section 5) are such that environmental impacts are not likely to be deemed significant under the Environment Protection and Biodiversity Conservation Act such that normal GoA procedures for environmental mitigation and management cannot manage them.

## 7 PRMF GoP Obligations

This section sets out the main environmental assessment requirements placed upon Provincial Road Management Facility by GoP Philippine Environmental Impact Statement System, and applicable social/environmental laws.

This section does not set out the detailed application process, procedural steps or responsible persons required to secure environmental approval via an Environmental Compliance Certificate under Philippine Environmental Impact Statement System. (The procedural steps are set out in Annex 5, with conclusions on how to carry out the process provided in Section 10 – Conclusions, and Section 11 – Recommendations where they will form part of the Terms of Reference for the Managing Contractor).

### 7.1 Philippine Environmental Impact Statement System Process for PRMF

Major roads and bridges are determined to be Environmentally Critical Projects that require an Environmental Impact Statement under the Philippine Environmental Impact Statement System. Road maintenance activity is not specifically listed. Road construction and road widening are set out and it is under this category that Provincial Road Management Facility maintenance activity falls, following an interpretation of Provincial Road Management Facility's proposed activities against Annex 2-1b of Department of Environment and Natural Resources – Environmental Management Bureau Administrative Order 03-30 and discussions with senior Department of Environment and Natural Resources, and Department of Public Works and Highways personnel. Based on this, road maintenance activity is subject only to an Initial Environmental Examination.

As Provincial Road Management Facility will not involve the construction of new roads, a Certificate of Non-Coverage could have potentially been sought from Department of Environment and Natural Resources - Environmental Management Bureau for minor maintenance works if these were not undertaken within an Environmentally Critical Areas. However, Department of Environment and Natural Resources representatives<sup>2</sup> recommended that an Environmental Compliance Certificate should be sought, particularly as an Environmental Management Program is required to be produced for both anyway. The Environmental Compliance Certificate is more thorough, preferred by Department of Environment and Natural Resources, results in little additional effort on the part of Provincial Road Management Facility and provides sign-off for a broader range of activities.

For Initial Environmental Examination reporting, Provincial Road Management Facility may opt to request Department of Environment and Natural Resources - Environmental Management Bureau to scope the Initial Environmental Examination Report. In the

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<sup>2</sup> Meeting on 20<sup>th</sup> May with Cesar Siador Department of Environment and Natural Resources

scoping meeting, the proponent and Environmental Management Bureau jointly fill out the Scoping Checklist using Department of Environment and Natural Resources – Environmental Management Bureau Administrative Order 03-30 ANNEX 2-7a Scoping and Procedural Screening Checklist for Environmental Impact Statement. The completed form can then be signed by both parties to serve as the official Terms of Reference.

The Initial Environmental Examination report template is set out in Department of Environment and Natural Resources – Environmental Management Bureau Administrative Order 03-30 ANNEX 2-15 Initial Environmental Examination Report Outline, (refer Annex 3) with Department of Environment and Natural Resources – Environmental Management Bureau Administrative Order 03-30 Annexes 2-17 and 2-20 provide templates for the Impacts Management Plan and Environmental Monitoring Plan.

Proponents are primarily responsible for monitoring their projects and submitting periodic self-monitoring reports. Although not a legal requirement, the monitoring by a Multi-partite Monitoring Team was recommended by Department of Environment and Natural Resources and other stakeholders (including Local Government Units) following meetings conducted as part of this environmental scoping exercise.

Given the goal of Provincial Road Management Facility is to capacity build, Multi-partite Monitoring Team's have the advantage of providing a mechanism for encouraging public participation, promote greater stakeholder involvement, as well as providing appropriate check and balance mechanisms in the monitoring of project implementation. They also provide a useful mechanism for ensuring that appropriate consultation has occurred and that indirect environmental/social considerations have been captured.

An Environmental Monitoring Fund to support activities of the Multi-partite Monitoring Team, and an Environmental Guarantee Fund to answer for damages to life, health, property and the environment, may also need to be established. The Environmental Monitoring Fund is a fund that a proponent establishes in support of the activities of the Multi-partite Monitoring Team. Guidelines exist for Environmental Monitoring Fund administration and management (Annex 3-5 of Department of Environment and Natural Resources – Environmental Management Bureau Administrative Order 03-30).

An Environmental Guarantee Fund is required to be established for all co-located or single projects that have been determined by Department of Environment and Natural Resources to pose a significant public risk or where the project requires rehabilitation or restoration. An Environmental Guarantee Fund is unlikely to be required for Provincial Road Management Facility. Establishing this should form part of the managing contractor's role.

As previously detailed, the project will be obliged to obtain an Environmental Compliance Certificate.



## **7.2 Philippine Environmental Impact Statement System and Local Government/other Environmental Laws**

The Local Government Code, 1991 (Republic Act 7160) recognises the importance of Local Government Units in the effective delivery of Philippines environmental management functions under GoP Philippine Environmental Impact Statement System. As such, Local Government Units need to incorporate the conditions of Environmental Compliance Certificate into their decision making processes, as well as requiring the issue of an Environmental Compliance Certificate prior to their issuing Local Government Unit permits, licenses and resolutions.

The Philippine Environmental Impact Statement System is supplementary and complementary to other existing environmental laws. As early as the project's Feasibility Study stage, the EIA process identifies the likely issues or impacts that may be covered later by regional environmental permits and other regulatory bodies' permitting requirements. In the first instance, Provincial Road Management Facility will need to consider applicable local government regulations and guidelines of the target provinces at the scoping stage of the Initial Environmental Examination process:

- Agusan del Sur
- Bohol
- Bukidnon
- Guimaras
- Misamis Occidental
- Surigao del Norte

Following the preparation of a Programmatic Initial Environmental Examination (that looks at broad program-wide issues associated with road maintenance activity), it is anticipated that the laws and regulations of the local governments will be incorporated into Environmental Management Programs produced at a provincial level.

## **7.3 Social Equity/Land Rights Laws/Guidelines**

Road maintenance activity resulting in changed land use is unlikely under Provincial Road Management Facility given the nature of proposed program activity. In the event that Provincial Road Management Facility becomes involved in road widening activity, or quarrying for repair work that resulted in a significant changed land use, laws and guidance under Department of Public Works and Highways policies such as Land Acquisition, Resettlement, Rehabilitation and Indigenous Peoples Policy and Republic Act 8974 regarding acquisition of Right of Way, could be applied to Provincial Road Management Facility Provincial roads (Refer Section 5). These would be incorporated into the scope of the Initial Environmental Examination and Environmental Management Program produced.

## **7.4 Environmental Pollution Laws**

The environmental laws of relevance to Provincial Road Management Facility include:

- The Clean Air Act, 1999 (Republic Act 8749)
- The Clean Water Act, 2004 (Republic Act 9275)
- The Solid Waste Act, 2000 (Republic Act 9003)
- The Noise Act, 1978.

These Acts contain prescriptive requirements that need to be referenced in the Initial Environmental Examination during the Philippine Environmental Impact Statement System process. This includes taking their specific requirements into account when managing individual issues, via the Programmatic Initial Environmental Examination and more site specific Environmental Management Program process to ensure all site-specific direct and indirect impacts are being managed.

## **7.5 Technical Guidance on Roads and the Environment**

GoP technical guidelines on road maintenance, include those prepared by Department of the Interior and Local Government and Department of Public Works and Highways' Social and Environmental management System Operations Manual that sets out how monitoring of water, air and noise emissions should be conducted.

These guidelines should be used where possible, with World Bank technical guidance contained in the Roads and Environment Handbook being used to supplement these where required.

## 8 SPRMP and World Bank Obligations/Processes

Unlike Sections 6 & 7 that relate only to the Provincial Road Management Facility activities, this section covers the World Bank environmental guidance applied to both the co-financed activities (National Road Improvement and Management Program Phase 2 and Mindanao Rural Development Project Phase 2), and the World Bank technical guidance application to Provincial Road Management Facility. The World Bank environmental assessment guidance has been reviewed from two aspects:

- Whether World Bank environmental assessment processes that occurred as part of the National Road Improvement and Management Program Phase 2 and Mindanao Rural Development Project Phase 2 programs satisfy AusAID's environmental assessment/EIA practices; and
- Whether World Bank technical guidance is useful in providing guidance to underpin the Provincial Road Management Facility activity.

A review of how well the World Bank environmental assessment processes applied to Mindanao Rural Development Project Phase 2 and National Road Improvement and Management Program Phase 2, to satisfy the requirements of AusAID, has been summarised in Table 4. Comments in the last column 'equivalency' highlight any areas where there is a difference in approach. Conclusions are made in the findings section, outlining any areas where such differences might result in a potential risk for AusAID based on the adequacy of environmental assessment undertaken.

### 8.1 Background to World Bank Co-financed Programs

**MRDP2** aims to improve productivity, household incomes, food security, conservation of marine resources and access to viable livelihood opportunities in targeted communities in Mindanao. This will be done through institutionalising re-structured systems for agriculture and fisheries services delivery in targeted Local Government Units and communities, and in improving public participation, transparency and accountability in the design and implementation of program interventions.

To give effect to this, the project will support rehabilitation and, to a limited extent, construction of demand-driven rural infrastructure such as farm-to-market roads, bridges, communal irrigation systems and water supply systems. It will also support community-based natural resource management (coastal resource management and agro-forestry), taking off from Mindanao Rural Development Project Phase 1 biodiversity conservation activities. This will complement other Mindanao Rural Development Project Phase 2 initiatives to ensure that productivity increases will not result in the degradation of the natural resource base, and therefore, lead to unsustainable increases in farmers/ fishers' incomes. World Bank reported that lessons learned from Mindanao Rural Development Project Phase 1 indicated that environmental and social impacts of these interventions, particularly rural infrastructure, are short-term and reversible if managed properly, with Mindanao Rural Development Project Phase 1 environmental guidelines and procedures adequately ensuring impacts were addressed.

**NRIMP2** is a 3-phase program designed to reform the sector structure to improve overall service delivery and effectiveness, and to improve the road network. National Road Improvement and Management Program Phase 2 builds on Phase 1 outcomes by enabling the Department to institutionalise the new processes set up in National Road Improvement and Management Program Phase 1 across all offices of the agency, to modernise the corporate structure and processes while reconsidering the direction of road management reforms, and to expand the road asset preservation and improvement programs.

## **8.2 Overview of World Bank Environmental Assessment/EIA Process**

World Bank has developed extensive procedural and technical guidance for assessing and managing the environmental impacts of projects it supports. Co-financed programs such as National Road Improvement and Management Program Phase 2 and Mindanao Rural Development Project Phase 2 were subject to this environmental assessment. The three main sources of guidance of relevance to both Southern Philippines Road Management Program co-financed projects and Provincial Road Management Facility (as set out in Section 5.8) are as follows:

- The World Bank Safeguards system. This includes Environmental Assessment, as well as receptor based guidance on aspects including Forest Management, Pest Management etc;
- The Environmental Assessment Sourcebook reference manual that contains information on how to manage the environmental assessment process; and
- The World Bank Roads and Environment Handbook, 1997 that contains both process and technical guidance on roads and the environment.

### **8.2.1 EA and Program Roll-out**

Consistent across all of these guidance sources are the fact that World Bank recognises two key stages for undertaking environmental assessments: The Early Planning and Project Design periods. These are further divided into the stages set out in the table below.

**Table 4: Review of World Bank Environmental Assessment Process meeting AusAID requirements**

Phase	Stages	EA Activity	Involvement in addition to EA team
<b>EARLY PLANNING</b>	<b>Concept</b>	<b>Screening</b>	<a href="#">Proponent</a>
	<b>Pre-feasibility</b>	<a href="#">Scoping</a>	<a href="#">Key regulatory</a>
<b>PROJECT DESIGN</b>	<i>Feasibility</i>	<a href="#">Consultation</a>	<a href="#">Other government agencies</a>
	<i>Engineering design</i>	<i>Determining baseline conditions</i>	Non Government Organisations
	<i>Construction</i>	<i>Selection of preferred solution</i>	<a href="#">Research Groups</a>
	<i>Operation &amp; maintenance</i>	<i>Assessment of alternative designs/methods</i>	<a href="#">Public/community organisations</a>
		<i>Development of Environmental Management Programs</i>	<a href="#">Advisory experts</a>
		<i>Effects and compliance monitoring</i>	
		<i>Evaluation</i>	
		<a href="#">Reporting</a>	

**KEY****Bold Red** – Applies to Early Planning Phase onlyUnderlined Blue – Applies to both Early Planning & Design Phases*Italicised Black* – Applies to Project Design Phase only

The Early Planning Period is divided into Screening and Scoping sub-phases. **Screening** is undertaken at the early planning stage where general environmental impacts from alternative solutions to a road transportation problem are identified and compared, resulting in the selection of- an environmentally acceptable project option.

**Scoping** also occurs at the project design level, in the context of choosing the optimal or preferred project design in terms of alignment, grade, pavement treatment, median type, etc. It is this second stage that is generally associated with the EA.

**8.2.2 EA Process**

The scope and extent of environmental assessment required by the World Bank system is set out in the World Bank's Safeguard OP.4.01 Environmental Assessment (Refer Section 5.8).

Furthermore World Bank sectoral guidance relating to roads and environment sets out two main levels of environmental assessment required under World Bank guidance for road maintenance and minor rural infrastructure works. They are as follows:

**First Level:** Application of World Bank environmental guidelines for design and environmental rules for contractors.

**Second Level:** Application of environmental guidelines and rules for contractors; additional screening may be necessary; limited environmental analysis for specific issues is usually necessary; a resettlement framework/ strategy to deal with minor resettlement is needed. Institutional capacity for environmental management may need to be created or strengthened.

The level of assessment required is determined by the extent of road maintenance work intended. World Bank definitions for road maintenance through to the upgrading activity are set out in the table below in increasing order of potential environmental significance.

**Table 5: World Bank definitions**

Activity	Definition
1. Maintenance	Routine or periodic works to maintain the road in working conditions. All of the work is done on the existing platform. <ul style="list-style-type: none"> <li>• routine works, patching potholes, clearing drains; or</li> <li>• periodic works such as resurfacing, line marking, bridge maintenance.</li> </ul>
2. Rehabilitation	Bringing existing deteriorated roads to previous/original conditions. All of the work is done on the existing platform/ right of way. No additional land acquisition is needed. <ul style="list-style-type: none"> <li>• improving drainage/slopes/embankments/other structures</li> <li>• strengthening pavements</li> <li>• complete resurfacing</li> <li>• recuperating civil works</li> </ul>
3. Improvements	Improving road specifications. Most of the work is done on the existing platform or right of way. Additional land acquisition may be needed. <ul style="list-style-type: none"> <li>• widening lanes and shoulders</li> <li>• adding extra lanes in steep inclines</li> <li>• improving curves</li> <li>• strengthening bridges</li> </ul>
4. Upgrading	Changing road category (e.g. seasonal to all-weather, secondary to primary, or from gravel to paved). Land acquisition is needed in most cases. <ul style="list-style-type: none"> <li>• adding new lanes (2 to 4, 4 to 6, etc.)</li> <li>• changing road surface (such as from gravel to paved)</li> <li>• widening intersections</li> </ul>

Potential road maintenance/upgrade activity falls within the first and second level of the World Bank's EIA assessment process based on sectoral guidance on roads, unless activities are proposed in highly sensitive receiving environments, or are level 4 activities involving 'Upgrading' activity (level 4 'Upgrading' is not likely in the case of Provincial Road Management Facility but is applicable for National Road Improvement and Management Program Phase 2 and potentially the Mindanao Rural Development Project Phase 2 activity).

