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GREEN FINANCE PROGRAM

Environmental Due Diligence

ADFIAP Consulting
Asia Clean Energy Forum
June 6-10, 2016, ADB Headquarters

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Discussion Outline

1. Initial Environmental Examination (IEE)
2. Environmental Impact Assessment (EIA)
3. Case Study

Department of Environment and Natural Resources
Environmental Management Bureau

SOLID WASTE MANAGEMENT

The "Basura Patrol" Team aimed to strictly implement and enforce the stated provision by patrolling public places and see if cleanliness is in place among the Local Government LGU) jurisdictions in National Capital Region (NCR)

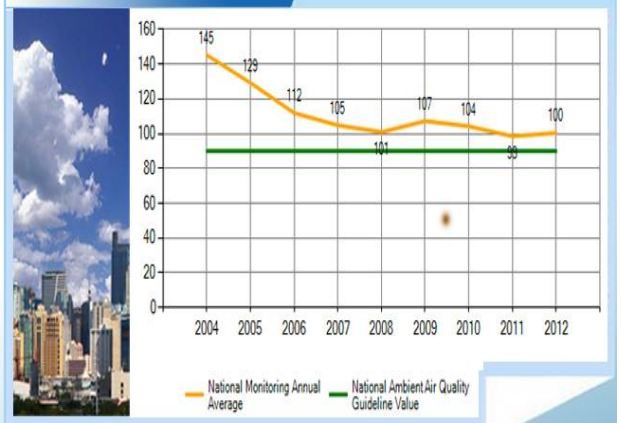
NSWMC WEBSITE | DASHBOARD

WATER QUALITY

The Adopt-an-Estero/River Program is a flagship program of the Department of Environment and Natural Resources Highlights the collaborative undertaking among estero communities private entities, local government units (LGUs) and the DENR.

WQMS WEBSITE | DASHBOARD

AIR QUALITY



R.A 8749, otherwise known as the "Philippine Clean Air Act of 1999",Its primary goal is to come out with a comprehensive program to achieve and maintain Air Quality that meets the National Air Quality Guidelines for Criteria Pollutants and their Emissions Standards.

AQMS WEBSITE | DASHBOARD

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Environmental Management Unit (EMU)

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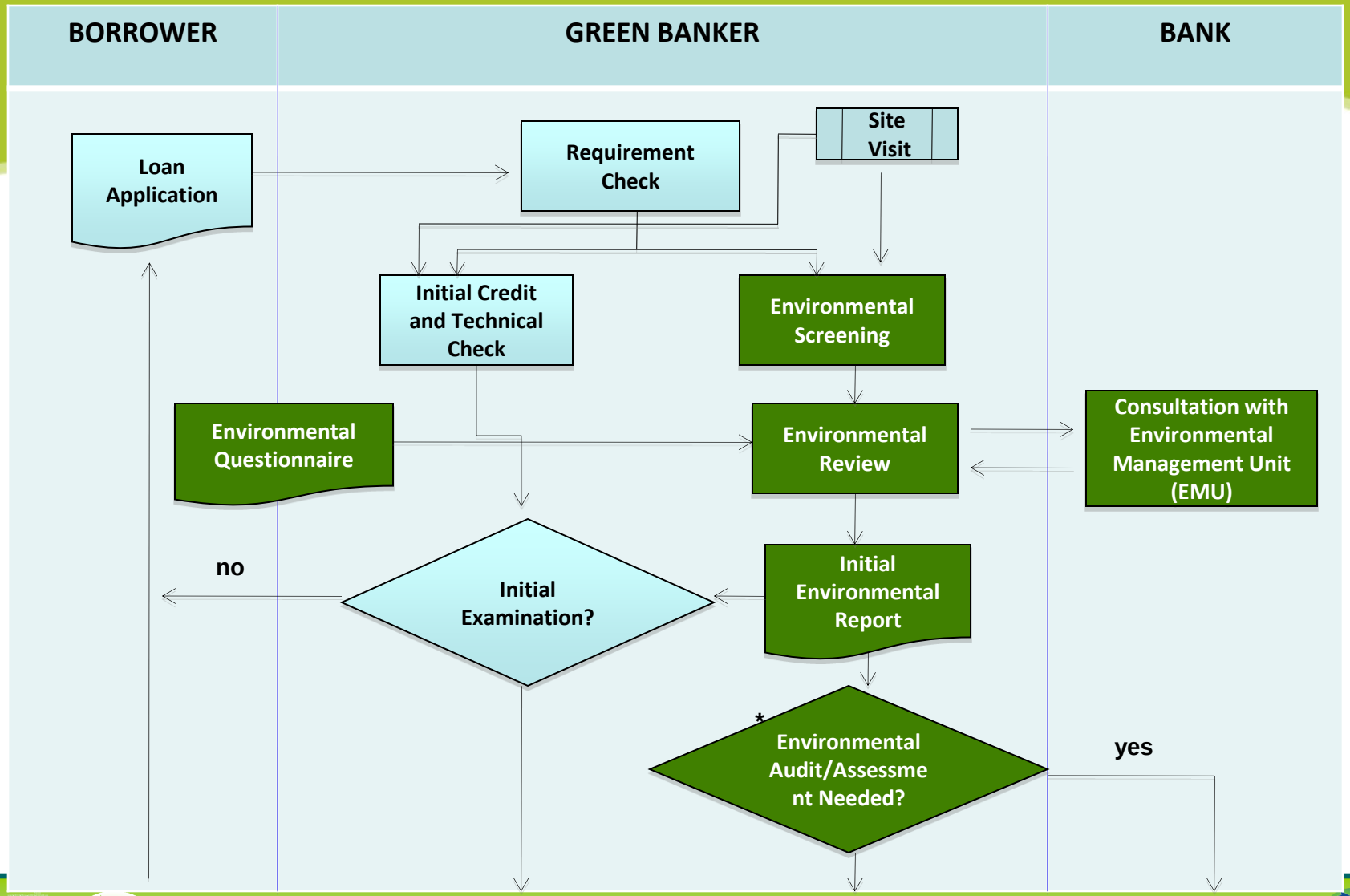
Environmental Management Unit (EMU)

- **Functions:**

1. Responsible for the overall policy formulation on environment, natural resources and pollution control in the bank.
2. Co-ordinates, monitors and evaluates project proposals submitted to the bank for financing.
3. Assists credit/loan officers in the environmental due diligence of proposed projects.