### 8.3 World Bank Assessment Results for NRIMP2 & MRDP2

**NRIMP2** was classified as a Category B project under World Bank's OP.4.01 Environmental Assessment, because the impacts caused by road works were deemed to be manageable. A programmatic approach was deemed appropriate, and a Social Environmental Management System, defining the roles, procedures, evaluation criteria and screening processes, (signed originally by Department of Public Works and Highways and Department of Environment and Natural Resources for National Road Improvement and Management Program Phase 1) was updated for National Road Improvement and Management Program Phase 2. The Social Environmental Management System is consistent with the criteria and procedures in the World Bank's OP/BP 4.01, including the provisions applicable to bank sector loans. Department of Public Works and Highways authorised the methods and processes defined within the Social Environmental Management System to be applied to all sub-projects under NRIMP- 2. The Social Environmental Management System and Land Acquisition, Resettlement, Rehabilitation and Indigenous Peoples Policy were disclosed locally and in the World Bank Infoshop initially in May 2006 and in final form on 19 February 2007.

**Table 6: World Bank Safeguard Policies**

<b>Safeguard Policies Triggered by the Project</b>	<b>Yes</b>	<b>No</b>
Environmental Assessment (OP/BP 4.01)	[x]	[ ]
Natural Habitats (OP/BP 4.04)	[ ]	[x]
Pest Management (OP 4.09)	[ ]	[x]
Cultural Property (OPN 11.03, being revised as OP 4.11)	[ ]	[x]
Involuntary Resettlement (OP/BP 4.12)	[x]	[ ]
Indigenous Peoples (OP/BP 4.10)	[x]	[ ]
Forests (OP/BP 4.36)	[ ]	[x]
Safety of Dams (OP/BP 4.37)	[ ]	[x]
Projects in Disputed Areas (OP/BP 7.60)	[ ]	[x]
Projects on International Waterways (OP/BP 7.50)	[ ]	[x]

The Social Environmental Management System Operational Manual requires that an Initial Environmental Examination be carried out for all sub-projects. For all construction related activity involving expansion of the road platform, the Department of Public Works and Highways prepared a Land Acquisition, Resettlement, Rehabilitation and Indigenous Peoples Policy framework, which is consistent with World Bank Operational Policy 4.12 Involuntary Resettlement and WB Operational Policy 4.10 Indigenous Peoples.

#### **MRDP2 Mindanao Rural Development Program**

An environmental assessment of Mindanao Rural Development Project Phase 2 was conducted in 2005 to determine the potential environmental impacts of the program in

Mindanao. The assessment was carried out simultaneously with the preparation of the Feasibility Study of the program. At the time, the Mindanao Rural Development Project Phase 2 subprojects had not been designed and specific locations had not been identified, so the method of assessment applied was the Regional Environmental Assessment. The Regional Environmental Assessment was developed by the World Bank for the environmental assessment of policies, programs, and plans in such instances where the specific location and design was not yet determined. It allows for a comprehensive assessment of environmental issues and impacts and how impacts may cumulatively affect the ecology and human living conditions within given area or region.

The assessment concluded that the implementation of Mindanao Rural Development Project Phase 2 types of subprojects would not cause significant environmental impacts. The scale of planned subprojects on infrastructure and community livelihood, including those under the category of alternative income generating activities, were deemed to be relatively small, and largely rehabilitation/enhancement of existing ones.

Small scale activities supported by Mindanao Rural Development Project Phase 2 with the potential to cause some limited localised environmental impact included farming of hilly lands use of pesticides, burning of rice straw in fields, and discharge of effluents from food processing plants. While these activities associated with small scale subprojects were deemed to have only negligible adverse environmental impact, their cumulative impact could have become significant. As such, certain conditions were placed upon such activities so that a significant cumulative impact did not result.

The Regional Environmental Assessment framework included scoping; policy, legal and administrative framework; baseline conditions; program description; impact assessment; analysis of alternatives; and Environmental Management Program.

Scoping defined issues and concerns within a spatial boundary called a "region" where development planning was to take place. Regions were composed of one or more municipalities or provinces. The main elements of the Regional Environmental Assessment include:

1. The policy, legal and administrative element taking into account national policies, legal, and institutional framework likely to influence environmental management in the region.
2. The baseline conditions describing and assessing the biophysical and socioeconomic conditions in the region.
3. Program description describing the development program concept, objectives, and components.
4. Impact assessment to identify the potential impacts of the planned interventions on the biophysical and socioeconomic environment.
5. Analysis of alternatives takes into consideration other feasible approaches, locations, designs, and the "no action" option.



6. The Environmental Management Program describes mitigating measures, monitoring plan, and institutional arrangements.

#### **8.4 Comparison of World Bank and AusAID Processes**

An overview of the principal AusAID requirements and World Bank processes has been set out in the table below. This has been reviewed in order to determine whether significant issues exist between the World Bank environmental assessment process applied to the National Road Improvement and Management Program Phase 2 and Mindanao Rural Development Project Phase 2, versus the assessment requirements of AusAID as the co-financing agency.

**Table 7: Overview of GoA EIA and World Bank EA processes for equivalency**

<b>PRINCIPAL ELEMENTS OF AUSAID ENVIRONMENTAL ASSESSMENT PROCESS</b>	<b>PRINCIPAL ELEMENTS OF WORLD BANK ENVIRONMENTAL ASSESSMENT PROCESS</b>	<b>FINDINGS/WORLD BANK EQUIVALENCE</b>
<p><b>STRATEGIC ENVIRONMENTAL ASSESSMENT</b></p> <p>An Strategic Environmental Assessment is used when program areas are formulating country strategies and must be undertaken as early as possible in the formulation process. It looks at broad environmental issues to identify environment–poverty links at the regional, country or program level.</p>	<p><b>EARLY PLANNING PERIOD</b></p> <p>This phase involves Screening and Scoping. Screening is an early determination of the potential magnitude of impacts and hence the depth of study required. Scoping is a process used for defining what can and what cannot be accomplished during a particular environmental study. Screening and scoping involve undertaking the following tasks:</p> <p>As Mindanao Rural Development Project Phase 2 and National Road Improvement and Management Program Phase 2 are second phases of existing programs, much of the screening and scoping exercises had already been carried out in accordance with World Bank guidance at the NRIMP1 and MRDP1 phases. Environmental assessments therefore related more to Project Design Level</p>	<p>Both the AusAID Strategic Environmental Assessment and Screening and Scoping exercises are similar in intent in that both place the onus on not giving rise to unsustainable activities via consideration of strategic indirect issues related to land use planning.</p>
<p><b>INITIAL ENVIRONMENTAL ASSESSMENT</b></p> <p>All proposed aid activities are screened to identify environmental issues and impacts. This initial environmental assessment is fundamental to ensuring that AusAID can comply with the Environment Protection and Biodiversity Conservation Act. In the event that a program’s activities have the potential to have a significant negative environmental impact, a referral to the Minister of Environment is required.</p> <p>This phase occurs during activity identification and initial assessment and no later than the preliminary stage of activity preparation. It involves answering environmental marker questions and, based on</p>	<p><b>PROJECT DESIGN LEVEL</b></p> <p>This is where the optimal or preferred project design is selected in terms of alignment, grade, pavement treatment, median type, etc. It is this second stage that is generally associated with the environmental assessment (processes being set out in World Bank OP.4.01.)</p> <p>A project-specific, regional or sectoral environmental assessment, are applied to road based programs (Road and Environment Handbook).</p> <p>REA was applied to Mindanao Rural Development Project Phase 2. Since Mindanao Rural Development</p>	<p>The referral process using Environmental Marker questions, decision criteria for an EIA and need for a program-level Environmental Management System are specific AusAID requirements.</p> <p>Although World Bank’s processes differ to those required by AusAID in the above respects, the scope and rigour of the World Bank Regional Environmental Assessment and programmatic EA are felt to satisfy the scope and intent of AusAID’s Initial Environmental Assessment process.</p> <p>Furthermore, monitoring mechanisms and technical</p>

PRINCIPAL ELEMENTS OF AUSAID ENVIRONMENTAL ASSESSMENT PROCESS	PRINCIPAL ELEMENTS OF WORLD BANK ENVIRONMENTAL ASSESSMENT PROCESS	FINDINGS/WORLD BANK EQUIVALENCE
answers, taking further action.	<p>Project Phase 2 subprojects had not at that stage been designed and specific locations had not been identified.</p> <p>National Road Improvement and Management Program Phase 2 was classified as a Category B project under World Bank's OP.4.01 Environmental Assessment, because the impacts caused by road works were deemed to be manageable. A programmatic approach was deemed appropriate, and a Social Environmental Management System, defining the roles, procedures, evaluation.</p>	guidance underpinning Environmental Management Programs required under both the Regional Environmental Assessment and programmatic environmental assessment are felt to be consistent with the AusAID Environmental Management Program requirement.
<p><b>ENVIRONMENTAL IMPACT ASSESSMENT</b></p> <p>The EIA process identifies, predicts and evaluates foreseeable environmental impacts. EIA should include a thorough investigation of any environmental issues identified during the initial environmental assessment. An EIA should involve all relevant stakeholders EIA results should be incorporated into the Project Design Document, either in the problem analysis or setting sections, or as a separate annex. This is required for National Road Improvement and Management Program Phase 2 and Mindanao Rural Development Project Phase 2 under GoA guidance as activities have the potential to cause impacts on the environment based on application of the Environmental Marker Questions.</p>	<p>National Road Improvement and Management Program Phase 2 was classified as a Category B project under World Bank OP.4.01 Environmental Assessment guidance, because the environmental impacts were deemed to be manageable. This however required application of the World Bank EA Safeguard, In addition a Social Environmental Management System, defining the roles, procedures, evaluation criteria and screening processes, was signed by Department of Public Works and Highways via Memorandum of Agreement to ensure ongoing monitoring.</p> <p>In the case of Mindanao Rural Development Project Phase 2 the environmental assessment was conducted in parallel with the Feasibility Study and consistent with AusAID considerations with conditions being placed on the program to ensure specific activities that could cumulatively give rise to environmental impacts would not be supported. Department of Environment</p>	<p>National Road Improvement and Management Program Phase 2 deemed that only the environmental assessment; Involuntary Resettlement and Indigenous Peoples Safeguards were applicable. This caused concern to AusAID's environment adviser based on the scope of issues being considered. The fact that specific receptor based Safeguards were not applied does not however alter the fact that the environmental assessment safeguard is very broad in scope (applied to both Mindanao Rural Development Project Phase 2 and National Road Improvement and Management Program Phase 2) and it considers all aspects of the environment that might be impacted on by the program.</p> <p>Social Environmental Management System was furthermore applied to manage activities on an ongoing basis for National Road Improvement and Management Program Phase 2. This brings additional rigour in the form of GoP oversight via Department of</p>

PRINCIPAL ELEMENTS OF AUSAID ENVIRONMENTAL ASSESSMENT PROCESS	PRINCIPAL ELEMENTS OF WORLD BANK ENVIRONMENTAL ASSESSMENT PROCESS	FINDINGS/WORLD BANK EQUIVALENCE
	and Natural Resources is furthermore Natural Resource Manager Technical Adviser to the program providing technical assistance to Local Government Units in assessing and managing the environment.	Public Works and Highways. The scope of the environmental assessments applied here are therefore not likely to give rise to significant issues for AusAID.
<b>ENVIRONMENTAL MANAGEMENT PROGRAMS</b>	World Bank: technical guidance in the Road and Environment Handbook and Annex C Operational Policy 4.01 of Environmental Assessment requires Environmental Management Programs be prepared. Furthermore, in the case of National Road Improvement and Management Program Phase 2 such Environmental Management Programs require consideration of issues in accordance with the Social Environmental Management System set out by Department of Public Works and Highways as part of the Memorandum of Agreement with World Bank.	Both sets of guidance require preparation of Environmental Management Programs. The World Bank Environmental Assessment Safeguard requires consideration of a broad scope of issues even though the receptor-specific safeguards are not exhaustive and those present were not applied. Social Environmental Management System guidance also further reinforces that the full scope and intent of AusAID Environmental Management Program requirement are met.
<b>PROGRAM LEVEL EMS</b> Where sub activities are not all identified or parts of the activities remain undefined until implementation, these are termed ‘flexible’ activities, requiring a Program-level Environmental Management System be developed. This is specific to GoA guidance and requires Monitoring and Evaluation, capacity building, lessons learnt and executive review functions to be built in to programs.	GoP/World Bank has no requirement for an Environmental Management System under either the Environmental Assessment Safeguard, Roads and Environment Handbook or Environmental Sourcebook. World Bank guidance does however require ongoing monitoring, setting out responsibilities, consultation and most of the other component parts of an Environmental Management System without specifying it specifically.	The Program-level Environmental Management System is a specific requirement of AusAID not required by World Bank. However its intent is satisfied by monitoring mechanisms and technical guidance underpinning the World Bank system under both Regional Environmental Assessment and Programmatic environmental assessment processes. The only notable exception is the requirement to carry out a periodic review. These requirements are however effectively performed by monitoring and audit roles.

## 8.5 World Bank EA Equivalency

There are differences in approach between the AusAID and World Bank systems of environmental assessment. The key issue is deciding whether these differences represent a significant issue for AusAID in terms of the adequacy of environmental assessment undertaken for co-financed programs National Road Improvement and Management Program Phase 2 and Mindanao Rural Development Project Phase 2.

Such differences in approach resulted in AusAID's Environment Adviser flagging a concern about whether World Bank's Environmental Safeguards applied to National Road Improvement and Management Program Phase 2 were adequate to satisfy AusAID's environmental assessment needs, principally in terms of the scope of issues requiring consideration under the Environment Protection and Biodiversity Conservation Act (e.g. impacts on soils, water etc). By definition this also asked questions about the adequacy of the World Bank's environmental assessment of Mindanao Rural Development Project Phase 2.

The World Bank has ten Environmental Safeguards. A number of these are process based (e.g. The Environmental Assessment Safeguard), whereas others are receptor-based (Forest Management, Pest Management, Natural Habitat Management etc). For National Road Improvement and Management Program Phase 2 World Bank undertook a programmatic environmental assessment, deciding that only the Environmental Assessment, Indigenous Peoples and Involuntary Resettlement Safeguards be applied. This resulted in the AusAID Environment Adviser flagging two potential issues:

1. Is the full range of World Bank Environmental Safeguards sufficient to cover the breadth of environmental issues AusAID requires consideration of; and
2. Why were seemingly relevant receptor-based Safeguards not applied in the case of National Road Improvement and Management Program Phase 2?

Firstly World Bank's ten Environmental Safeguards have developed over time, such that overlap exists between the process-based Environment Assessment Safeguard and the receptor-specific guidance. This means that even with just the selection of the Environmental Assessment Safeguard, the scope of issues requiring consideration (and available technical guidance to underpin it via sources such as the Roads and Environment Handbook) is very broad.

Secondly, even though the Environmental Safeguard is the only purely environmental safeguard used for National Road Improvement and Management Program Phase 2 it does not preclude other activity specific guidance being referenced. This includes the World Bank's Roads and Environment Handbook and the Environment Sourcebook. Both of these contain exhaustive guidance on the method for conducting environmental assessments and require a broad scope of issues be considered. In addition all of these World Bank guidance documents also require that GoP law and guidance is taken into account. In the case of National Road Improvement and Management Program Phase 2, this means that the Social Environmental Management System guidance document be

followed. Social Environmental Management System contains exhaustive detail on the type of baseline data required, including soil and water quality data, plus how to carry out such monitoring, ensuring that these issues are not left out. Furthermore the GoP Philippine Environmental Impact Statement System process is also broad in scope and quite thorough.

The same can be said of World Bank's processes applied to Mindanao Rural Development Project Phase 2, although the scope of program activities is different to that of National Road Improvement and Management Program Phase 2. Mindanao Rural Development Project Phase 2 involved applying a Regional Environmental Assessment framework that was again broad in scope, including scoping; policy, legal and administrative framework; baseline conditions; program description; impact assessment; analysis of alternatives; and environmental management plan. The Mindanao Rural Development Project Phase 2 Regional Environmental Assessment also contained specific conditions ensuring that small scale activities with the potential to cumulatively result in significant impacts were not funded.