FIRST STEP ASSESSMENT



* Environmental Audit – for existing project; Environmental Assessment – for new project

- Regular credit cycle
- Green credit cycle

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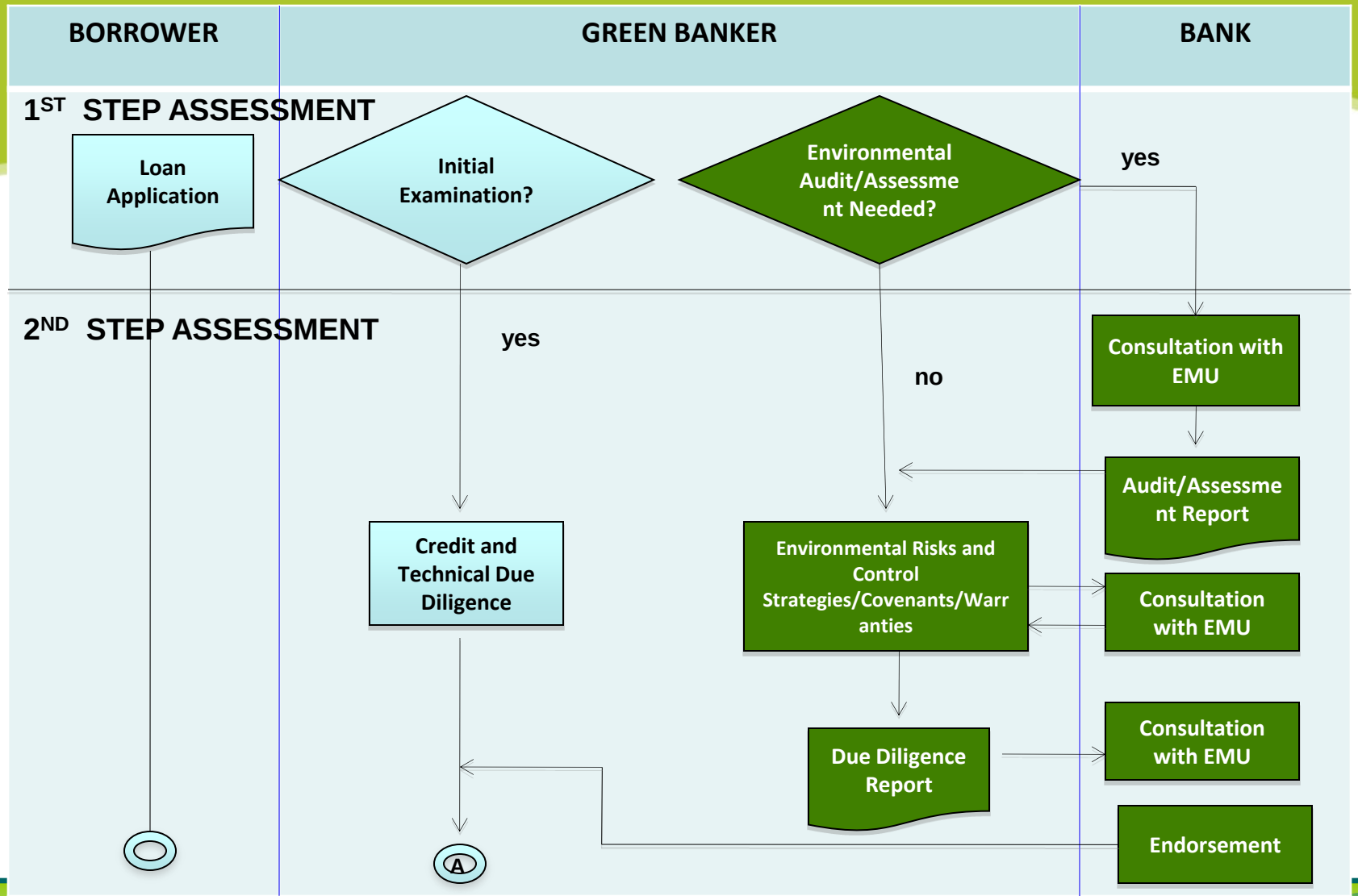
SECOND STEP ASSESSMENT



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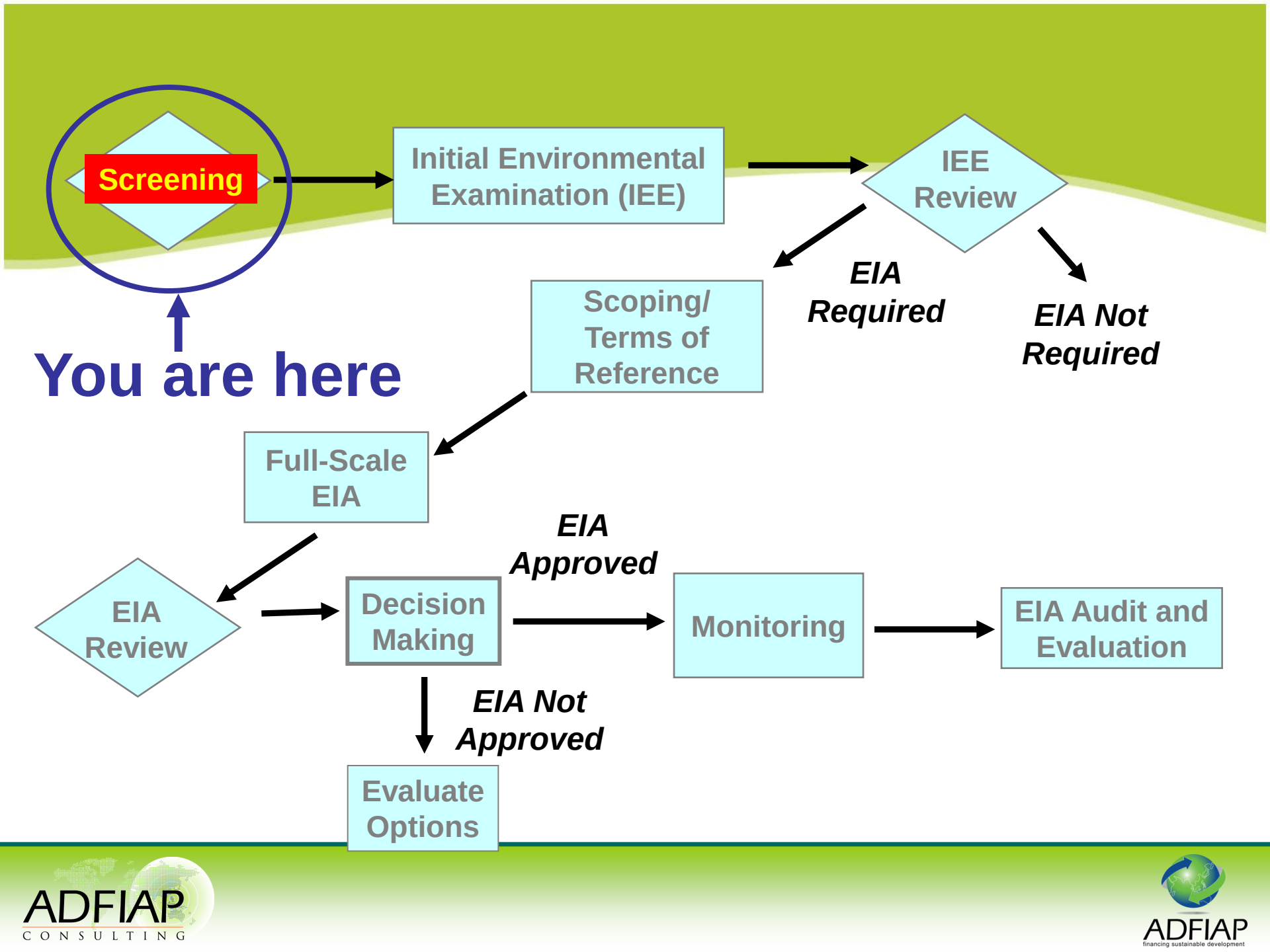
Green Credit Cycle

- **3rd Step Assessment (Evaluation & Approval)**

Environmental Audit/Assessment Not Needed

1. **Credit/Loan Application/Approval Document**
2. **CRECOM Approval**
3. **LoanCom/EXECOM/Board Approval**
4. **Client Advice of approval/disapproval**
5. **Upon approval, Documentation**
6. **Loan Release**


OVERVIEW OF THE
ENVIRONMENTAL
IMPACT ASSESSMENT
PROCESS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Full-Scale EIA
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1. Environmental Screening

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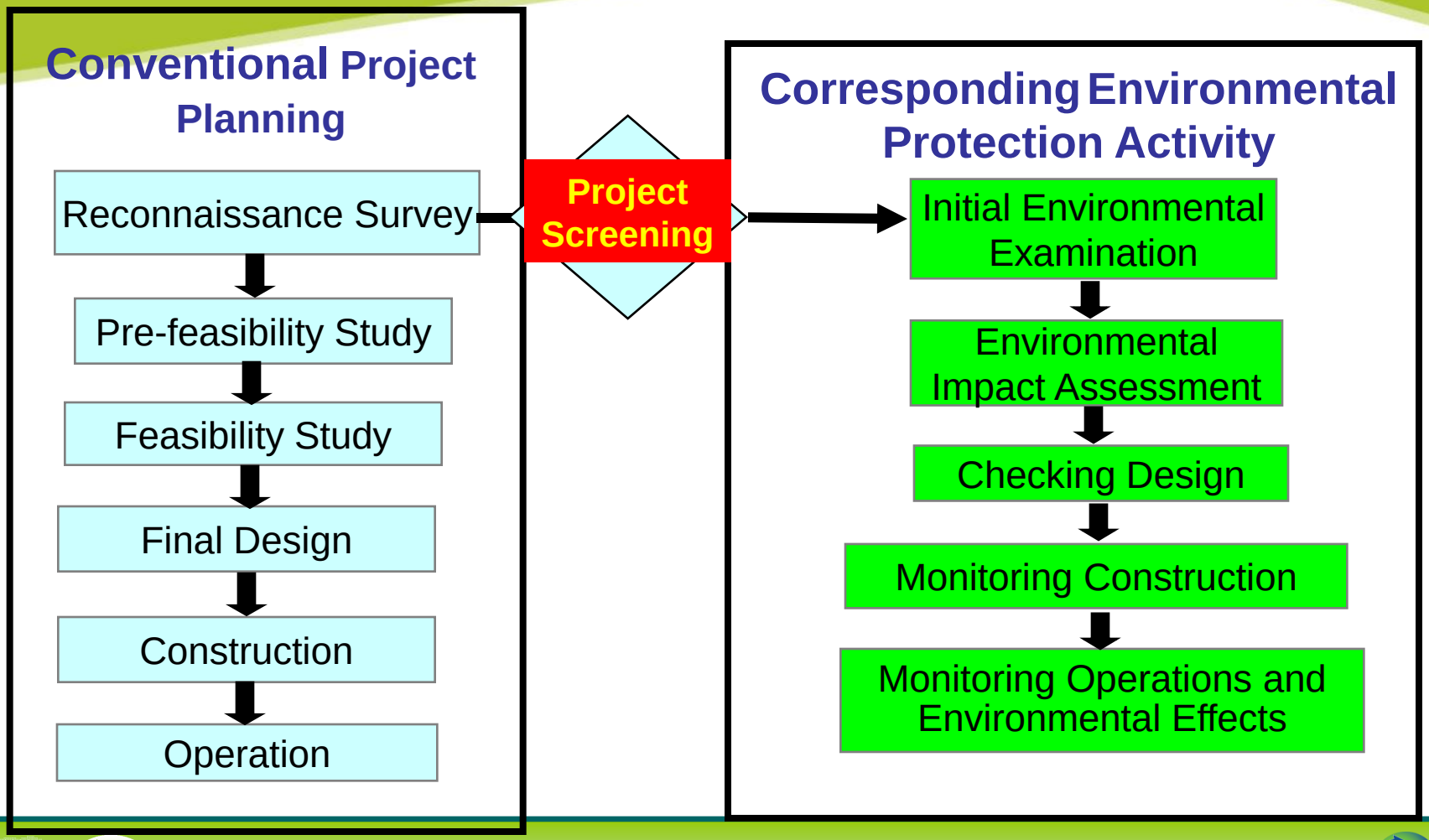
EIA in the Project Cycle

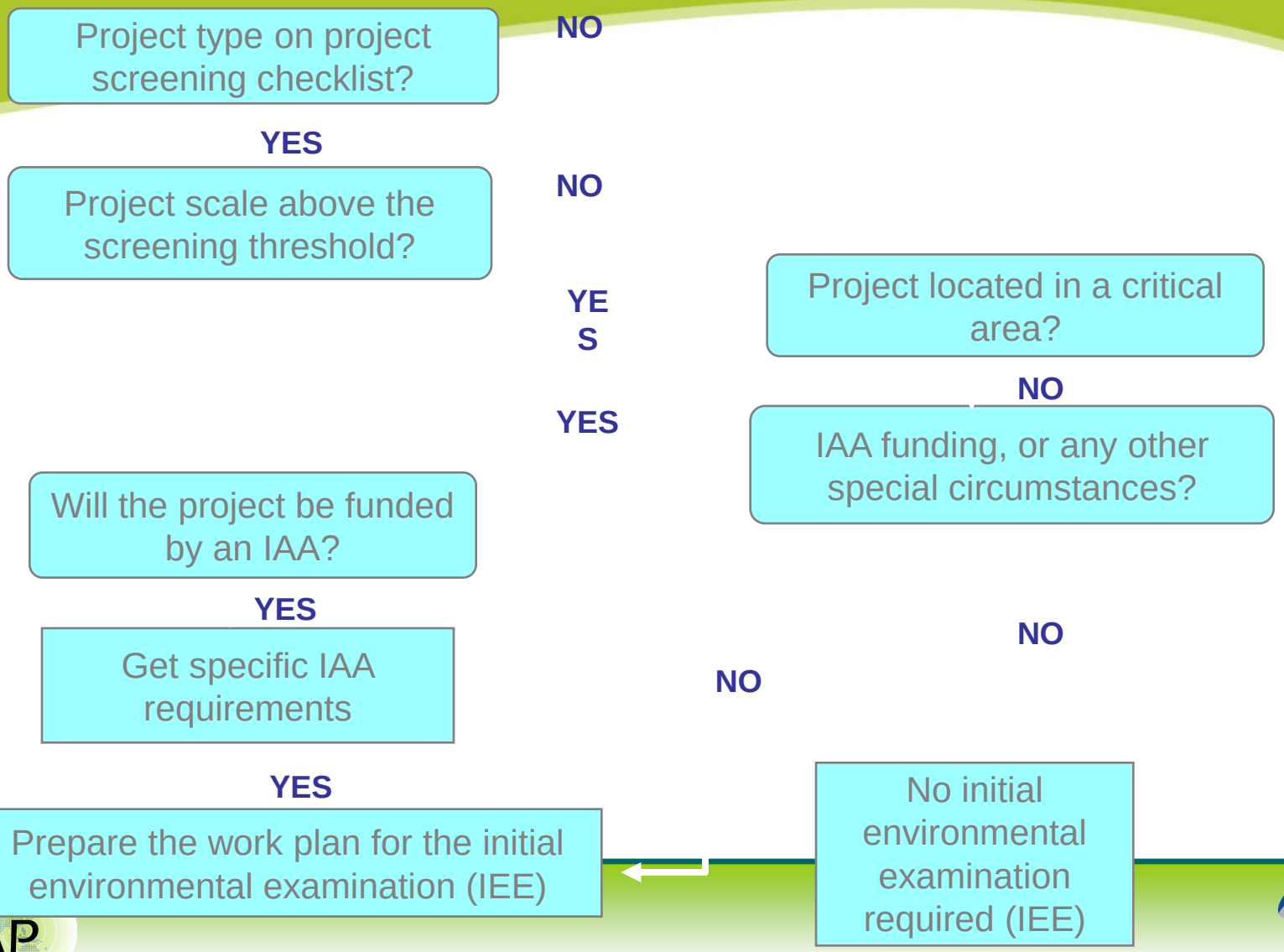


The Environmental Impact Assessment Process

Major steps in the EIA process:

- **Screening**
- **Initial Environmental Examination (IEE)**
- Scoping
- Full-Scale Assessment **(EIA)**
- EIA Review and Decision Making
- Monitoring and Follow-Up

Project Screening Flow Chart



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Screening

- The **process** used to determine whether a proposed project or activity requires an EIA and, if so, what level of environmental review is necessary.