Mindanao Rural Development Project Phase 2's Operations Manual furthermore contains the requirement for agencies including Department of Environment and Natural Resources to be involved in an advisory role in program delivery. For example Department of Environment and Natural Resources is Natural Resource Management Technical Adviser to the program providing technical assistance to Local Government Units in assessing and managing the environment, providing another level of scrutiny.

## **8.6 Technical Guidance Listing**

Much of the technical guidance information on managing road maintenance activity is clearly set out in the World Bank Roads and Environment Handbook, 1997. This should be used for Provincial Road Management Facility in instances where guidance prepared by Department of the Interior and Local Government and Department of Public Works and Highways' Social Environmental Management System do not adequately cover issues. These should be used as the principal reference source to guide the managing contractor when preparing Environmental Management Programs for managing all stages of Provincial Road Management Facility activity, with additional guidance provided by the Roads and Environment Handbook. A meeting with Department of Environment and Natural Resources - Environmental Management Bureau confirmed the suitability of all of these guidance sources.

The use of World Bank technical guidance for co-financed National Road Improvement and Management Program Phase 2 and Mindanao Rural Development Project Phase 2 satisfies the requirements of both AusAID and GoP, particularly in the case of National Road Improvement and Management Program Phase 2 where Social Environmental Management System is very closely aligned with World Bank guidance.

## **8.7 World Bank and AusAID Differences and their Implications**

The differences between AusAID and World Bank methodologies for conducting environmental assessments are not significant enough to represent an issue for AusAID. However, during implementation, if WB methodologies are perceived to be inadequate by AusAID, the issue can be addressed by ensuring the relevant GoP requirements are met.

As per the discussion in Section 8.5, the scope of issues requiring consideration and the rigour of the environmental assessment process required by the World Bank's environmental assessment system are deemed to satisfy AusAID's EIA process.

There are a number of requirements of the EIA process that are unique to AusAID, however, these are procedural steps such as the requirement for a program-level Environmental Management System, referral to the Minister in certain instances and the need for Executive Review of program performance. The absence of these steps does not represent a significant issue for AusAID, particularly given that a referral is not required, and that monitoring mechanisms in place for all issues satisfy many of the elements of the Program-level Environmental Management System.

## **9 Harmonised Provincial Road Management Facility Environmental Management Approach**

### **9.1 Introduction**

Provincial Road Management Facility as a bilaterally funded project supported by AusAID (and indirectly via the World Bank through their co-financing of Southern Philippines Road Management Program activities) and subject to GoP regulation has to satisfy these three key stakeholders requirements in a number of aspects of the environmental management process. The main requirements of these stakeholders are set out in the following documents:

1. GoA Environmental Management Guidelines for Australia's Aid Program, 2003 and the requirements of the Environment Protection and Biodiversity Conservation Act, 1999;
2. The GoP Philippine Environmental Impact Statement System (set out in Department of Environment and Natural Resources - Environmental Management Bureau Administrative Order No. 30 Series of 2003 that determines the way in which the EIA process is to be carried out in the Philippines; and
3. The World Bank environmental assessment guidance and in particular the Roads and Environment Handbook, 1997 that provides technical guidance on managing environmental impacts associated with road construction and maintenance activity.

The guidance set out in the above documents needs to be incorporated into a workable system for Provincial Road Management Facility to use during both the life of the program, as well into the future given that the Provincial Road Management Facility is likely to have a life beyond AusAID's tenure. The main aspects where the environment requirements of the various stakeholders in particular need to be satisfied in Provincial Road Management Facility program design are:

1. A system of Monitoring and Evaluation needs to be established that satisfies the environment requirements of both GoP Environmental Impact Statement, GoA as well as being a workable system for Provincial Road Management Facility more broadly;
2. The process by which environmental assessment/EIA occurs needs to be established to ensure all potential environmental issues associated with Provincial Road Management Facility activity are being assessed in accordance with GoA, GoP and World Bank requirements. This includes the scope, rigour and level of assessment and reporting; and
3. That appropriate technical guidance underpins Provincial Road Management Facility to ensure that issues are being properly mitigated/managed as far as the three stakeholders are concerned.

### **9.2 Program-level EMS and the EIA Process**

Based on findings discussed in Section 6, a program-level Environmental Management System is required by the GoA Environmental Management Guidelines, 2003. An



Environmental Management System is a systematic approach to managing the impacts (hazards) of an entity, in this case Provincial Road Management Facility, on the environment (refer Section 5.9 for an outline of the international Environmental Management System standard ISO14001).

Environmental Management Systems provide a logical process framework for managing environmental issues via ongoing assessment and monitoring of issues and by referencing legal and technical guidance information from relevant sources to do this. In practice for Provincial Road Management Facility it differs little from an EIA in terms of the process of assessing and managing/mitigating environmental issues associated with aspects of program activities. The main differences between the EIA process and the program-level Environmental Management System required under Environmental Management Guidelines are as follows:

- An Environmental Management System contains the additional requirement to establish a policy that sets out the overall intent of the Environmental Management System, and a management review mechanism for periodically determining the adequacy of the Environmental Management System. Central to Environmental Management System is the need also to demonstrate ‘continuous improvement’, mainly by reviewing the adequacy of measures in place to manage identified issues. An Environmental Management System is a voluntary process.
- The EIA process contains certain requirements specific to the jurisdiction in question, such as the need for consultation with stakeholders and in the case of GoP it is a legally driven process.

### 9.2.1 Findings

Based on the fact that an Environmental Management System is a good, internationally recognised process framework for managing an organisation’s environmental issues, is required by GoA guidance, and is consistent with the requirements of GoP planning processes contained in Philippine Environmental Impact Statement System, it provides a good basis for setting out the requirements of Provincial Road Management Facility. In practical terms it simply allows for technical guidance information contained within relevant sources (such as environmental planning and assessment steps with Philippine Environmental Impact Statement System and World Bank roads and environment technical guidance) to be referenced where applicable. Such an Environmental Management System framework furthermore represents a good, user-friendly means of relevant GoP Departments and Local Government Units managing Provincial Road Management Facility into the future, helping to capacity build.

The GoA program-level Environmental Management System follows the ISO14001 standard with some minor differences in nomenclature. The specific elements of the GoA program-level Environmental Management System structure are set out in the table below. Where relevant legal/technical requirements and guidance provided by GoA, GoP and World Bank would be referenced and set out against the particular Environmental Management System step. The status of issues/action required is set out in the third column.

This table should be used as guidance in designing the Provincial Road Management Facility Program-level Environmental Management System. Those elements of the Program-level Environmental Management System not yet actioned should be included in the Terms of Reference for the successful Managing Contractor.

**Table 8: PRMF EMS Layout Showing GoA Program EMS Structure Incorporating GoP & WB Requirements**

<b>SPRMP EMS LEVEL AND MAIN SUB-HEADINGS</b>	<b>REQUIREMENTS OF GoA, GoP and World Bank</b>	<b>STATUS/ACTION</b>
<b>UNDERSTANDING POLICY AND LEGAL SETTING</b>		
<b>Commonwealth Legislation</b>	GoA - Environment Protection and Biodiversity Conservation Act requirements and Environmental Management Guide 2003	No need for referral; EIA required based on Initial Environmental Examination format
<b>Partner government legislation/multilateral agreements</b>	GoP: Initial Environmental Examination findings, Local Government Unit laws and guidance, Land Acquisition, Resettlement, Rehabilitation and Indigenous Peoples Policy, Right of Way requirements (if road widening activity); GoP Environmental laws: The Clean Air Act, 1999 (RA 8749); The Clean Water Act, 2004 (RA 9275); The Solid Waste Act, 2000 (RA 9003); and The Noise Act, 1978.  World Bank guidance: Roads and Environment Handbook	Legislation obligations set out in this report. Further assessment required as part of Initial Environmental Examination submission
<b>ENVIRONMENTAL ASSESSMENT &amp; MANAGEMENT PLANNING</b>		
<b>Strategic Environmental Assessment (SEA)</b>	GoA: An Strategic Environmental Assessment should be used when program areas are formulating country strategies and be undertaken as early as possible in the formulation process. It should assess broad environmental issues to identify environment–poverty links at the regional, country or program level.  GoP: Land Acquisition, Resettlement, Rehabilitation and Indigenous Peoples Policy/Right of Way issues and higher levels of Philippine Environmental Impact Statement System Scheme that require consideration of broader indirect impacts of roads  World Bank: Screening level of EIA process includes requirement for consideration of more strategic ‘indirect’ as well as direct issues	First stage of Provincial Road Management Facility should be Programmatic Initial Environmental Examination submitted to Department of Environment and Natural Resources for first of Provincial projects. Include Land Acquisition, Resettlement, Rehabilitation and Indigenous Peoples Policy issues if relevant. Managing Contractor to complete
<b>Initial Environmental Assessment (IEE)</b>	GoA: The Initial Environmental Assessment phase follows the Strategic Environmental Assessment (where the more strategic decisions as to whether to actually support an activity have been made). This level of assessment is concerned more with establishing methods for mitigating activities  World Bank: Initial Environmental Assessment corresponds to Scoping level where project design issues such as optimal or preferred project design is selected in terms of alignment, grade,	Will form scope of Initial Environmental Examination Process under Philippine Environmental Impact Statement System. Recommended that both Strategic Environmental Assessment and Initial Environmental Assessment issues are

SPRMP EMS LEVEL AND MAIN SUB- HEADINGS	REQUIREMENTS OF GoA, GoP and World Bank	STATUS/ACTION
	pavement treatment, median type, etc. It is this second stage that is generally associated with direct issues	considered here.
<b>Environmental Impact Assessment (EIA)</b>	GoP: Initial Environmental Examination for Provincial Road Management Facility activities from which an Environmental Compliance Certificate will be sought. This will involve consultation with Local Government Units that will include Province-specific issues for which local permitting will  GoA – EIA as a process occurs at both the Strategic Environmental Assessment and Initial Environmental Assessment phases	This report has established that Initial Environmental Examination satisfies the GoA Environmental Management Guidelines requirement for EIA as part of an Initial Environmental Assessment
<b>Environmental Management Plans (Environmental Management Programs)</b>	GoA, GoP and World Bank: All guidelines satisfied by Initial Environmental Examination format. An example Environmental Management Program is set out in Annex 1 to this report.  GoP: All Environmental Management Programs to ensure Provincial Road Management Facility activities comply with receiving environment guidelines as per GoP laws: The Clean Air Act, 1999 (RA 8749); The Clean Water Act, 2004 (RA 9275); The Solid Waste Act, 2000 (RA 9003); and The Noise Act, 1978.  World Bank: Technical guidance in Road and Environment Handbook to underpin practices for managing identified issues	Environmental Management Program required for Initial Environmental Examination process to obtain Programmatic Environmental Compliance Certificate
<b>Appraisal of EIA/ Environmental Management Program</b>	GoA: Independent appraisal of the environmental assessment and management planning aspects of the activity's design document required. This appraisal, undertaken by AusAID's environment adviser or a qualified environment expert,	To be performed by
<b>Referring environmentally significant activities</b>	GoA-specific requirement to refer environmental significant activities to the Minister	No Referral required based on findings of this report
<b>Flexible activities/Establish Program level EMS</b>	GoA specific requirement: Where not all sub activities are identified or parts of the activities remain undefined until implementation, (as is the case with Provincial Road Management Facility), these are termed 'Flexible' activities, requiring a Program-level Environmental Management System be developed.  GoP/World Bank: No requirement for Environmental Management System under these two sets of guidance, however an Environmental Management System represents a good means of	This table sets out the Program-level Environmental Management System components. The requirements to establish this needs to be set out in the Facility Design Document

SPRMP EMS LEVEL AND MAIN SUB- HEADINGS	REQUIREMENTS OF GoA, GoP and World Bank	STATUS/ACTION
	ongoing Program management	
<b>IMPLEMENTATION</b>		
<b>Implementation</b>	GoA: Implement all of assessment/procedural information set out in the above environmental Assessment and Planning stage of the Program-level Environmental Management System GoP/World Bank: Much of this information is common across Initial Environmental Examination under GoP and EIA steps under World Bank guidance.	Managing Contractor to implement in accordance with recommendations in this report, or agree/appoint relevant party
<b>MONITORING AND EVALUATION</b>		
<b>Monitoring &amp; capacity building</b>	GoA; GoP; World Bank: Both Initial Environmental Examination, GoA Environmental Management Guidelines and Program-level Environmental Management System guidance; and World Bank EIA guidance requires monitoring and audit of practices/environmental management techniques.  Although not a legal requirement of Initial Environmental Examination's under Philippine Environmental Impact Statement System, monitoring/audit function should be undertaken an Multi-partite Monitoring Team made up of provincial government and civil society members. This role could merge environmental monitoring with other Key Performance Indicators relating to the adequacy of engineering works and maintenance activities as part of a streamlined system.	Multi-partite Monitoring Team needs establishing as part of Initial Environmental Examination consultation process. Managing Contractor required to incorporate Environmental Monitoring Fund in Facility Design Document
<b>Lessons learnt</b>	GoA: Environmental Management Guidelines -specific requirement	Managing Contractor to incorporate into Program-level Environmental Management System
<b>EXECUTIVE REVIEW</b>		
	GoA: Environmental Management Guidelines -specific requirement	Managing Contractor to incorporate into Program-level Environmental Management System

### 9.3 The EIA Process

Having established where the EIA process sits within the Provincial Road Management Facility program-level Environmental Management System framework, the next level of the environmental scoping exercise involved establishing the key steps in conducting the EIA for Provincial Road Management Facility activities such that both GoA guidelines and GoP legal requirements were met.

#### 9.3.1 Review of EIA Definitions

A brief review of EIA definitions under GoA, GoP and World Bank was initially undertaken to establish how best to achieve EIA harmonisation. EIA definitions of the three stakeholders are set out in the table below, followed by a brief discussion of the implications.

**Table 9: Definition of EIA under GoA, GoP and WB**

GoA	GoP	World Bank
AusAID defines an EIA as the process of undertaking a more in-depth analysis of potential issues arising from program activities. It involves consultation with relevant stakeholders and inclusion of findings in the Risk Matrix of the Project Design Document. An EIA is only triggered if specific AusAID Key Environmental Marker questions trigger it (refer Section 7 for findings relating to Southern Philippines Road Management Program).	EIA is a generic term referring to the required process of undertaking an environmental assessment although it does not appear as a specific reporting requirement under the GoP Philippine Environmental Impact Statement System scheme.	An EIA is a generic term for a “process that involves predicting and evaluating the likely impacts of a project (including cumulative impacts) on the environment during construction, commissioning, operation and abandonment. It also includes designing appropriate preventive, mitigating and enhancement measures addressing these consequences to protect the environment and the community’s welfare.

The definition of EIA under both GoP’s Philippine Environmental Impact Statement System and World Bank guidelines is as a generic term for the process of predicting and evaluating the likely environmental impacts of activities and setting out means of appropriately managing these. However, the term ‘EIA’ does not correspond to a formal category of assessment or reporting under the GoP Philippine Environmental Impact Statement System scheme or a mandated requirement under World Bank guidance.

The EIA process under the GoA Environmental Management Guidelines occurs at two discrete stages (refer Section 6). The first is the Screening or Strategic Environmental Assessment stage (not the subject of this report) where the potential impacts against GoA’s five Environmental Marker Questions is made. (The findings of this Strategic Environmental Assessment phase determine the need for further investigation via an Initial Environmental Assessment to which this Environmental Scoping Study report relates).

### 9.3.2 Comparison of GoA EIA and GoP IEE Requirements

As discussed in section 6, the responses to the Key Environmental Marker Questions as part of the Initial Environmental Assessment requires that an EIA be undertaken to satisfy GoA Environmental Management Guidelines obligations.