Screening

- It would be time consuming and a waste of resources for all proposed projects and activities to undergo EIA
- Not all development projects require an EIA, as some projects may not pose an environmental threat

Purpose of Project Screening

- Identify those projects or activities that may cause potential significant impacts
- Identify special conditions/analyses that may be required by international funding bodies

Purpose of Project Screening

- Categorize the project as one where:
  - Full-Scale EIA required
  - Some further environmental analysis required
  - No further environmental analysis required

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Limited focus

Remember. . .

Screening and preliminary assessment are straightforward processes requiring only basic analysis!

Types of information required

- Screening & Preliminary Assessment requires three basic types of information:

1. **Biophysical characteristics of site(s)**
2. **Economic and social data**
3. **Maps**

Information requirements

Biophysical characteristics of site(s)

- climatic information
- Soils, topography, watersheds
- land use
- habits/ecosystems
- protected areas

Economic and social data

Maps

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Information requirements

Biophysical characteristics of site(s)

Economic and social data

Maps

- agricultural practices
- water resources, sanitation
- demographics
- land ownership, community organization, other cultural aspects that affect resource use

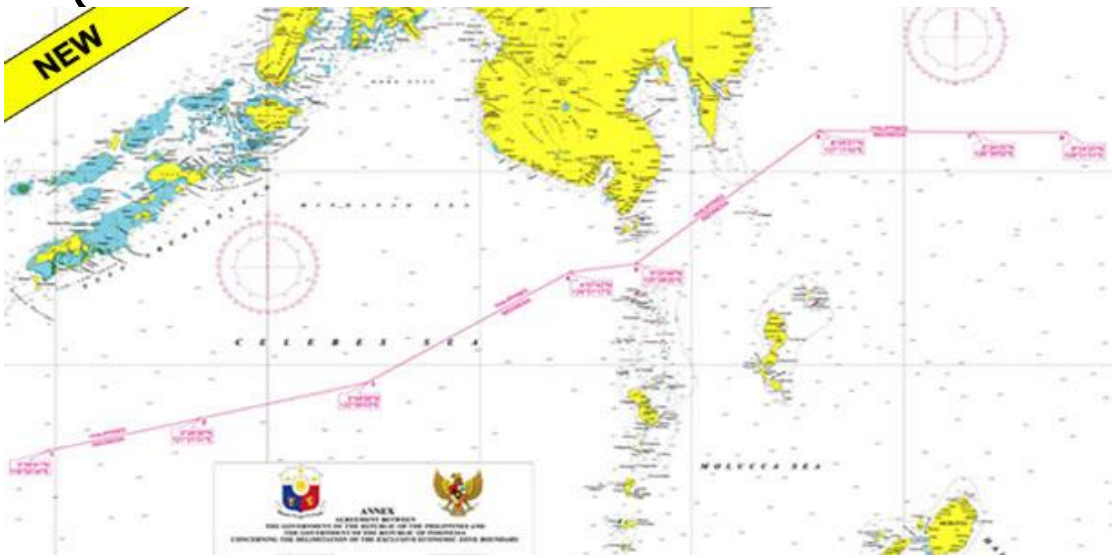
Information requirements

Biophysical characteristics of site(s)

Economic and social data

Maps

- Maps
  (Topographic, land use, even sketch maps)
- Plans and sketches of the proposed site and activity



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Where do I obtain information?

1

YOUR ORGANIZATION

TALK to staff who know the project, and know the sites.

OBTAIN project documents and information

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Where do I obtain information?

2

DIRECT OBSERVATION

Go to the site(s)!

Where do I obtain information?

3

UTILIZE OTHER LOCAL TALENT & KNOWLEDGE

(communities, government, counterparts)

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Why direct observation?

- Are latrines/toilets close to water supplies?
- Is there a drainage problem?

Why direct observation?

- Is there a land tenure problem?
- How often does the river flood?

Example Project Screening Criteria from Thailand

Type of Project	Threshold Scale	Location
1. Infrastructure • Commercial Airport • Mass Transit System • Hotel or Resort	All All > 80 Rooms	- - 4 Critical Areas
2. Agriculture and Natural Resources • Dam or Reservoir • Irrigation	>100 million cu. m. > 15 sq. km.	

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Example Project Screening Criteria from Thailand (Cont'd)

Type of Project	Threshold Scale	Location
3. Industrial and Power		
• Petrochemical Industry	> 100 tons/day (raw material)	
• Oil Refinery	All	
• Chlor-Alkaline Industry	All	
• Natural Gas Separation	100 tons/day (output)	
• Iron/Steel	100 tons/day, batch	
• Cement Industry	All	
• Smelting	> 50 tons/day	
• Pulp Industry	> 50 tons/day	
• Industrial Estates	All	
• Thermal Power Plants	> 10 megawatts	
• Mining	All	

Asian Development Bank (ADB)

Screening Categories

All Projects

Category A

Projects that typically require an EIA study

Examples:

- Forest Industries
- Water Impoundment
- Industries

Asian Development Bank (ADB)

Screening Categories

All Projects

Category B

Projects that typically require only an IEE

Examples:

- Renewable Energy
- Aquaculture
- Tourism Development
- Infrastructure Rehabilitation

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Asian Development Bank (ADB)

Screening Categories

All Projects

Category C

Projects that typically do not require an IEE

Examples:

- Forestry Research & Extension
- Rural Health Services
- Marine Sciences Education

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World Bank Screening Categories

ALL PROJECTS

Category A: An EIA is typically required

Category B: An IEE is usually sufficient

Category C: Typically no environmental review is required

Category D: Environmental Projects
Environmental review required, but may be incorporated in feasibility study

2. Initial Environmental Examination (IEE)

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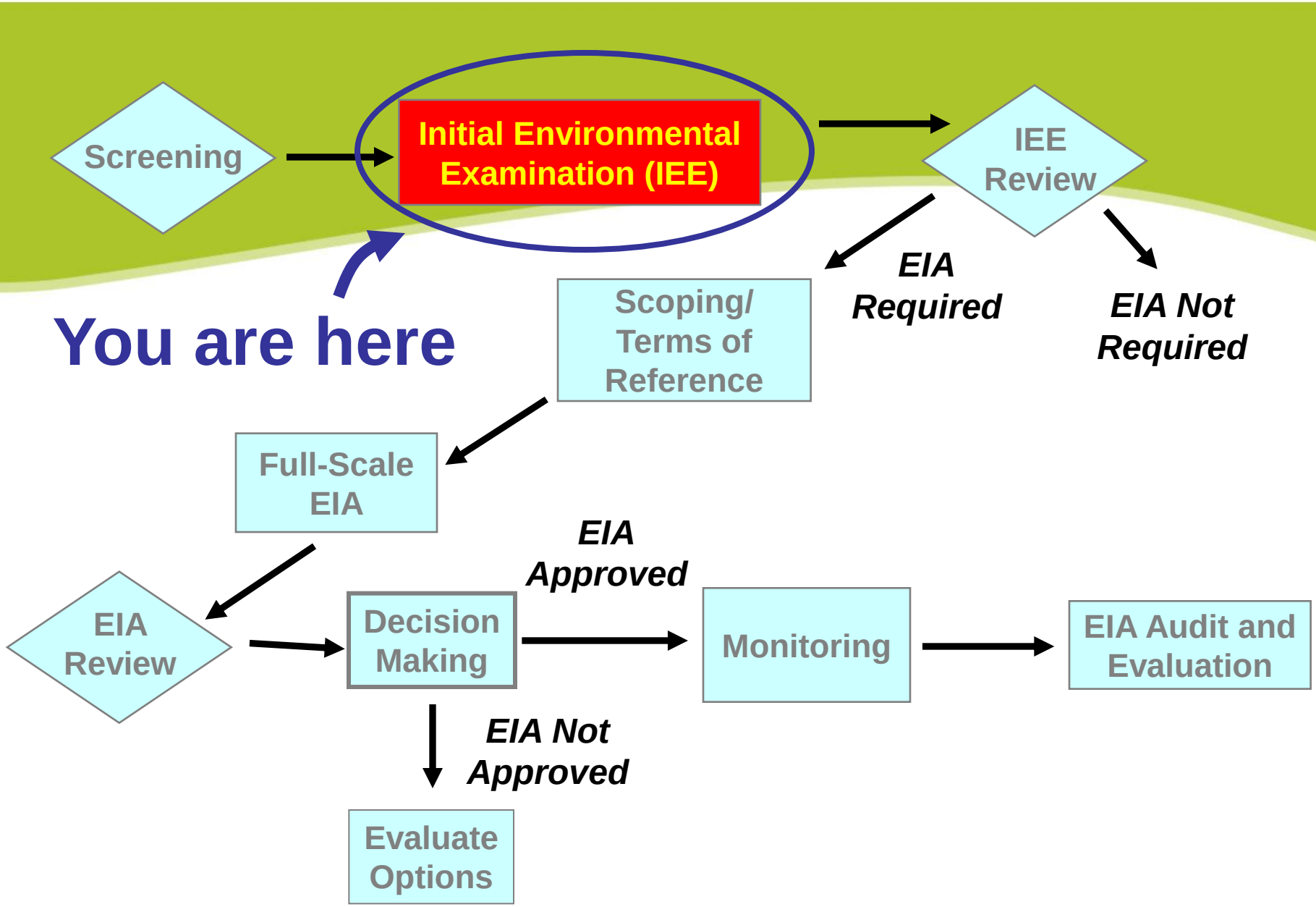
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Initial Environmental Examination (IEE)

IEE is intended as a **low-cost environmental evaluation** that makes use of information already available

IEE in the Overall EIA Process

Project Screening

Identifies projects that typically contain potential significant issues

Initial Environmental Examination (IEE)

1. Identifies potential significant environmental issues associated with a project
2. Grades effects & identifies actual Significant Environmental Issues (SEIs)
3. Resolves simple SEIs
4. Recommends further action for resolving outstanding SEIs

Full-Scale EIA or Other Additional Study

Resolves any remaining significant environmental issues

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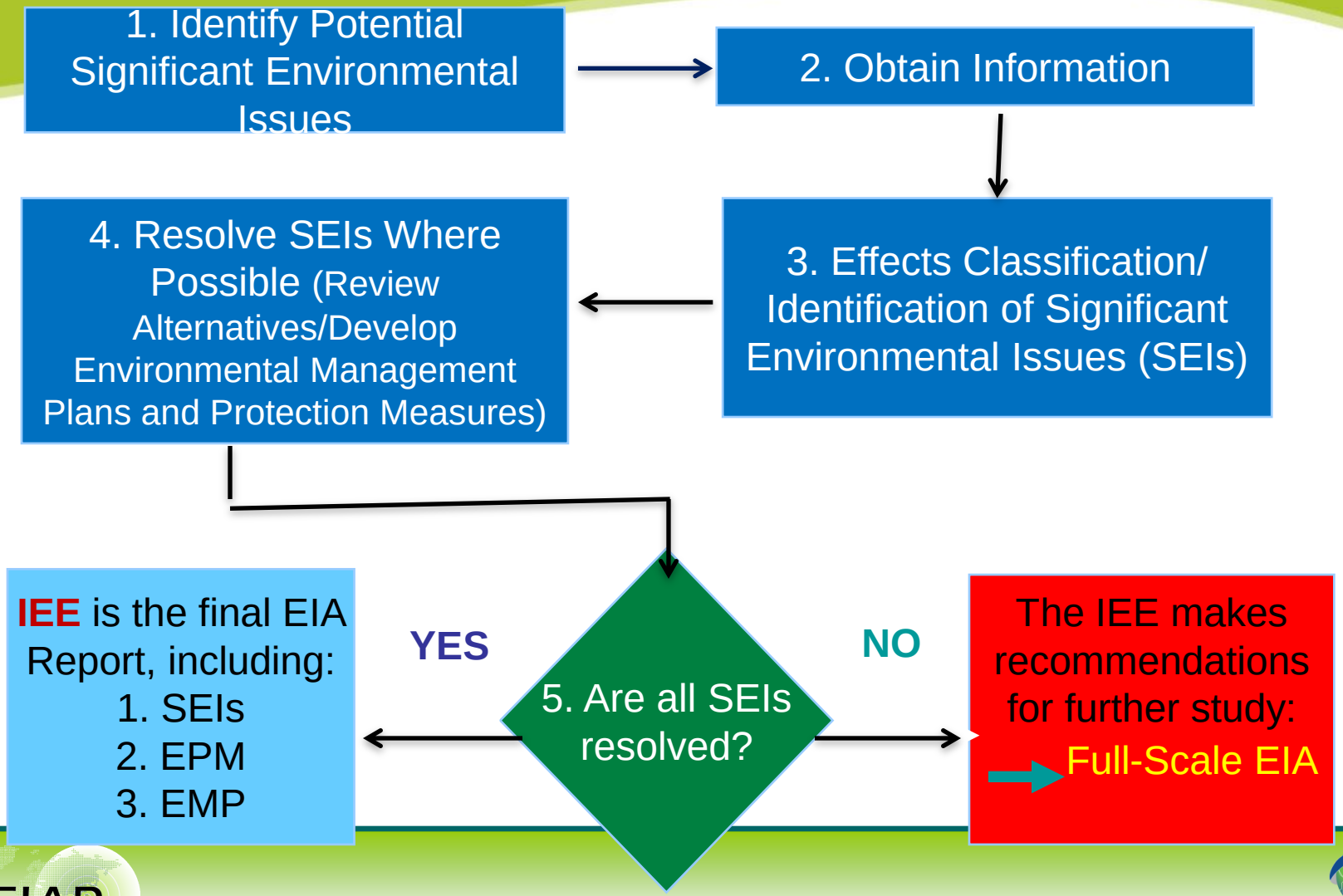
IEE Flow Chart



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Purpose of IEE

- Describes the proposed project or activity and examines alternatives
- Identifies and addresses community concerns to extent possible
- Identifies and assesses potential environmental effects
- Directs future action