The Initial Environmental Assessment EIA process as set out in the Environmental Management Guidelines involves identifying, predicting and evaluating foreseeable environmental impacts. The EIA should involve all relevant stakeholders, including the affected community and partner government, the national environment agency and/or the local environment agency.

Inherent in the EIA is the requirement that partner governments environmental legislation, regulations, standards and/or policies are complied with. An Environmental Management Program is then prepared to mitigate the impacts identified. This includes understanding the information needs to be able to better understand how to assess and manage the impacts and monitoring them via appropriate indicators over time. As with an EIA, an Environmental Management Program should be developed with all relevant stakeholders involved.

The GoP Initial Environmental Examination process is entirely consistent with the GoA Initial Environmental Assessment EIA process in that it requires steps that are not only consistent with, but when appropriately applied, are in fact more stringent than the Environmental Management Guidelines EIA requirements. The Initial Environmental Examination process sets out the requirement for the following to be included:

- Baseline environmental conditions for those areas that might be affected by the project, including the land, land use, pedology, geology, geomorphology, terrestrial biology, water, hydrology, oceanography, water quality, freshwater biology, marine biology, air, noise and social/community issues;
- An Environmental Management Program;
- An Impacts Management Plan;
- An Emergency Response Policy and Generic Guidelines as applicable;
- An Environmental Monitoring Plan, including a Project Environmental Monitoring and Audit Scheme;
- A Prioritization Scheme Questionnaire; and
- An Institutional Plan for Environmental Management Program Implementation.

Inherent in the above is the requirement to involve ‘local’ stakeholders in the EIA process via consultation.

### **9.3.3 The Initial Environmental Examination / Environmental Compliance Certificate Process**

The submission of the Initial Environmental Examination across the 41 Provinces (less 15 or so conflict-affected where work is unlikely to occur at this stage) could involve several approaches:

1. A programmatic Initial Environmental Examination and associated Environmental Management Program that take into account more general program-wide issues across the Provinces.
2. A staged version of point above1 based on the provinces Provincial Road Management Facility is due to work with next (at this stage Provincial Road Management Facility is due to work with six provinces initially).
3. Individual Initial Environmental Examination on a province by province basis.

The advantage of a programmatic approach is that it streamlines the time taken to obtain the Environmental Compliance Certificate by the Proponent/Managing Contractor preparing of a listing of anticipated issues based on the Initial Environmental Examination process of EIA and delivering these preliminary findings to Department of Environment and Natural Resources for consideration. Importantly, no public hearing is required under the Initial Environmental Examination level of EIA; although Department of Environment and Natural Resources-Environmental Management Bureau can require a public consultation.

### **9.3.4 Findings**

The GoP Initial Environmental Examination process should be used as the means for fulfilling the requirements of both GoA's Initial Environmental Assessment EIA requirement and the GoP Initial Environmental Examination process.

Findings should be set out in accordance with the requirements of the GoP Initial Environmental Examination system. Monitoring and Evaluation findings from ongoing monitoring of Key Performance Indicators should then be inputted into the Provincial Road Management Facility program-level Environmental Management System to make adjustments as required in terms of the way in which issues are managed by Provincial Road Management Facility.

When carrying out the Initial Environmental Examination process as legally required under Philippine Environmental Impact Statement System, Provincial Road Management Facility should ensure that the scope of issues considered includes broader, more indirect impacts associated with activities including land use change, and social impacts on the populations of the receiving environments and not just direct impacts associated with maintenance work.

Meetings with key GoP stakeholders Department of the Environment, Water, Heritage and the Arts and Department of Environment and Natural Resources confirmed that a good system for assessing broader more indirect impacts would be via a programmatic approach to conducting an Initial Environmental Examination. Given that Provincial Road Management Facility is subject to the Initial Environmental Examination level of



assessment under Philippine Environmental Impact Statement System, Department of Environment and Natural Resources suggested that a programmatic Initial Environmental Examination would be a good mechanism.

The programmatic approach provides a more strategic overview of the kinds of issues that might be associated with projects working in multiple locations, providing guidance on whether the project should progress based on the findings, and if so, what measures and controls should be put in place to ensure inappropriate development does not occur.

Department of Environment and Natural Resources is in favour of a programmatic approach, and this is also favoured by AusAID . This approach is more streamlined, reducing logistical issues associated with meeting provincial stakeholder groups individually.

If it is felt necessary, some workshopping of issues could occur via regional information gathering/dissemination sessions with provincial groups, clustered based on geographical proximity, however inviting feedback remotely via email on a draft report showing preliminary EIA/Environmental Management Program findings might be a better option. This would allow some feedback from local stakeholders without being too onerous, and is more than Initial Environmental Examination requires.

It is anticipated the programmatic Initial Environmental Examination approach would enable feedback from Multi-partite Monitoring Team members whilst not being too time consuming or onerous. Longer term, routine monitoring (as required by the program-level Environmental Management System), would be undertaken by the Multi-partite Monitoring Team enabling update of the province-specific Environmental Management Program as required, at which point location-specific issues could be picked up, as well as any necessary amendment/additions to proposed technical guidance for managing issues.

## **9.4 Environmental Management Programs**

The layout of Environmental Management Programs under both Environmental Management Guidelines and Initial Environmental Examination requirements are consistent. Both require Environmental Management Programs as the key means for ensuring that potential environmental impacts are managed during implementation to avoid or minimise negative impacts and maximise positive impacts.

An Environmental Management Program addresses the potential environmental impacts of an activity identified during EIA and describes actions for managing (i.e. avoiding or mitigating) each identified impact and who is responsible for carrying out those actions. As for an EIA, an Environmental Management Program should be developed with all relevant stakeholders involved. An Environmental Management Program must also describe how its implementation and effectiveness will be monitored and reported on. This is to ensure that the impacts are properly managed and to enable early detection and response to any unexpected environmental impacts or emergencies.

Outcomes of the harmonised Environmental Management Program process will then feed into the continuous improvement process of the program-level Environmental Management System. To facilitate monitoring and reporting, the Environmental Management Program should include appropriate indicators of effective environmental management. The indicators used in the Environmental Management Program will be included in the activity's Monitoring and Evaluation plan in accordance with the Initial Environmental Examination reporting requirement, and as part of the Key Performance Indicators included in reporting on Provincial Road Management Facility's performance by the Multi-partite Monitoring Team.

The Environmental Management Program should furthermore be integrated into overall key management systems, including the logframe, risk management framework, and Monitoring and Evaluation plan. Environmental Management Program requirements must also be included in the Managing Contractor's scope of services.

The main steps involved in developing an Environmental Management Program can be found in Guideline 5 in Part 2 of the AusAID Environmental Management Guidelines. In accordance with both Initial Environmental Examination and Environmental Management Guidelines, a simple table can satisfy the requirements of an Environmental Management Program. It is recommended that the following headings be set for the Environmental Management Program.

- Project Activities and Phase (Pre-Construction, Construction Operation)
- Issue/impact Description Direct (D) or Indirect (I), Nature of Receptor and whether positive or negative impact
- Significance/priority level
- Mitigation measure/management strategy (If Negative) / Enhancement (If Positive)
- Monitoring requirements
- Responsible person/organisation

## **9.5 Monitoring and Evaluation**

Based on advice from Department of Environment and Natural Resources and Department of Public Works and Highways, findings of the ADB's Infrastructure for Rural Productivity Enhancement Sectoral Project, lessons learnt to date from AusAID's Philippines Australia Local Sustainability Project, and in accordance with Provincial Road Management Facility project design aims, capacity building at the Local Government Unit level will be critical in terms of getting good road maintenance, livelihood improvement and sustainable environmental outcomes. For this reason, Local Government Units need to be consulted not only as a legal requirement of the programmatic Initial Environmental Examination assessment, but also extensively involved in an ongoing monitoring/audit function of selected Key Performance Indicators at a provincial level.

Participating Local Government Units should be strengthened, primarily through on-the-job training, in contract management and supervision in road maintenance practices;

Monitoring and Evaluation of project results and impacts; and environmental analysis and management.

The monitoring of Initial Environmental Examination findings and ongoing audit/monitoring function should be undertaken by a Multi-partite Monitoring Team. Although not a legal requirement of the Initial Environmental Examination level of environmental assessment and reporting under Philippine Environmental Impact Statement System, this is recommended by Department of Environment and Natural Resources and is an established mechanism under more rigorous levels of Philippine Environmental Impact Statement System reporting.

Given the goal of Provincial Road Management Facility to capacity build, Multi-partite Monitoring Team's have the advantage of providing a mechanism for encouraging public participation, promoting greater stakeholder involvement, as well as providing appropriate check and balance mechanisms in the monitoring of project implementation. They also provide a useful mechanism for ensuring that appropriate consultation has occurred, and that the more indirect environmental/ social considerations have been captured by the Initial Environmental Examination process.

With regards to the monitoring of the adequacy of maintenance work undertaken by Provincial Road Management Facility, many of the regional and provincial government functions in Philippines that would form the core of such Multi-partite Monitoring Team's, combine infrastructure, civil works and environmental planning within their jurisdictions already. This includes organisations such as the Provincial Project Monitoring Committee – (part of the Regional Project Monitoring and Evaluation System administered by the National economic and Development Authority); the Provincial Development Councils that already have an internal audit function that includes financial and performance based criteria; and the Provincial Engineering Office that in the case of Provinces like Bohol, is closely linked with Provincial Engineering and Natural Resources Office, has an ISO14001 Environmental Management System and utilises Department of Public Works and Highways environment planning guidelines such as Social Environmental Management System and Land Acquisition, Resettlement, Rehabilitation and Indigenous Peoples Policy to manage the environmental impacts of its infrastructure works.

It is therefore a natural extension of the function of such regional bodies to include environmental criteria alongside other Key Performance Indicators relating to the adequacy of engineering works and maintenance activities as part of a streamlined system.

An Environmental Monitoring Fund to support activities of the Multi-partite Monitoring Team should be established. An Environmental Guarantee Fund will be required to be established for all co-located or single projects that have been determined by Department of Environment and Natural Resources to pose a significant public risk or where the project requires rehabilitation or restoration. An Environmental Guarantee Fund is unlikely to be required for Provincial Road Management Facility. Establishing the Multi-

partite Monitoring Team, Environmental Monitoring Fund and whether an Environmental Guarantee Fund is required should form part of the Managing Contractor's role.

## 10 Conclusions

### 10.1 Introduction

This section summarises the main conclusions from this Initial Environmental Assessment, with recommendations for how these findings can be incorporated into the Program Facility Design Document provided in the recommendations section. It is anticipated that the recommendations set out in Section 11 will form the basis of the Terms of Reference for the environment/ Monitoring and Evaluation component of the tender document for a prospective Managing Contractor.

The main goals of this environmental scoping exercise were threefold:

- To undertake an Initial Environmental Assessment of Provincial Road Management Facility to determine the next steps for AusAID to comply with both GoA and GoP laws respectively;
- To assess the World Bank's environment requirements and guidelines for each co-financed component of the Southern Philippines Road Management Program and determine whether these meet Australian requirements; and
- To assess how to align and harmonise Australian and World Bank environment requirements, assessment and implementation.

In order to achieve this, a process of environmental assessment and reporting was designed to be compliant with GoA, GoP and World Bank guidelines.

Based on advice from AusAID, the NEDA is to be the proponent with respect to making a formal application to the GoP authorities.

### 10.2 GoA Environmental Management Guidelines Requirements

#### 10.2.1 Referral Decision

A referral to the Minister is not deemed necessary for Provincial Road Management Facility activities based on the following key assumptions:

- Impacts are not likely to be of major significance when scored against the Key Environmental Marker Questions;
- A review of Provincial Road Management Facility activity against GoP legislation reveals that Provincial Road Management Facility activities are likely to be subject only to a relatively low level of environmental assessment: An Initial Environmental Examination; and
- The kinds of issues associated with road maintenance work are such that environmental impacts are not likely to be deemed significant under the Environment Protection and Biodiversity Conservation Act such that normal GoA procedures for environmental mitigation and management cannot manage them.

### **10.2.2 Program-level EMS**

The AusAID Environmental Management Guidelines, 2003 requires Program Managers to establish a Program-level Environmental Management System ‘where the specifics of program activities, sub-activities or parts of these remain undefined until implementation’.

Based on the Environmental Scoping Study of Provincial Road Management Facility activities to date, the scope of most Provincial Road Management Facility activities can be anticipated as Provincial Road Management Facility falls into the category of requiring a program-level Environmental Management System to cater for those ‘flexible’ program activities that may occur.

## **10.3 PRMF EIA/IEE Process**

### **10.3.1 IEE EIA Requirements**

Provincial Road Management Facility road maintenance activity will be subject to an Initial Environmental Examination under GoP Philippine Environmental Impact Statement System. Department of Environment and Natural Resources recommends that an Environmental Compliance Certificate should be sought from this Initial Environmental Assessment level of assessment. The Initial Environmental Assessment report template is Annex 3 in this report and is taken from GoP Department of Environment and Natural Resources – Environmental Management Bureau Administrative Order 03-30. As discussed in Section 9, this level of Environmental Impact Assessment more than satisfies the requirements of the GoA Environmental Impact Assessment guidance.

To ensure that both indirect and direct impacts of road maintenance activity are assessed, and to streamline the Initial Environmental Examination application process, two levels of environmental assessment are recommended:

- A more strategic environmental assessment looking at both the direct and indirect impacts of planned Provincial Road Management Facility activities in the 41 provinces the program intends to work with via a ‘Programmatic Initial Environmental Examination’, involving limited feedback from Local Government Unit counterparts on the EIA and broad brush Environmental Management Program produced that considers broad program-level issues; and
- Localised Environmental Management Programs based on province-specific issues, prepared by the Managing Contractor with feedback from Multi-partite Monitoring Teams focusing more on direct impacts and local permitting requirements. These localised Environmental Management Programs will be prepared in accordance with Initial Environmental Examination guidance, which in turn satisfies GoA and World Bank requirements. Reviews of their adequacy should be undertaken on a monthly basis to build capacity and provide feedback on the adequacy of measures. A sample Environmental Management Program is contained in Annex 1.

In terms of consultation, if it is felt necessary, some workshopping of issues could occur via regional information gathering/dissemination sessions with provincial groups, clustered based on geographical proximity, at the Initial Environmental Examination

preparation phase. Inviting feedback remotely via email on a draft report showing preliminary EIA/ Environmental Management Program findings might be a better option. This would allow some feedback from local stakeholders without being too onerous, and is more than Initial Environmental Examination requires.

### **10.3.2 Monitoring/Audit Function**

Capacity building at the Local Government Unit level will be critical in terms of getting good road maintenance, livelihood improvement and sustainable environmental outcomes for Provincial Road Management Facility. For this reason, it is recommended Local Government Units should be consulted as part of the programmatic Initial Environmental Examination assessment, and extensively involved in an ongoing monitoring/audit function at a provincial level. Participating Local Government Units should form a Multi-partite Monitoring Team with members' skills being strengthened, primarily through on-the-job training, in contract management and supervision, particularly in road maintenance practices; monitoring and evaluation of project results and impacts; and environmental analysis and management.

An Environmental Monitoring Fund to support activities of the Multi-partite Monitoring Team should be established. An Environmental Guarantee Fund is unlikely to be required for Provincial Road Management Facility. Establishing this should form part of the Managing Contractor's role.

The Managing Contractor should undertake studies to determine whether the Monitoring and Evaluation role of engineering, financial and environmental adequacy of road maintenance activity should be undertaken by an appointed Local Government Unit or by a broader Multi-partite Monitoring Team steering group.

### **10.3.3 EIA and the Program-level EMS**

Based on the fact that an Environmental Management System is a good, internationally recognised process framework, is required by GoA guidance, and is consistent with the requirements of GoP law, it provides a good basis for setting out the requirements of v Provincial Road Management Facility, allowing the technical information contained within World Bank guidance and assessment steps under GoP Philippine Environmental Impact Statement System to be referenced where applicable. Such an Environmental Management System framework represents a user-friendly means of relevant GoP departments and Local Government Units managing Provincial Road Management Facility into the future, improving capacity.

The GoP Initial Environmental Examination process would therefore sit within the Provincial Road Management Facility program-level Environmental Management System with the only significant differences between them being that the Environmental Management System contains the additional requirement to establish a policy that sets out the overall intent of the Environmental Management System, and a management review mechanism for periodically determining its overall adequacy. The Monitoring and Evaluation requirement under GoA, and GoP Philippine Environmental Impact Statement System are furthermore consistent with the requirement of Environmental Management System procedures to both monitor issues, as well as the adequacy of the practices to manage them.

## 10.4 Environmental Management Programs

A program-level Environmental Management Program should be produced as part of the initial programmatic Initial Environmental Examination submission to Department of Environment and Natural Resources - Environmental Management Bureau. This will invite feedback from Local Government Units and form part of the submission to secure a program-wide Environmental Compliance Certificate. Written in to the requirements of the Environmental Compliance Certificate will be the fact that Environmental Management Programs to manage identified issues will be prepared for each province and monitored over time by Multi-partite Monitoring Teams.

To facilitate monitoring and reporting, the Environmental Management Program will include appropriate indicators of effective environmental management. The indicators used in the Environmental Management Program will be included in the activity's Monitoring and Evaluation plan in accordance with the Initial Environmental Examination reporting requirement and as part of the Key Performance Indicators included in reporting on Provincial Road Management Facility's performance by the Multi-partite Monitoring Team. These province-level Environmental Management Programs will then feed into the continuous improvement process of the program-level Environmental Management System.

## 10.5 Technical Guidance Sources

Various technical guidance sources are available to Provincial Road Management Facility with respect to appropriate ways to carry out road maintenance activity. The main recommended sources are as follows:

1. GoP technical guidelines on road development, prepared by Department of the Interior and Local Government. These are based on Department of Public Works and Highways technical guidelines and are set out in. Any gaps in the scope or coverage in these documents should be supplemented by World Bank technical guidance.
2. World Bank technical guidance contained in the Roads and Environment Handbook, 1997 should be referenced to ensure all activities are compliant with both local provincial laws and permitting requirements.
3. The principal environmental laws of relevance to Provincial Road Management Facility, (that govern the quality of the receiving environment that Provincial Road Management Facility needs to meet) are as follows:
  - The Clean Air Act, 1999 (Republic Act 8749)
  - The Clean Water Act, 2004 (Republic Act 9275)
  - The Solid Waste Act, 2000 (Republic Act 9003)
  - The Noise Act, 1978.

These Acts contain prescriptive requirements that need to be referenced in the Initial Environmental Examination during the Philippine Environmental Impact Statement System process as well as included in the site/province-specific Environmental Management Program process.



As per the discussion in Section 8.5, the scope of issues requiring consideration and the rigour of the environmental assessment process required by the World Bank's environmental assessment system are felt to satisfy AusAID's EIA process.

### **10.6 Adequacy of the World Bank Environmental Impact Assessment Process for Co-financed Programs National Road Improvement and Management Project Phase 2 and Mindanao Rural Development Project Phase 2**

There are a number of requirements of the EIA process that are unique to AusAID, however, these are procedural steps such as the requirement for a Program-level Environmental Management System, Referral to the Minister in certain instances and the need for executive review of program performance. The absence of these steps does not represent a significant issue for AusAID, particularly given that a referral is not required, and that monitoring mechanisms in place for all issues satisfy many of the elements of the program-level Environmental Management System.

## 11 Recommendations for the PRMF Design Document

This section outlines the recommended actions required to act on the conclusions of the Environmental Scoping Exercise. Recommendations have been kept necessarily brief in that they are included within the Facility Design Document. It is anticipated that many of these recommendations will be incorporated into the Terms of Reference for the environment/ Monitoring and Evaluation component of the tender document for the Managing Contractor.

For the broader conclusions of this Environmental Scoping report refer to Section 10.

These requirements are set out in a rough chronological order based on the need to commence the Programmatic Initial Environmental Examination application process first, although it should be noted that some steps need to occur concurrently. The findings should therefore be interpreted and not used as literal guidance on when to carry out particular steps.

1. Determine resources, budgets and timelines for the Programmatic Initial Environmental Examination application process based on the fact that an Initial Environmental Examination application could take Department of Environment and Natural Resources - Environmental Management Bureau up to 120 days to process. Local Philippines-based resources should be sought to carry out this activity with overview/review provided by an Environmental Specialist well versed in both GoA requirements and the GoP Initial Environmental Examination application process. It is recommended that this process be carried out prior to the appointment of the Managing Contractor to ensure more prompt delivery of project outcomes.
2. The precise process steps required to secure an Environmental Compliance Certificate should be set out and worked back from the date that Provincial Road Management Facility wishes to commence on-ground activity. The Initial Environmental Examination application process steps are set out in Annex 5 to the Environmental Scoping Study.
3. Identify resources/budgets for a series of regional workshops to obtain feedback from Local Government Units and regional stakeholders including civil groups. This is not a legal requirement of the Initial Environmental Examination level of EIA under GoP, nor is it legally required by GoA guidance, however it builds local ownership of Provincial Road Management Facility as well as capacity, both of which are central goals of Provincial Road Management Facility. This should occur at a series of regional locations suitable to the 41 Provincial locations in which Provincial Road Management Facility aims to work.
4. Prepare all components of the Programmatic Initial Environmental Examination for submission to Department of Environment and Natural Resources to secure an Environmental Compliance Certificate, in accordance with the Initial Environmental Examination application process outlined in Annex 5 of this report. This should include an outline of the proposed approach to the Programmatic Initial Environmental Examination which involves undertaking a Program-level EIA and

Environmental Management Program to identify and manage broad program-wide issues, as well as commitment to preparation, ongoing review and amendment of province-specific Environmental Management Programs on an ongoing basis as part of the Provincial Road Management Facility Program-level Environmental Management System.

5. Carry out a limited ‘consultation/information provision’ process with relevant Provincial stakeholders to ensure the accuracy of the EIA/ Environmental Management Program and to inform Local Government Units of what Provincial Road Management Facility intends to do.
6. Consult and identify appropriate Multi-partite Monitoring Team groups/partner Local Government Units for each of the provinces and set aside funds for establishment, operation and ongoing training of such groups to build capacity and ownership, as well as improving monitoring outcomes. Participating groups should be strengthened, primarily through on-the-job training, in contract management and supervision in road maintenance practices; monitoring and evaluation of project results and impacts; and environmental analysis and management.
7. Determine whether the Multi-partite Monitoring Team or a Local Government Unit such as the Provincial Engineering Office, Provincial Engineering and Natural Resources Office, Provincial Project Monitoring Committee, or Provincial Development Councils should be responsible for the oversight role for Provincial Road Management Facility delivery at a provincial level. The Managing Contractor should undertake studies to determine this.
8. Allocate funds for establishment of an Environmental Monitoring Fund for costs associated with the Multi-partite Monitoring Team/Local Government Unit group and determine whether or not an Environmental Guarantee Fund will be required.
9. Establish a central Program-level Environmental Management System in accordance with guidance set out in this report (Table 8, Section 9). Ensure that the monitoring requirements of the Environmental Management System are dovetailed with Monitoring and Evaluation Plan and Facility Design Document with respect to the monitoring of environmental issues. The Program-level Environmental Management System should be consistent with the scope of AusAID’s Environmental Management Guidelines. It is very important that the Environmental Management System be incorporated throughout the Provincial Road Management Facility Design Document and not appear as a stand-alone system.
10. It is anticipated that the Environmental Management System at a provincial level will take the form of user-friendly Environmental Management Programs, approved technical guidelines and a review/audit function and no onerous Environmental Management System document requirements. The requirements of the Environmental Management System at a program-level should be user-friendly steps incorporated into the requirements of the Facility Design Document engineering requirements.
11. The Provincial Road Management Facility Environmental Management System should be underpinned by technical guidance from sources including the Department of Public Works and Highways Social Environmental Management System Manual and Department of the Interior and Local Government sources of technical guidance on road maintenance and the environment. When an issue is not adequately covered in these sources refer to the World Bank Roads and Environment Handbook, 1997. Relevant provincial guidance sources should also be sought.

12. Establish and agree on Key Performance Indicators for monitoring environmental performance and incorporate these into Environmental Management Programs. Ensure that these are dovetailed with the requirements of the Monitoring and Evaluation Plan once this is finalised.
13. The requirements of local Environmental Management Programs and technical guidelines should also be incorporated into tender documents for appointing local maintenance contractors, taking the form of simple tabular listing of approved practices to be followed when carrying out road maintenance work.
14. Ensure that findings of the Multi-partite Monitoring Team/Local Government Units monitoring and review processes are incorporated into updated Environmental Management Programs for managing issues. The adequacy of the environment monitoring and maintenance guidelines and Key Performance Indicators could undergo periodic review via the proposed case study approach being put forward for Provincial Road Management Facility to review the adequacy of maintenance work more broadly.

### **Limitations**

URS Australia Pty Ltd (URS) has prepared this report in accordance with the usual care and thoroughness of the consulting profession for the use of AusAID and only those third parties who have been authorised in writing by URS to rely on the report. It is based on generally accepted practices and standards at the time it was prepared. No other warranty, expressed or implied, is made as to the professional advice included in this report. It is prepared in accordance with the scope of work and for the purpose outlined in the Proposal dated 11 April 2008.

The methodology adopted and sources of information used by URS are outlined in this report. URS has made no independent verification of this information beyond the agreed scope of works and URS assumes no responsibility for any inaccuracies or omissions. No indications were found during our investigations that information contained in this report as provided to URS was false.

This report was prepared in June 2008 and is based on the information at the time of preparation. URS disclaims responsibility for any changes that may have occurred after this time.

This report should be read in full. No responsibility is accepted for use of any part of this report in any other context or for any other purpose or by third parties. This report does not purport to give legal advice. Legal advice can only be given by qualified legal practitioners.

## Annex 1: Sample Environmental Management Program for Road Infrastructure

The following example lists major issues to be considered in environmental management planning for a set of road and bridge infrastructure activities. Normally an Environmental Management Program would also include columns that assign responsibilities, define appropriate performance indicators and indicate a timeline or target date for each issue specified in the Environmental Management Program.

Goal	Objectives	Actions
Reducing erosion	To minimise the amount of sediment lost from the site	<ul style="list-style-type: none"> <li>• Reduce the time surfaces remain bare</li> <li>• Keep vegetation clearing to a minimum</li> <li>• Avoid disturbance on steep slopes</li> <li>• Keep vehicles on defined tracks</li> <li>• Construct necessary temporary/permanent control structures</li> <li>• Revegetate where necessary after construction activity finishes</li> </ul>
Controlling dust	To ensure there is no health risk or inconvenience due to dust production	<ul style="list-style-type: none"> <li>• Spray water on exposed surfaces during dry periods</li> <li>• Install wind breaks or fences around cement-batching plants</li> <li>• Wet quarry loads or road-fill loads being carried in open trucks</li> </ul>
Controlling noise	To ensure nuisance from noise is minimised	<ul style="list-style-type: none"> <li>• Use modern and well-maintained equipment (with mufflers where appropriate)</li> <li>• Use noise screens or mounds near residential areas</li> <li>• Carry out noisy construction activities during normal working hours</li> <li>• Advise local people when there will be blasting or unusual, unavoidable noise</li> </ul>
Controlling stormwater	To minimise the impact of contaminated run-off water	<ul style="list-style-type: none"> <li>• Divert (temporarily) run-off from non-construction areas around the construction areas to keep natural flow separate from construction run-off</li> <li>• Pass stormwater run-off from construction areas through a gross pollutant trap (to filter plastics, cans, etc) and over a vegetated surface to remove petroleum-based organic pollutants before discharging it into culverts or drainage systems</li> <li>• Design drains and culverts to remove all run-off water without scour. If necessary, step culverts on steep slopes using rock slabs or gravel in gabion baskets</li> <li>• Store oil and bituminous products at a contained location away from drainage lines and in an appropriate manner</li> </ul>
Controlling sediment	To minimise the impact of stormwater containing sediment on streams and coasts	<ul style="list-style-type: none"> <li>• Install control structures at the outset of construction. These may need to include silt traps along flow</li> <li>• Revegetate or prepare for natural revegetation all disturbed areas not to be paved (eg batters) after final land shaping</li> <li>• Phase ground disturbance so that it is limited to areas of a workable size</li> <li>• Schedule construction so that large areas of soil are not laid bare during wet seasons</li> <li>• Place construction sites on flat ground</li> <li>• Contain construction areas by using a bund or trench, or isolate the areas from other surface run-off, and clean and rehabilitate them when construction is complete</li> <li>• If the road is on loose or unstable rock, gently slope the batters, provide steps or horizontal benches for high batters, and revegetate where necessary</li> <li>• Avoid discharging water onto unstable slopes or old landslips</li> </ul>

## **Annex 2: Philippine Environmental Impact Statement System Outline (Department of Environment and Natural Resources – Environmental Management Bureau Administrative Order 2003- 30)**

### **Introduction**

The Philippine Environmental Impact Statement System is designed to assess all activities with the potential to result in impacts on the receiving environment, although said activities still require consideration of regional considerations and permitting processes as applicable.

There are six discrete stages of conduct of the EIA process under Philippine Environmental Impact Statement System. These occur in sequence and are as follows:

- Screening
- Scoping
- EIA study and report preparation
- EIA report review and evaluation
- Decision making
- Monitoring, Validation & Evaluation/ audit

**Table 1: The Philippines EIA process**

<b>1. Screening</b>	<b>Screening</b> determines if a project is covered or not covered by the Philippine Environmental Impact Statement System. If a project is covered, screening further determines what document type the project should prepare to secure the needed approval, and what the rest of the requirements are in terms of Environmental Management Bureau office of application, endorsing and decision authorities, duration of processing.
<b>2. Scoping</b>	<b>Scoping</b> is a Proponent-driven multi-sectoral formal process of determining the focused Terms of Reference of the EIA Study. Scoping identifies the most significant issues/impacts of a proposed project, and then, delimits the extent of baseline information to those necessary to evaluate and mitigate the impacts. The need for and scope of an Environmental Risk Assessment is also done during the scoping session. Scoping is done with the local community through Public Scoping and with a third party EIA Review Committee through Technical Scoping, both with the participation of the Department of Environment and Natural Resources - Environmental Management Bureau. The process results in a signed Formal Scoping Checklist by the review team, with final approval by the Environmental Management Bureau Chief.
<b>3. EIA study and report preparation</b>	The <b>EIA Study</b> involves a description of the proposed project and its alternatives, characterisation of the project environment, impact identification and prediction, evaluation of impact significance, impact mitigation, formulation of Environmental Management and Monitoring Plan, with corresponding cost estimates and institutional support commitment. The study results are presented in an <b>EIA Report</b> for which an outline is prescribed by Environmental Management Bureau for every major document type.
<b>4. EIA report review and evaluation</b>	<b>Review of EIA Reports</b> normally entails an Environmental Management Bureau procedural screening for compliance to minimum requirements specified during Scoping, followed by a substantive review of either composed third party experts commissioned by Environmental Management Bureau as the EIA Review Committee for Programmatic Environmental Impact Statement/Environmental Impact Statement -based applications, or Department of Environment and Natural Resources - Environmental Management Bureau internal specialists, the Technical

	Committee, for Initial Environmental Examination -based applications. Environmental Management Bureau evaluates the EIA Review Committee recommendations and the public's inputs during public consultations/hearings in the process of recommending a decision on the application. The EIA Review Committee Chair signs EIA Review Committee recommendations including issues outside the mandate of the Environmental Management Bureau. The entire EIA review and evaluation process is summarised in the Review Process Report of the Environmental Management Bureau, which includes a draft decision document.
<b>5. Decision making</b>	<b>Decision Making</b> involves evaluation of EIA recommendations and the draft decision document, resulting to the issuance of an Environment Compliance Certificate, Certificate of Non-Coverage or Denial Letter. When approved, a covered project is issued its certificate of Environmental Compliance Certificate while an application of a non-covered project is issued a Certificate of Non-Coverage. Endorsing and deciding authorities are designated by Administrative Order No. 42, and further detailed in this Manual for every report type. Moreover, the proponent signs a sworn statement of full responsibility on implementation of its commitments prior to the release of the Environmental Compliance Certificate. The Environmental Compliance Certificate is then transmitted to concerned Local Government Units and other Government Agencies for integration into their decision making process. The regulated part of EIA Review is limited to the processes within Environmental Management Bureau control.
<b>6. Monitoring, Validation and Evaluation/ audit</b>	<b>Monitoring, Validation and Evaluation/Audit</b> stage assesses performance of the proponent against the Environmental Compliance Certificate and its commitments in the Environmental Management and Monitoring Plans to ensure actual impacts of the project are adequately prevented or mitigated.