Objectives of IEE

- Identify all potential environmental concerns relating to a proposed project or activity
- Identify all significant environmental issues (SEIs)
- Resolve simple SEIs
- Develop the focus for follow-up studies based on unresolved SEIs

Example IEE Report Contents

1. Description of the Project
2. Description of the Environment
3. Screening of Potential Environmental Issues and Rationale for their Significance Grading
4. Environmental Protection Measures
5. Environmental Monitoring and Institutional Requirements
6. Recommendations for Additional Studies
7. Conclusions

3. Environmental Impact Assessment (EIA)

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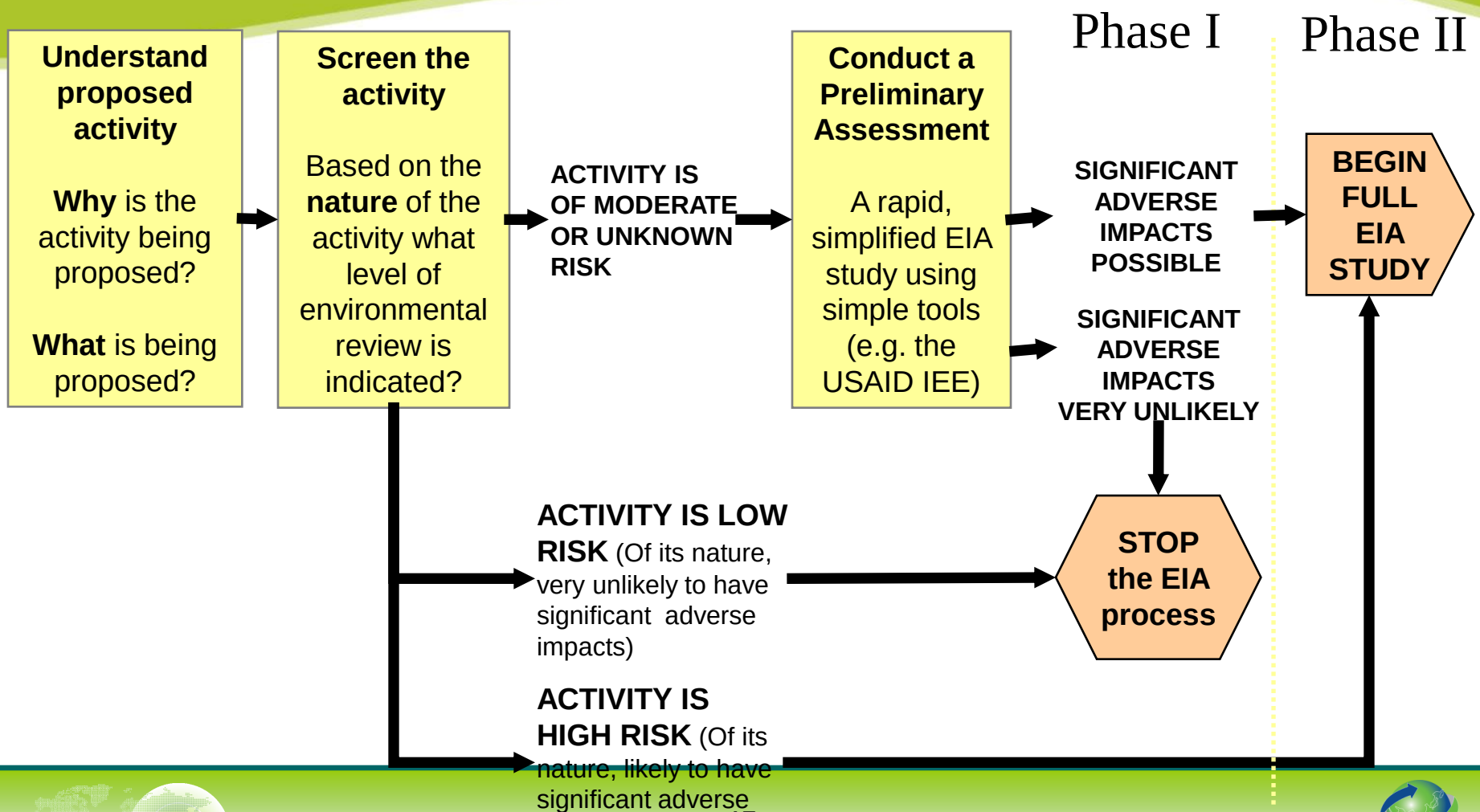
Review: Phase 1 of the EIA Process



Typical Proposals Requiring Full-Scale EIA

- Infrastructure projects

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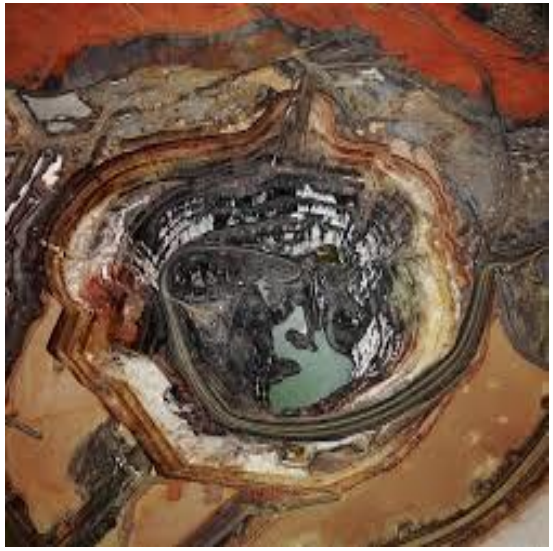
Typical Proposals Requiring Full-Scale EIA

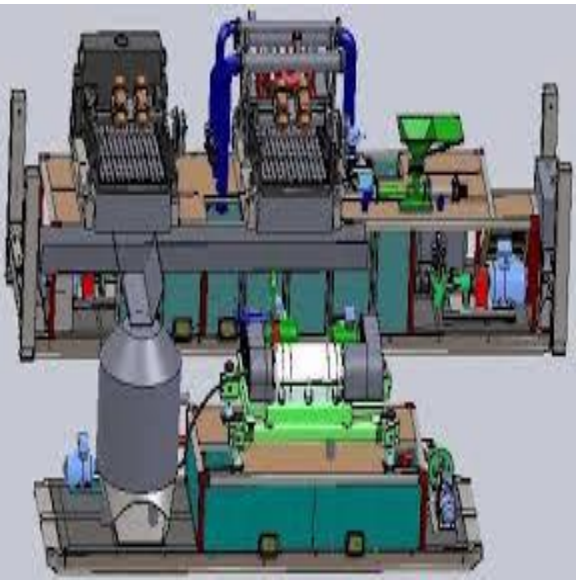
- Large-scale industrial activities

Typical Proposals Requiring Full-Scale EIA

- Resource extractive industries and activities



Typical Proposals Requiring Full-Scale EIA



- Waste management and disposal

Typical Proposals Requiring Full-Scale EIA

- Substantial changes in farming or fishing practices

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Full Scale EIA

Environmental Screening

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Screening Criteria – Full scale EIA

Screening criteria typically consider:

- ➔ Project type, location, size (e.g., capital investment, number of people affected, project capacity, areal extent)
- ➔ Receiving environment characteristics
- ➔ Strength of community opinion
- ➔ Confidence in prediction of impacts

Project Location

Requirements for screening:

- The screening checklist should include a section on site location characteristics, including, at a minimum, the four categories of environmentally critical areas:

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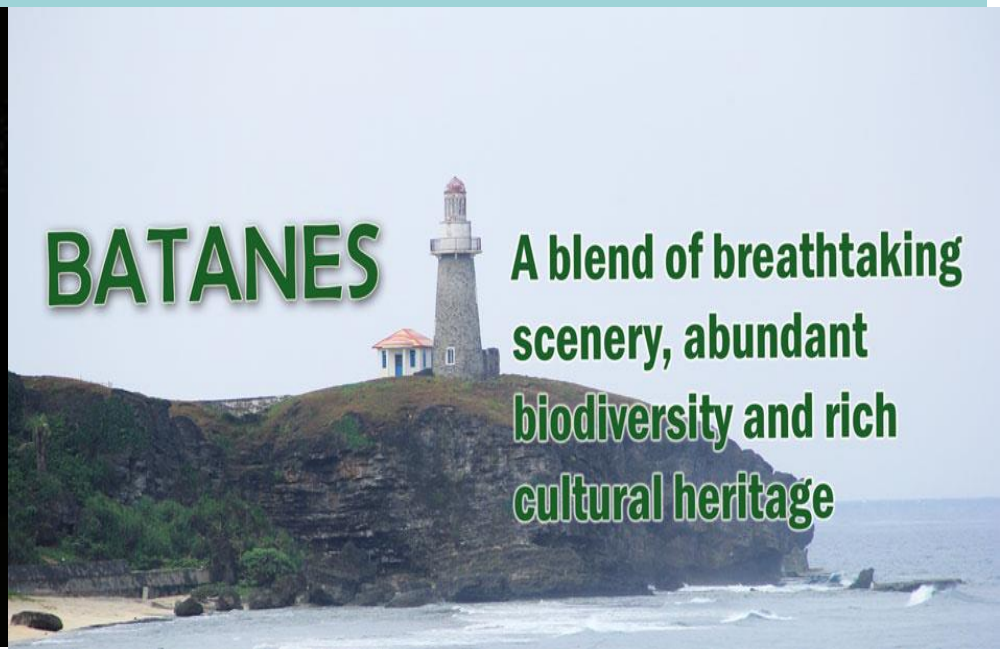
Project Location

- National Parks
- Indigenous people's area

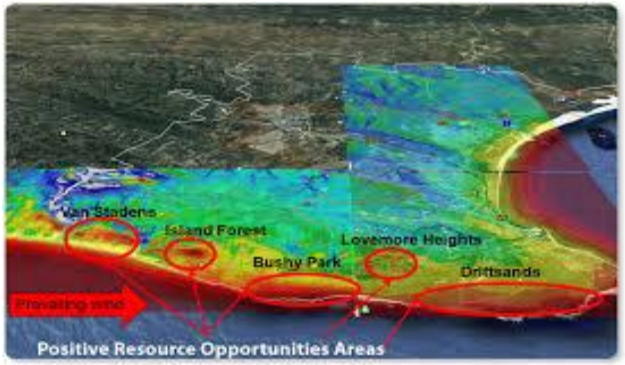
Project Location

- Tourist area
- Ecologically sensitive area



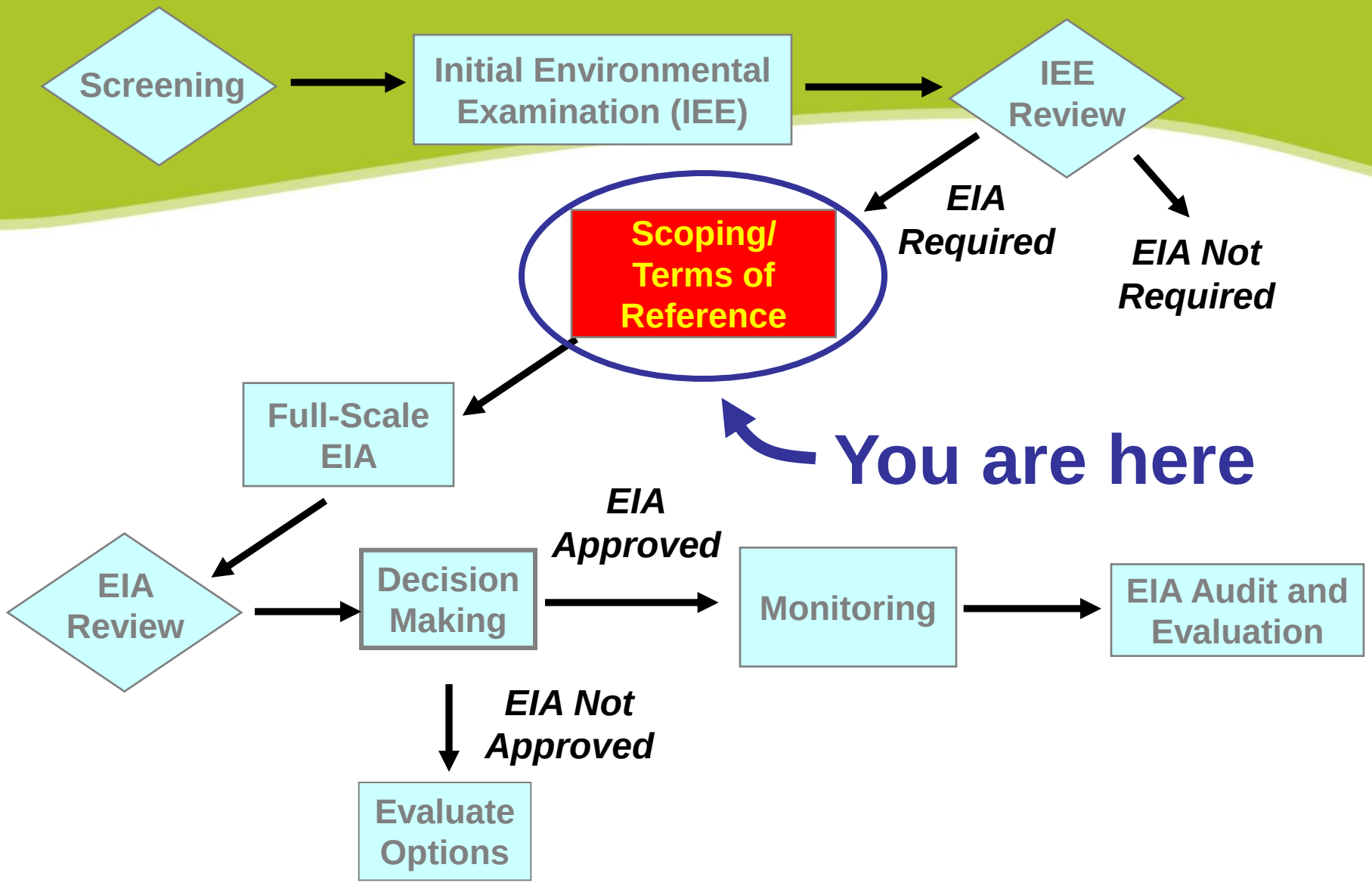
Project Location (Cont'd)

- **Site selection** defines the location of the study area and the specific environmental resource base to be examined
- Often the **single most important factor** contributing to a project's potential negative impacts



Project Location (Cont'd)