## EIA Stages in Detail

### Screening

The first stage is to determine if a proposed project or activity is subject to Philippine Environmental Impact Statement System. This includes assessing the proposed activity and the sensitivity of the proposed location, and determining if a different level of environmental assessment and reporting are required. Following submission of the relevant level of environmental assessment report to Department of Environment and Natural Resources - Environmental Management Bureau, and a positive determination by Department of Environment and Natural Resources - Environmental Management Bureau, an Environmental Compliance Certificate is issued.

The issue of an Environmental Compliance Certificate allows the project to proceed to the next stage of project planning, which is the acquisition of approvals from other government agencies and Local Government Units, after which the project can commence, assuming all approvals have been agreed. This involves the Environmental Compliance Certificate recommendations being transmitted by Department of Environment and Natural Resources - Environmental Management Bureau to the concerned Government Agencies and Local Government Units to be considered in their decision-making process ensuring a more integrated, coordinated and participative approach.

Section 4 of Presidential Decree 1586 (1978), (Department of Environment and Natural Resources - Environmental Management Bureau guidance document 30-2003) sets out the requirements of the EIA Process for projects all projects in the Philippines.



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## **The Environmental Assessment Process**

The first step involves determining whether a proposed project is classified as either ‘environmentally critical’, or whether it is proposed to take place in an ‘environmentally critical area’. A listing of Environmentally Critical Projects or projects in Environmentally Critical Areas according to GoP legislation is set out in the table below.

**Table 2: Listings of Environmentally Critical Projects and criteria for Environmentally Critical Areas**

<b>LIST OF ENVIRONMENTALLY CRITICAL PROJECTS</b>	
1.	Heavy Industries – Non-ferrous Metal Industries, Iron and Steel Mills, Petroleum and Petro-chemical Industries including Oil and Gas, Smelting Plants.
2.	Resource Extractive Industries – Major Mining and Quarrying Projects, Forestry Projects (logging, major wood processing projects, introduction of fauna (exotic animals) in public and private forests, forest occupancy, extraction of mangrove products, grazing), Fishery Projects (dikes for/ and fishpond development projects).
3.	Infrastructure Projects – Major Dams, Major Power Plants (fossil-fuelled, nuclear fuelled, hydroelectric or geothermal), Major Reclamation Projects, Major Roads and Bridges.
4.	All golf course projects
<b>LIST OF ENVIRONMENTALLY CRITICAL AREAS CATEGORIES</b>	
1.	All areas declared by law as national parks, watershed reserves, wildlife preserves, sanctuaries.
2.	Areas set aside as aesthetic potential tourist spots.
3.	Areas which constitute the habitat of any endangered or threatened species of Philippine wildlife (flora and fauna).
4.	Areas of unique historic, archaeological, or scientific interests.
5.	Areas which are traditionally occupied by cultural communities or tribes.
6.	Areas frequently visited and/or hard-hit by natural calamities (geologic hazards, floods, typhoons, volcanic activity, etc.)
7.	Areas with critical slopes.
8.	Areas classified as prime agricultural lands
9.	Recharged areas of aquifers.
10.	Water bodies characterised by one or any combination of the following conditions: tapped for domestic purposes; within the controlled and/or protected areas declared by appropriate authorities; which support wildlife and fishery activities.
11.	Mangrove areas characterised by one or any combination of the following conditions: with primary pristine and dense young growth; adjoining mouth of major river systems; near or adjacent to traditional productive fry or fishing grounds; areas which act as natural buffers against shore erosion, strong winds and storm floods; areas on which people are dependent for their livelihood.
12.	12. Coral reefs characterised by one or any combination of the following conditions: With 50% and above live coralline cover; Spawning and nursery grounds for fish; Act as natural breakwater of coastlines.

If a project or development triggers any of the Environmentally Critical Areas categories, it renders it as an Environmentally Critical Area. For a project to be considered a Non-Environmentally Critical Areas information has to be provided by Proponent as “not an Environmentally Critical Areas” based on an application made to Department of Environment and Natural Resources - Environmental Management Bureau on the EIA Coverage and Requirements Screening Checklist. Department of Environment and Natural Resources - Environmental Management Bureau then provides feedback as to whether it agrees with this determination by the proponent.

The combination of the nature of an activity (Environmentally Critical Projects listing) and the area in which it is to be carried out (Environmentally Critical Areas listing) gives rise to five different categories of project as far as Department of Environment and Natural Resources - Environmental Management Bureau is concerned, each with a different level of environment reporting requirement. They are as follows:

## Project Groups

**Group I:** Environmentally Critical Projects in either Environmentally Critical Areas or Non- Environmentally Critical Areas (Environmentally Critical Projects in either Environmentally Critical Areas or Non-Environmentally Critical Areas) –this includes all Golf Course projects; Heavy Industries, Fishery, Logging and Grazing projects with Environmental Impact Statement requirement (with highest potential level of significance of impact); All projects introducing exotic fauna in public and private forests; Major wood processing; Major mining and quarrying projects and Major listed infrastructure projects. There are currently a total of 37 listed project types in Group 1, all with Environmental Impact Statement requirement.

**Group II:** Non- Environmentally Critical Projects in Environmentally Critical Areas (Non-Environmentally Critical Projects in Environmentally Critical Areas) - These are Heavy Industries, Fishery, and Logging projects with Initial Environmental Examination as the highest documentary requirement (with moderate to nil significance of impact); Minor wood processing projects, Minor mining and quarrying projects, Minor infrastructure projects as set out in the table below.

**Table 3: Summary List of Additional Non- Environmentally Critical Projects Types in Environmentally Critical Areas Classified under Group II**

1. Agriculture industry	9. Pipeline projects
2. Buildings, storage facilities and other structures	10. Textile, wood and rubber industries
3. Chemical industries	11. Tourism industry
4. Cottage industries	12. Transport terminal facilities
5. Demonstration and pilot projects	13. Waste management projects
6. Environmental enhancement and mitigation projects	14. Water supply irrigation or flood control projects
7. Food and related industries	15. Treasure hunting in National Integrated Protected Areas System areas
8. Packaging materials and miscellaneous products industries	16. Wildlife farming or any related projects as defined by Protected Areas and Wildlife Bureau

**Group III:** Non-Environmentally Critical Projects in Non-Environmentally Critical Areas - These are All Group II project types outside ECAs.

**Group IV** (Co-located Projects in either Environmentally Critical Areas or Non-Environmentally Critical Areas): A co-located project is a group of single projects, under one or more proponents/locators, which are located in a contiguous area and managed by one administrator, who is also the Environmental Compliance Certificate applicant. The co-located project may be an economic zone or industrial park, or a mix of projects within a catchment, watershed or river basin, or any other geographical, political or economic area. Since the location or threshold of specific projects within the contiguous area will yet be derived from the EIA process based on the carrying capacity of the project environment, the nature of the project is called "programmatic".

**Group V (Unclassified Projects):** These are the projects not listed in any of the groups, e.g. projects using new processes/technologies with uncertain impacts. This is an interim category – unclassified projects will eventually be classified into their appropriate groups after Environmental Management Bureau evaluation.

### Project Sub-groups

There are a further three (3) sub-groups under each main project group, namely (i) New projects, (ii) Existing projects with Environmental Compliance Certificate with proposal for modification or resumption of operation, and (iii) Operating projects without Environmental Compliance Certificate (Refer Table 4 below). NOTE Currently operating projects preceding the implementation of the Philippine Environmental Impact Statement System (i.e. projects that were operational or implemented prior to 1982) are not covered by the Environmental Impact Statement System unless these apply for modification/expansion falling within thresholds of covered projects under Groups I and II.

### EIA Report Types

The combination of the Project Groups and Sub-groupings gives rise to 15 possible permutations (ie 5 Project Groups x 3 Sub-groups). These 15 ‘categories’ result in seven major EIA Report types dependent on circumstances of Southern Philippines Road Management Program activity based on the combinations of Main Project. These are set out in the table below.

**Table 4: Project Groups and Sub-groups**

<b>Main Project Groups</b>	<b>Description</b>	<b>New</b>	<b>Existing with Environmental Compliance Certificate but with Proposal for Modification or Resumption of Operation</b>	<b>Operating Without Environmental Compliance Certificate</b>
I	Single Environmentally Critical Projects in Environmentally Critical Areas or Non-Environmentally Critical Areas	I-A	I-B	I-C
II	Single Non-Environmentally Critical Projects in ECA	II-A	II-B	II-C
III	Single Non-Environmentally Critical Projects in Non-Environmentally Critical Areas	III-A	N/A	N/A
IV	Co-located Projects in either Environmentally Critical Areas or Non-Environmentally Critical Areas	IV-A	IV-B	IV-C
V	Unclassified Projects	V-A	N/A	N/A

## **EIA Report Contents**

A typical EIA Report has the following substantive contents:

1. Project Description, including its location, scale and duration, rationale, alternatives, phases and components, resource requirements, manpower complement, estimate of waste generation from the most critical project activities and environmental aspects, project cost.
2. Baseline Environmental Description (of the land, water, air and people), focused on the sectors and resources most significantly affected by the proposed action.
3. Impact Assessment, focused on significant environmental impacts (in relation to pre-construction, construction/development, operation and decommissioning stages), taking into account cumulative, unavoidable and residual impacts.
4. Environmental Management Plan, specifying the impacts mitigation plan, areas of public information, education and communication, social development program proposal, environmental monitoring plans (with multi-sectoral public participation for Environmental Impact Statement-based projects) and the corresponding institutional and financial requirements/arrangements.

## **Annex 3: IEE Report Template**

**Source: GoP Department of Environment and Natural Resources – Environmental Management Bureau Administrative Order 03-30 ANNEX 2-15**

Initial Environmental Examination report length: (Maximum of about 75 pages)

NOTE: REFER TO ANNEX 2-7a (ENVIRONMENTAL IMPACT STATEMENT SCOPING AND PROCEDURAL SCREENING CHECKLIST) AS BASIS FOR DETERMINING SIMILAR OR EQUIVALENT SPECIFIC CONTENTS/REQUIREMENTS OF EACH SECTION

Project Fact Sheet

Table of Contents

Executive Summary

- 1) Brief Project Description
- 2) Brief Summary of Project's Initial Environmental Examination Process
- 3) Summary of Baseline Characterisation
- 4) Summary of Impact Assessment and Environmental Management Plan
- 5) Summary of Environmental Monitoring Plan

### **DRAFT MAIN INITIAL ENVIRONMENTAL EXAMINATION REPORT**

#### **1. BASIC PROJECT INFORMATION**

#### **2. DESCRIPTION OF THE PROJECT'S INITIAL ENVIRONMENTAL EXAMINATION PROCESS -**

- 2.1. Terms of Reference of the Initial Environmental Examination Study (if scoping was done with Environmental Management Bureau)
- 2.2. Initial Environmental Examination Team
- 2.3. Initial Environmental Examination Study Schedule
- 2.4. Initial Environmental Examination Study Area
- 2.5. Initial Environmental Examination Methodology

#### **3. PROJECT DESCRIPTION**

- 3.1. Project Location, Area, Environmentally Critical Areas category (if applicable)
- 3.2. Project Rationale
- 3.3. Project Development Plan, Process/Technology and Project Components
- 3.4. Description of Project Phases (Activities/Environmental Aspects, Associated Wastes and Built-in Pollution Control Measures)
  - 3.4.1. Pre-construction/ Pre-operational phase

3.4.2. Construction/Development phase

3.4.3. Operational phase

3.4.4. Abandonment phase

3.5. Manpower Requirements

3.6. Project Cost

3.7. Project Duration and Schedule

4. BASELINE ENVIRONMENTAL CONDITIONS, IMPACT ASSESSMENT AND  
MITIGATION

4.1. The Land (Discuss only relevant modules or modules likely to be affected by project impacts) - Land use, Pedology, Geology, Geomorphology, Terrestrial biology

4.2. The Water (Discuss only relevant modules or modules likely to be affected by project impacts – Hydrology, Oceanography, Water Quality, Freshwater Biology, Marine Biology

4.3. The Air - ((Discuss only relevant modules or modules likely to be affected by project impacts - Meteorology, Air Quality, Noise

4.4. The People

5. ENVIRONMENTAL MANAGEMENT PLAN

5.1. Impacts Management Plan

5.2. Emergency Response Policy and Generic Guidelines (if applicable)

5.3. Environmental Monitoring Plan

Note: Attach under this section the filled out Project Environmental Monitoring and Audit

Prioritisation Scheme (PEMAPS) Questionnaire in Annex 2-7d of the RPM

5.4. Institutional Plan for Environmental Management Program Implementation

6. BIBLIOGRAPHY/REFERENCES

7. ANNEXES

7.1. Scoping Checklist (optional, since Scoping is not required for Initial Environmental Examinations)

7.2. Original Sworn Accountability Statement of Proponent

7.3. Original Sworn Accountability Statement of Initial Environmental Examination Preparer

7.4. Baseline Study Support Information

## **Annex 4: Meeting Notes**

### **Meeting between Department of Public Works and Highways - Asst Secretary Maria Catalina Cabral & Bel Fajardo OIC Environmental & Social Services Officer with Anne Orquiza (AusAID), Tim Jarvis (Environmental Specialist)**

Principal discussions related to the following:

1. Suggested technical guidelines that Department of Public Works and Highways applies to road maintenance activity; and
2. Confirm the level of assessment required for such activity under GoP Philippine Environmental Impact Statement System.

In the event of the need for road widening activity, a GoP Land Acquisition Resettlement and Rehabilitation Plan (Land Acquisition, Resettlement, Rehabilitation and Indigenous Peoples Policy) should be prepared in accordance with the GoP Policy. Department of Public Works and Highways has also produced an Infrastructure Right of Way Procedure Manual in the event of the need for road widening activity. Both of these documents are designed to safeguard the rights of people in the regions served by the roads as part of what Department of Public Works and Highways termed 'social safeguards'.

The Department of Public Works and Highways produced a Social and Environment Management Manual that serves as a guide for conducting EIA under GoP Philippine Environmental Impact Statement System. The Department normally applied for a Certificate of Non-Coverage following the presentation of an assessment using the Initial Environmental Examination level of reporting for routine road maintenance work, or an Environmental Compliance Certificate for more significant road works.

Department of Public Works and Highways suggested that longer term a Programmatic approach to Initial Environmental Examination could mean a streamlined application process for multiple road sections, rather than the need for a new Initial Environmental Examination for each section of road undergoing maintenance work.

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### **Meeting between EIA Management Division of the Department of Environment and Natural Resources – Environmental Management Bureau Chief Engineer Cesar Siodor Jr and Section Chief for Review and Assessment, Elsie Cezar, Anne Orquiza (AusAID), Tim Jarvis (Environmental Specialist)**

Principal discussions related to the following:

1. Confirm the appropriate level of EIA required under GoP Philippine Environmental Impact Statement System for road maintenance activity;
2. Establish the appropriate technical guidelines for managing road maintenance activity; and



3. Understand the relationship between Department of Environment and Natural Resources and the Philippine Environmental Impact Statement System and Local Government Units with respect to environmental permitting/EIA.

CSJ & EC suggested that for a program such as Provincial Road Management Facility involved in multiple sites with relatively minor direct impacts but the requirement to consider broader indirect impacts at the planning phase, a Programmatic Initial Environmental Examination may be the best approach with consultation with appropriate Local Government Units at this stage. An Environmental Compliance Certificate would be issued against this level of Initial Environmental Examination.

This was the preferred approach of Department of Environment and Natural Resources, especially as it represents a standardised methodology that could be applied across the range of provinces Provincial Road Management Facility aims to work with, and gets more sustainable outcomes. Department of Environment and Natural Resources suggested trialling this approach with the first six provinces Provincial Road Management Facility is aiming to work with. For any road widening activity or social impacts relating to loss of land by local people, Department of Environment and Natural Resources recommended a GoP Land Acquisition, Resettlement, Rehabilitation and Indigenous Peoples Policy be produced. Department of Public Works and Highways Right of Way guidance was useful in this respect.

Under the local government code, Department of Environment and Natural Resources would submit our Initial Environmental Examination to Local Government Units for consultation as part of the Initial Environmental Examination application process. At the provincial level, Department of Environment and Natural Resources recommended that this should occur via the Regional Development Council with NEDA and the Provincial Road Management Facility Contract Manager as proponents, even though the new Philippine Environmental Impact Statement System guidelines strictly speaking no longer require sign off from Local Government Units. Public scoping would occur as part of the Initial Environmental Examination structure as part of the Project Description Report.

In terms of technical guidance to underpin Provincial Road Management Facility, Department of Environment and Natural Resources suggested that World Bank technical guidance (Roads and Environment Handbook) be used. They also suggested Department of Public Works and Highways' Traffic Management Plan guidance for road operations on road projects. GoP ambient standards for the receiving environment in the areas of air quality, contamination, water and noise should be used, but no activity specific guidance or standards were suggested.

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### **Meeting between Ben Eijbergen and Carol Geron World Bank) and Anne Orquiza (AusAID), Tim Jarvis (Environmental Specialist)**

Principal discussions related to the following:

1. Whether World Bank environmental assessment processes that occurred as part of the National Road Improvement and Management Program Phase 2 and Mindanao Rural Development Project Phase 2 programs satisfy AusAID's environmental assessment/EIA practices; and

2. Whether World Bank technical guidance is useful in providing guidance to underpin Provincial Road Management Facility activity.

### **MRDP2 & NRIMP2 and environmental assessments**

Mindanao Rural Development Project Phase 2 aims to re-structure systems for agriculture and fisheries services delivery in targeted Local Government Units and communities, and in improving public participation, transparency and accountability in the design and implementation of program interventions. This involves rural infrastructure including farm-to-market roads, bridges, communal irrigation systems and water supply systems. An environmental assessment of Mindanao Rural Development Project Phase 2 was conducted in 2005 to determine the potential environmental impacts of the program in Mindanao. The method used was the Regional Environmental Assessment, developed by the World Bank for the environmental assessment of policies, programs, and plans where the precise nature of work is not able to be ascertained.

Regional Environmental Assessment involves comprehensive assessment of environmental issues and impacts and how impacts may cumulatively affect the ecology and human living conditions within given area or region. It concluded that the implementation of Mindanao Rural Development Project Phase 2 types of subprojects would not cause significant environmental impacts.

National Road Improvement and Management Program Phase 2 is designed to reform the sector structure to improve overall service delivery and effectiveness, and to improve the road network. National Road Improvement and Management Program Phase 2 was classified as a Category B project by World Bank Environmental Assessment scheme, because the impacts caused by road works were deemed to be manageable. A programmatic approach was taken, and Social Environmental Management System established with Department of Public Works and Highways was followed.

In terms of technical guidance, the main World Bank documents for assessing and managing the environmental impacts of projects it supports include: The World Bank 'Safeguards' system; and the World Bank Roads and Environment Handbook, 1997 that contains both process and technical guidance on roads and the environment.

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### **Meeting between Sam Chittick & Rosa Antes (AusAID) regarding Philippines Australia Local Sustainability Project (PALS) project, and Anne Orquiza (AusAID), Tim Jarvis (Environmental Specialist)**

Principal discussions related to the following:

1. Gain an appreciation of the experiences/challenges of Philippines Australia Local Sustainability Project as a program working with both National and Local Government Units at Barangay level; and
2. Based on Philippines Australia Local Sustainability Project experiences, the best way in which they felt capacity building could be built at the Provincial level within Provincial Road Management Facility.

SC & RA felt that the role of a devolved regional function was important for getting ownership of the Provincial Road Management Facility as well as ensuring its long term sustainability. SC furthermore felt that there is little knowledge of appropriate

environmental practice at the local level, or at best that the standard of knowledge varied significantly. They both stressed that the key factor in adoption of good standards of both road maintenance and sustainable environmental practices was capacity building at a regional level to ensure this occurred and that there was no requirement to strengthen the existing GoP legal framework that was already exhaustive.

SC & RA were informed by Anne Orquiza (AusAID) that it was the intention of Provincial Road Management Facility for Department of the Interior and Local Government (responsible for managing Provincial roads) to be involved together with NEDA (responsible for National & Provincial projects) in an advisory capacity beneath the Managing Contractor for the duration of the Provincial Road Management Facility, taking over from the Managing Contractor in administering Provincial Road Management Facility if it is adopted longer term.

In terms of an independent monitoring function to audit or review the adequacy of program practices, SC & RA felt that a number of candidates could/should be considered for either performing the monitoring/audit function or for inclusion into whatever group performed this function for Provincial Road Management Facility:

- Provincial Project Monitoring Committee – part of the Regional Project Monitoring and Evaluation System administered by National Economic and Development Authority;
- Sangguniang Panlalawigan – the Local Legislative Council or Provincial Board that Provincial Project Monitoring Committee reports to;
- Civil Societies such as Road Watch that look at the adequacy of road building activity;
- Provincial Engineering and Natural Resources Office; and
- Provincial Development Councils – already have an internal audit function that includes financial and performance based criteria. It would be a natural extension of this function to include environmental criteria.

Consensus was reached that it was likely to involve a combination of a Local Government Unit and Civil Society group to ensure impartiality.

SC & RA also recommended that the requirements of the Environment Code were taken into account when managing Provincial Road Management Facility activity. This code is a nationally drafted piece of legislation that is required to be enacted locally.

SC & RA were informed that both Department of Environment and Natural Resources and AO/TJ felt that a Programmatic Initial Environmental Examination to scope out the main indirect environmental issues associated with the 41 Provinces was favoured. It was felt this enabled indirect activities to be adequately captured and that this would take place at the Managing Contractor/National Economic and Development Authority/Department of the Interior and Local Government level with some consultation with Local Government Units via the PDCs. SC & RA stressed the importance of capacity building at the Provincial level by giving more control to Local Government Units in this process.

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**Meeting between - Department of Environment and Natural Resources Region VII- Environmental Management Bureau Regional Director - Alan Arranguez and Connie Panibio (AusAID), Tim Jarvis (Environmental Specialist)**

Principal discussions related to the following:

1. Establish how the Environmental Impact Statement system works locally;
2. Confirm the best place for an audit/monitoring function at Provincial level; and
3. Understand the relationship between Department of Environment and Natural Resources and the Philippine Environmental Impact Statement System and Local Department of Environment and Natural Resources with respect to environmental permitting/EIA.

AA stated that clear criteria exist that determines whether a project is dealt with by the local Department of Environment and Natural Resources or not. For roads this is for all maintenance work on non-major roads. Clear criteria determine the level of EIA required under the GoP Philippine Environmental Impact Statement System also, with Initial Environmental Examination Reports required for roads of >2 but <20km and Initial Environmental Examination Checklists required for roads of >2km but <10km. For minor works on more major roads, a Certificate of Non-Coverage is issued by Department of Environment and Natural Resources for Department of Public Works and Highways at a regional level with no central input required.

In his experience local laws always synchronised with national directives and that practically speaking there were no planning or environment laws to be concerned with for this activity in Cebu. The Environmental Compliance Certificate issued would however reference any applicable local government laws if these existed, as well as national laws relating to noise, water etc.

Provincial government should do the monitoring. He felt that the proponent for Provincial Road Management Facility should be the provincial governments.

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**Meeting between - Provincial Engineering Office (PEO) – Engineer Ronilita Bunado and colleagues, and Provincial Planning and Development Coordinator – Attorney John Vistal and Connie Panibio (AusAID), Tim Jarvis (Environmental Specialist)**

Principal discussions related to the following:

1. Establish how the Environmental Impact Statement system works locally;
2. Confirm the best place for an audit/monitoring function at Provincial level; and
3. What technical guidance information is used for road maintenance activity?

Bohol has an Environment Code (1998). Also Provincial Engineering Office has an ISO 14001 certified Environmental Management System that sets out lots of procedures for Provincial Engineering Office to follow in all infrastructure activity e.g. roadside burning, quarrying practices etc. It also sets out threshold at which point activities such as quarrying require an Environment Compliance Certificate/Certificate of Non-Coverage (if > 1,000 m<sup>3</sup> of material is quarried). The only times that an Environment Compliance Certificate is required for road maintenance activity is if: a road requires widening in mangrove areas; or quarrying activity is proposed. This is normally dealt with locally if not a major activity (ie not with Department of Environment and Natural Resources Central).

In terms of monitoring and audit, the Bohol Environmental Management Office is responsible and has convened Project Assurance Teams on a project by project basis made up for Local Government Unit organisations, academics and civil groups/ Non Government Organisations in the past. Notably the Local Governance Development Program utilised this approach.

Environmental planning is also coordinated through Bohol Environmental Management Office who together with Provincial Engineering and Natural Resources Office represent the devolved function of Department of Environment and Natural Resources at provincial level. Broader indirect issues are brought to the attention of the planning process via civil and private sector groups who contribute to the EIA process.

Areas for improvement include making application of laws and remits of various organisations from national down to provincial level clearer; and opportunity for improved training at all levels, not least of all senior level with respect to environment and planning importance.

Provincial Engineering Office stated they have issues with handing over responsibility for road maintenance to contractors, as they do not necessarily finish the work if e.g. interrupted by extreme weather, leaving work unfinished. Also that they do not have an issue with compensation for land taken for roads as the roads are almost always wanted by the community and so little objection ever occurs.

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**Meeting between - Provincial Environment and Natural Resources Office – Nestor Canda, and Bohol Environmental Management Office Deputy Head Eng Renato Villaber and Connie Panibio (AusAID), Tim Jarvis (Environmental Specialist)**

Both Bohol Environmental management Office and Provincial Engineering and Natural Resources Office are devolved functions of Department of Environment and Natural Resources in Bohol. Provincial Engineering and Natural Resources Office is the regulatory authority and Environmental Compliance Certificate issuing authority at provincial level (with Community Environment and Natural Resources Officer as a community version of Provincial Engineering and Natural Resources Office). Bohol Environmental Management Office administers its own Environment Code and has a permitting scheme based on this. Often deals directly with international investors etc interested in Bohol rather than going through central government channels. In particular Department of Environment and Natural Resources' role is limited to the extent that much of the land of Bohol is 'inalienable and disposable' and therefore apparently outside Department of Environment and Natural Resources' jurisdiction.

The main method by which Bohol Environmental Management Office retains control over activities in Bohol is via permitting scheme based on application of the Environment Code. This for example provides Bohol Environmental Management Office with a safeguard, in that it will only issue a permit for a given activity if that activity first has an Environmental Compliance Certificate from Department of Environment and Natural Resources or Provincial Engineering and Natural Resources Office (dependent on significance of the activity), but it can choose not to issue one, thus preventing the activity from going ahead. Eg a road can receive an Environmental Compliance Certificate, but Bohol Environmental Management Office can decide not to issue a permit for quarrying if it chooses. It seldom exercises this right but could. Bohol Environmental Management Office and Provincial Engineering and Natural Resources Office work closely together and are very cooperative with one another.

In the event that indirect issues associated with eg a road receive a centrally issued Environmental Compliance Certificate, Provincial Engineering and Natural Resources Office and Bohol Environmental Management Office used the scoping component of the EIA process to make sure that planning related issues (often the more indirect issues) are considered appropriately. The Environmental Compliance Certificate is also sufficiently flexible that it can be a good place to put in requirements that local endorsement is required even if the Environmental Compliance Certificate itself does not require it.

Bohol Environmental Management Office and Provincial Engineering and Natural Resources Office were both very supportive of a Multipartite Monitoring Team approach being used. They assumed this would be made up of Local Government Unit organisations, academics and civil groups/ Non Government Organisations in the past. Environmental planning is also coordinated through Bohol Environmental Management Office who together with Provincial Engineering and Natural Resources Office represent the devolved function of Department of Environment and Natural Resources at provincial level. Broader indirect issues are brought to the attention of the planning process via civil and private sector groups who contribute to the EIA process.

They agreed that Local Government Units should be the proponent for Provincial Road Management Facility.

## Annex 5: IEE Approval Process

Chronological account of Initial Environmental Examination application process from GoP Department of Environment and Natural Resources DAO 03-30.

STEP	NOTES
<b>1.0 Informal Scoping (option of the Proponent)</b>	<b>1.0</b> The Proponent may opt to request Environmental Management Bureau CO/RO to scope the Initial Environmental Examination Report. In the scoping meeting, the Proponent and Environmental Management Bureau jointly fill out the Scoping Checklist ( <i>may use Annex 2-7a</i> ). The accomplished form may be signed by both parties to serve as the official Terms of Reference of the Initial Environmental Examination Report.
<b>2.0 EIA Study and Report Preparation</b>	<b>2.0 THIS STEP IS WHOLLY WITHIN THE PROPONENTS CONTROL.</b> Proponent undertakes the Initial Environmental Examination Study. Department of Environment and Natural Resources - Environmental Management Bureau personnel may clarify procedural and technical matters on the EIA process but is not allowed to take part in the EIA study or in the preparation of the report. <i>Annex 2-1a</i> (Project Grouping Matrix) highlights project types with available Initial Environmental Examination Checklists under Groups I and II. Checklists must be used if these are provided by Environmental Management Bureau. The Initial Environmental Examination Report Outline is presented in <i>Annex 2-15</i> . <i>Annexes 2-17 and 2-20</i> provide templates for the Impacts Management Plan and Environmental Monitoring Plan. The Proponent is reminded to submit the filled-out <i>Annex 2-7d</i> with the Initial Environmental Examination Report/ Initial Environmental Examination Checklist as basis of Environmental Management Bureau for prioritisation in compliance monitoring and evaluation. <i>Annexes 2-21 and 2-22</i> are Pro-forma Sworn Statements of Accountability of Proponent and Preparers for attachment in the Initial Environmental Examination Report/ Initial Environmental Examination Checklist.
<b>3.0 EIA Report Review and Evaluation</b> <b>3.1 Procedural Screening</b>	<b>3.1</b> Proponent submits to Environmental Management Bureau one (1) copy of the Initial Environmental Examination Report or Initial Environmental Examination Checklist, together with the filled out Procedural Screening Checklist (may use Annex 2-7a as template) for the Initial Environmental Examination Report submission. <ul style="list-style-type: none"> <li>For Initial Environmental Examination Report: Within <b>three (3) days</b> from receipt by Environmental Management Bureau of the Initial Environmental Examination Report, the Screening Officer validates the procedural screening done by the Proponent.</li> <li>For the Initial Environmental Examination Checklist: Within <b>one (1) day</b> from receipt of the report, the Screening Officer validates the completeness of the Initial Environmental Examination Checklist to ensure the information is sufficient to make a decision on the application.</li> <li>Non-conforming document will be returned. If conforming, Proponent will be instructed to pay the filing fee and then show the receipt to the Environmental Management Bureau Case Handler to initiate the substantive review of the document.</li> </ul>
<b>3.2 Setting up the Review Fund</b>	<b>3.2</b> For the Initial Environmental Examination Report, the Review Fund is estimated by the EIAMD and signed off by the EIAMD RO Chief. The Proponent with the Department of Environment and Natural Resources - Environmental Management Bureau Fund Manager then enters into a Memorandum of Agreement. <i>Annex 2-23</i> presents the guidelines for setting up the Review Fund.



STEP	NOTES
3.3 Submission of Procedurally accepted Application Documents	<b>5 Hard + 1 CD 5 Hard + 1 CD OF COPIES OF EIA REPORT REQUIRED TO BE SUBMITTED IEER IEEC</b>
<b>4.0 Substantive Review</b>	
<b>Steps 4.0 to 6.0 START OF ENVIRONMENTAL MANAGEMENT BUREAU - CONTROLLED REVIEW PROCESS</b>	<p><b>MAXIMUM WORKDAYS DEPARTMENT OF ENVIRONMENT AND NATURAL RESOURCES - ENVIRONMENTAL MANAGEMENT BUREAU REVIEW DURATION</b>  <b>IEER – 60; IEEC - 30</b></p> <p><i>NOTE #1:</i> ONLY THE TOTAL REVIEW DURATION and RESPONSE PERIOD OF PROPONENT TO AIs ARE CONTROLLED BY ENVIRONMENTAL MANAGEMENT BUREAU. The rest of the timelines within the review process is provided FOR GUIDANCE and PLANNING PURPOSES only.</p> <p><i>NOTE #2:</i> Day 1 of the official processing period is reckoned on the day of the Proponent's show of receipts of the filing fee (and Review Fund for Initial Environmental Examination Report), together with the required number of reports, to the Environmental Management Bureau Case Handler.</p>
<b>4.1 Inviting Environmental Management Bureau Reviewers and Distribution of EIA Reports</b>	<p><b>PRESCRIBED WORKDAYS FOR ENVIRONMENTAL MANAGEMENT BUREAU TO DISTRIBUTE EIA REPORTS IEER – 5; IEEC - 5</b></p> <p>Should the Environmental Management Bureau Case Handler decide to review the Initial Environmental Examination Report with a team, the Case Handler may invite reviewers from Environmental Management Bureau/Department of Environment and Natural Resources personnel with mandates on the key issues of the applications (e.g., water, air, hazardous waste from PCD; Solid waste from the NSWMS; mining issues from the MGB; forestry issues from the FMB; etc). For Initial Environmental Examination Report, an external expert may be additionally invited depending on the criticality of the issue involved and absence of internal expertise.</p>
<b>4.2 Review Proper by Environmental Management Bureau Case Handler or with Environmental Management Bureau /Department of Environment and Natural Resources reviewers</b>	<p><b>PRESCRIBED WORKDAYS for EIA REVIEW PROPER*</b></p> <p>Initial Environmental Examination Report – 35; Initial Environmental Examination Checklist- 15</p> <p>*Note: The Review Proper duration is inclusive of a maximum of two (2) Additional Information (AIs), and maximum of three (3) Review Team meetings/exchange of communication, Site Visits/Public Consultation up to Submission of Review Process Report by the Environmental Management Bureau Case Handler.</p>
<b>4.2.1 1st Review by Environmental Management Bureau CH or with Review Team (RT)</b>	<p><b>4.2.1</b> The Environmental Management Bureau Case Handler may review the EIA Report solely or with the assistance of Environmental Management Bureau/Department of Environment and Natural Resources Reviewers. The reviewers may individually review the EIA Reports and fill up the Proforma Additional Information (AI) Request (<i>Annex 2-24</i>) for submission during the 1st Review Mtg or in an equivalent activity (i.e. routing the AI request to the Environmental Management Bureau CH within a specific timeline). The Environmental Management Bureau CH serves as the Chair of the Review Team. Should a meeting be held, the RT deliberations are discussed with the Proponent. The pending AIs are then</p>

STEP	NOTES
	consolidated by the Environmental Management Bureau CH for transmittal to the Proponent at the earliest possible time. <i>Annex 2-24</i> provides supplementing guidelines for requesting AIs while <i>Annex 2-25</i> provides review criteria and guidance to the Review Team on the conduct of review meetings.
4.2.2 Site Visit (SV), Public Consultation (PC)	<p><b>PUBLIC PARTICIPATION DURING REVIEW PROPER IEER &amp; IEEC Option of Environmental Management Bureau</b></p> <p><b>Note #1:</b> No Public Hearing is required. Should the Environmental Management Bureau require a public consultation, the response to the AI raised during the 1<sup>st</sup> Review Team Meeting shall be responded to within five (5) working days from the date of the Public Consultation.</p> <p><b>Note #2:</b> Timelines of SV/PC are included in the Review Proper duration.</p>
4.2.3 2nd/3rd Environmental Management Bureau CH Review or Meeting with Review Team (RT)	<p><b>4.2.3 NO. OF WORKDAYS FOR SUBMISSION OF RESPONSE* BY PROPONENT FOR EVERY AI is 7 days</b></p> <p><b>*NOTE #1:</b> Responses must include response to issues raised by the stakeholders and Environmental Management Bureau during the site visit or public consultation.</p> <p><b>NOTE #2: NON-SUBMISSION OF THE AI WITHIN THE PRESCRIBED TIMEFRAME WOULD MEAN STOPPAGE OF THE REVIEW PROCESS and AUTOMATIC RETURN OF IEER/IEEC TO THE PROPONENT, WHO IS GIVEN SIX (6) MONTHS TO RESUBMIT WITHOUT HAVING TO PAY PROCESSING and OTHER FEES.</b></p>
4.2.4 Submission of Review Process Report /Draft Recommendation Document by Environmental Management Bureau CH	<p><b>4.2.4</b> The Review Process Report/Recommendation Document shall be prepared and submitted by the Environmental Management Bureau CH to the EIAMD Review Section Chief/EIAM Division Chief at the latest within five (5) days from receipt of the EIA Review Committee Report. <i>Annex 2-29</i> provides an outline of the Review Process Report. <i>Annex 2-30a</i> presents the standard Environmental Compliance Certificate format and content. The EIA Review Committee Chair signs Annex B of the Environmental Compliance Certificate which relays relevant EIA Findings and Recommendations to the Proponent on issues both within the Environmental Management Bureau/Department of Environment and Natural Resources mandate and those within the jurisdiction of other concerned Government Agencies/Local Government Units. The Review Process Report and its approval as well as clearance on Decision Document for release to Endorsing Authority are included in the Review Proper duration.</p>

STEP	NOTES
<b>5.0 Endorsement of Recommendation</b>	<p><b>ESTIMATED WORKDAYS for ENVIRONMENTAL MANAGEMENT BUREAU TO ENDORSE DECISION DOCUMENT IEER – 10; IEEC – 5</b></p> <p><b>Endorsing Authority EIAMD RO Division Chief</b></p>
<b>6.0 Sign-off/ Issuance of Decision Document</b>	<p><b>ESTIMATED WORKDAYS TO SIGN-OFF and ISSUE DECISION DOCUMENT for IEER – 10; IEEC – 5</b></p> <p><b>Deciding Authority Environmental Management Bureau Regional Office Director Environmental Management Bureau Regional Office Director</b></p> <p><b>NOTE #1:</b> If no decision is made within the specified timeframe, the Environmental Compliance Certificate application is deemed automatically approved and the approving authority shall issue the Environmental Compliance Certificate within five (5) working days after the prescribed processing timeframe has lapsed.</p> <p><b>NOTE #2:</b> Prior to the release of the Environmental Compliance Certificate, Proponent shall submit to the Environmental Management Bureau one (1) hard copy and 2 e-files of the FINAL INITIAL ENVIRONMENTAL EXAMINATION REPORT, integrating all AIs. (Not applicable for FINAL INITIAL ENVIRONMENTAL EXAMINATION CHECKLISTS)</p> <p><b>NOTE #3:</b> The Proponent signs the Sworn Statement of Full Responsibility on Environmental Compliance Certificate Conditions prior to the official release of the Environmental Compliance Certificate.</p>
<b>7.0 Transmittal of Environmental Compliance Certificate to Concerned GAs/LGUs</b>	<p>7.0 Environmental Management Bureau transmits through <i>Annex 2-30b</i> the Environmental Compliance Certificate to concerned Government Agencies and Local Government Units with mandate on the project for integration of recommendations into their decision making process</p>

## **Annex 6: Capacity Building/Administrative Structure and Learning's from Infrastructure for Rural Productivity Enhancement Sectoral Project**

ADB's Infrastructure for Rural Productivity Enhancement Sectoral Project involves provision of technical assistance to the GoP Department of Agriculture to address the needs of farmers and the rural poor through providing rural infrastructure. Many of the learning's of this project to date relating to capacity building and funding mechanisms at the local government level in particular were taken on board.

In particular Infrastructure for Rural Productivity Enhancement Sectoral Project aims to substantially change responsibilities at the Local Government Unit level within the process of planning, implementing, and maintaining rural infrastructure. To ensure that these responsibilities are effectively carried out, the Infrastructure for Rural Productivity Enhancement Sectoral Project supports a program of capacity building that includes the strengthening of Local Government Units, Non Government Organisations, and community organisations in the subproject sites. The major beneficiaries of this training will be Local Government Unit administrators and staff. This strengthening will be effected mainly through locally based training provided by specialist organisations supported by regular on-the-job training from the expert pool and, as appropriate, staff of the project office.

Evaluation will be performed through a participatory monitoring and evaluation mechanism in cooperation with private sector, Non Government Organisations, peoples' organisations, with training through a 'train the trainer' program that will be contracted to a professional entity

The ADB's Infrastructure for Rural Productivity Enhancement Sector Project report, October 2000 concludes that capacity building amongst stakeholders occurs so that provincial governments in particular take ownership of its process is a key conclusion.

In its 'Lessons Learned' section it states that *'The most important problem that has been noted, whether the projects involve rural roads, communal irrigation, or water supply, is the failure to ensure the sustainable operation and continued maintenance of the facilities created. This was generally due to (i) the lack of involvement and participation of the communities that were the supposed beneficiaries of the project, and (ii) the lack of Local Government Unit involvement and committed counterpart funds for Operation and Maintenance. It is therefore important that (i) targeted beneficiaries and potential users be organised and involved from the very beginning of the project cycle, from project identification and site selection through project design and implementation; and (ii) Local Government Units and end-users have clearly defined responsibilities for Operation and Maintenance of facilities that are agreed upon in advance. A participatory, community based approach to project planning and implementation is a major prerequisite for ensuring the quality and sustainability of small-scale infrastructure in rural areas. Such an approach will also make the project less susceptible to change in political leadership and development priorities.'*

*More than just the beneficiary communities themselves, the concerned Local Government Units should be actively involved in the process and committed to the provision of*

*Operation and Maintenance. They should not merely be consulted, but be the lead implementers of projects. The LGC recognises the difficulties inherent in having rural infrastructure projects provided and maintained by the national government. While National Government Agencies should continue to provide policy guidance and technical support, the concerned Local Government Unit should coordinate with all participating agencies and be solely responsible for the project's outcome. As much as possible, the Local Government Units should also, whether singly or as a group, take the initiative in prioritising their needs and securing the financing to meet these needs'.*

## **Capacity Building**

To ensure that subprojects proposed by Local Government Units under Infrastructure for Rural Productivity Enhancement Sectoral Project reflect the needs and priorities of the beneficiary communities and to enhance the development planning capacity of participating Local Government Units, the Project will coordinate with the ongoing International Labour Organisation's (ILO) Integrated Rural Accessibility Planning project. The Integrated Rural Accessibility Planning focuses on rural communities and targets major actors of local decision-making: planners and technical staff, local chief executives, members of the Sangguniang Bayan (local legislative council), and the local development councils.

Integrated Rural Accessibility Planning is a needs-based, multi-sectoral, gender-sensitive methodology for local-level planning that aims to contribute to socioeconomic development and poverty reduction by setting up effective development planning capacity at the local, regional, and national levels. Candidate Local Government Units will participate in Integrated Rural Accessibility Planning (or, under some circumstances, other similar planning exercises) before submitting project proposals for consideration.

Participating Local Government Units will be strengthened, primarily through on-the-job training, in the following areas:

1. Project management using participatory planning tools and techniques;
2. Preparation of subproject proposals, including familiarity with the process and content of feasibility studies;
3. Contract management and supervision, particularly for rural infrastructure construction and maintenance;
4. Financial management, particularly procedures involved in disbursement and replenishment of loans;
5. Monitoring and evaluation of project results and assessment of the project's impact on poverty; and
6. Environmental analysis and management.

## **Participatory Monitoring and Evaluation of Subprojects**

Rather than simply monitoring the physical progress of civil works construction/completion, evaluation of subprojects will be based on the subproject's impact on agricultural growth and on poverty reduction. This evaluation will be performed through a participatory monitoring and evaluation mechanism in cooperation with private sector, Non Government Organizations, peoples' organisations, etc. This will be affected through an initial program of training of trainers that will be contracted to a professional entity. The private sector or Non Government Organizations will later be contracted to monitor and evaluate subprojects (in close coordination with the subproject

monitoring boards and assess subproject impact on income, agricultural growth, and poverty reduction.

### **Strengthening Community Organisations in Operation and Maintenance**

Communities will contribute greatly to routine Operation and Maintenance of infrastructure (access infrastructure) and the collection of revenue to contribute to Operation and Maintenance costs (Communal Irrigation System/Communal Irrigation Project and water supply). To ensure that the completed facilities are maintained, the project will support the strengthening of community organisations' capacity for undertaking Operation and Maintenance and for promoting cost recovery. The project (in conjunction with Non Government Organizations, the private sector, and appropriate government agencies) will train community organisations, VWSAs, and IAs in communities to which infrastructure is provided.

### **Department of Agriculture**

Department of Agriculture, as the Executing Agency for the project and in its capacity as the lead agency for the agriculture sector, will be assisted to improve its capacity at central and field levels in:

1. Setting clear sectoral policy directions;
2. Managing beneficiary-driven infrastructural developments and (particularly in coordination and facilitation) a broad range of projects in partnership with Local Government Units and the private sector; and
3. Prescribing and implementing procedures for results and benefits monitoring and evaluation, and auditing.

### **Project Management and Coordination**

For successful project implementation Local Government Units, communities, and contractors will have to perform a number of functions. The project management and coordination component will ensure that the Project provides the major outputs effectively. It will therefore support the requirements for staffing, operations, and equipment for:

1. An interagency and intersectoral Project Management Committee, chaired by the secretary of Department of Agriculture, with its main function to provide policy guidance and overall project direction;
2. A lean project coordination unit at the central office of Department of Agriculture to provide secretariat support to the Project Management Committee, and liaise with the oversight agencies (National Economic and Development Authority, Department of Finance, Department of Budget and Management, and Municipal Development Fund Office within Department of Finance) and with the funding agencies;
3. Project advocacy support, prequalification endorsement, and subproject approval from associated Department of Agriculture regional field units;
4. Evaluation of Local Government Unit financial capacities by the Municipal Development Fund Office and the Bureau of Local Government Finance; and
5. A project office that is responsible for coordinating subprojects, assisting or facilitating the preparation of quality subproject proposals, and delivering the required inputs to Local Government Units in a timely and effective manner (v) monitoring and evaluation of project results and assessment of the project's impact on poverty; and
6. Environmental analysis and management.