- **Regional development plans** should be used as guides to select project locations where environmental conditions will be minimally impacted.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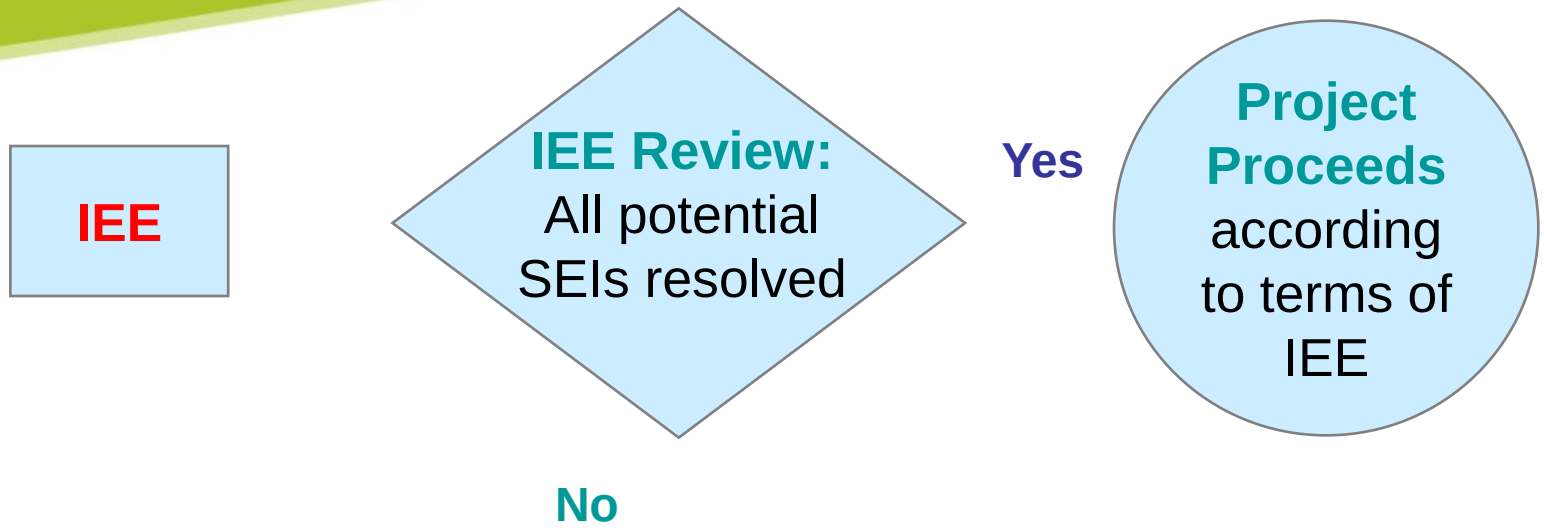
Terms of Reference (TOR) Context



Scoping

- A process of interaction between government agencies and project proponents
- Identifies:
  - spatial and temporal boundaries for the EIA
  - important issues and concern
  - information necessary for decision making
  - significant effects and factors to be considered

Establishes Terms of Reference for full-scale EIA

Importance of Scoping

- Serves to facilitate efficient EIA by identifying appropriate areas for consideration (e.g, key issues, concerns, alternatives)
- Reduces likelihood of deficiencies in EIA (e.g., ensures that important issues are not overlooked)
- Prevents unnecessary expenditures and time delays from oversights or unnecessary areas of study

Terms of Reference Content

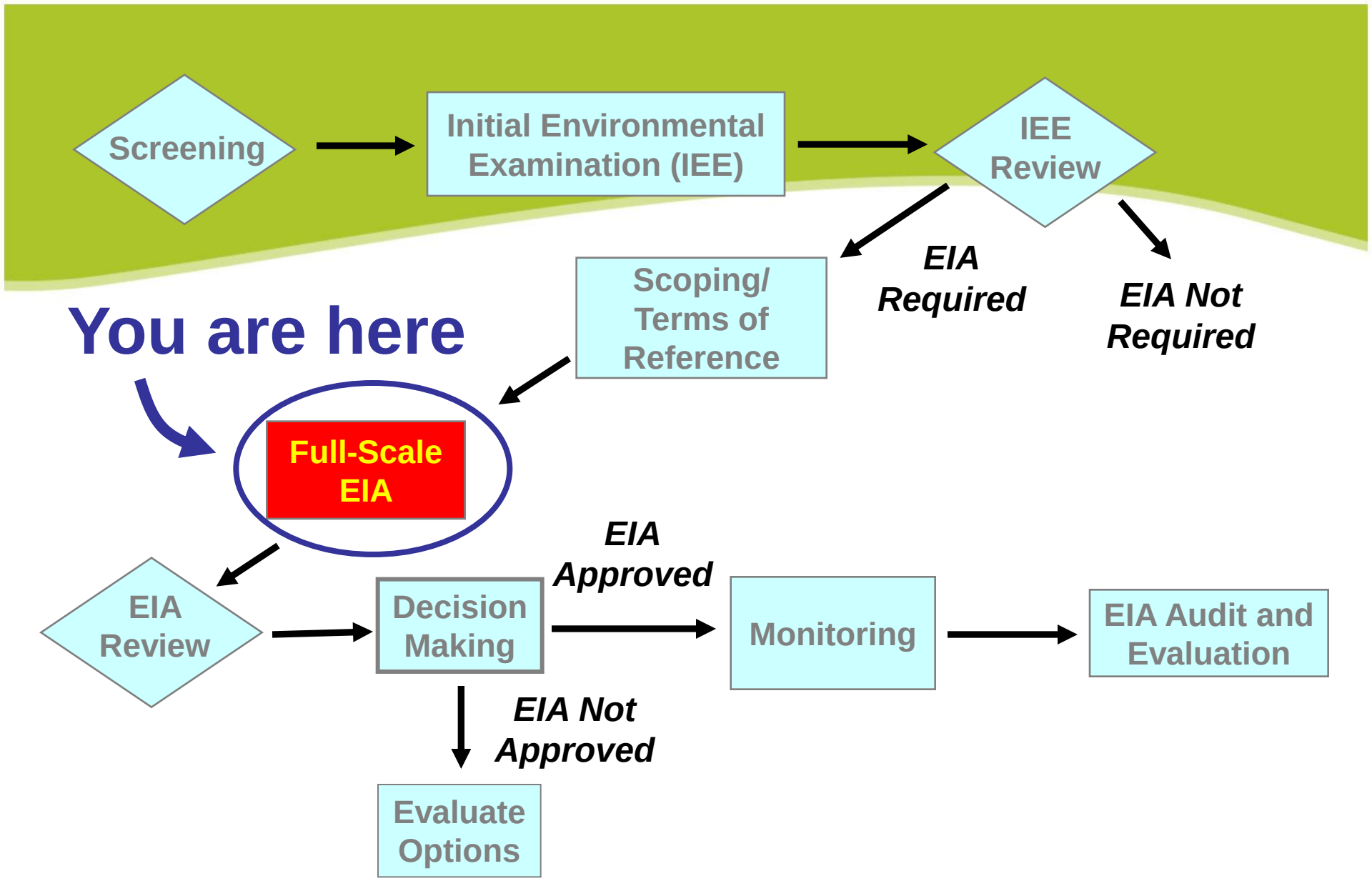
Background Information section should include:

- Project Description (i.e., type, magnitude, location, alternatives and constraints)
- Environmental Setting (i.e., delineation of study area, listing of environmental resources and sensitive or special value areas)
- Background Reports (e.g., aspects of the environmental setting, previous projects with relevant impacts or resources)

Terms of Reference Content (Cont'd)

Specific EIA requirements typically include:

- EIA objectives
- Institutional context (i.e., legal and policy requirements)
- Significant issues of concern (SEIs)
- Required information and data, methodologies for impact assessment
- Process for incorporating public input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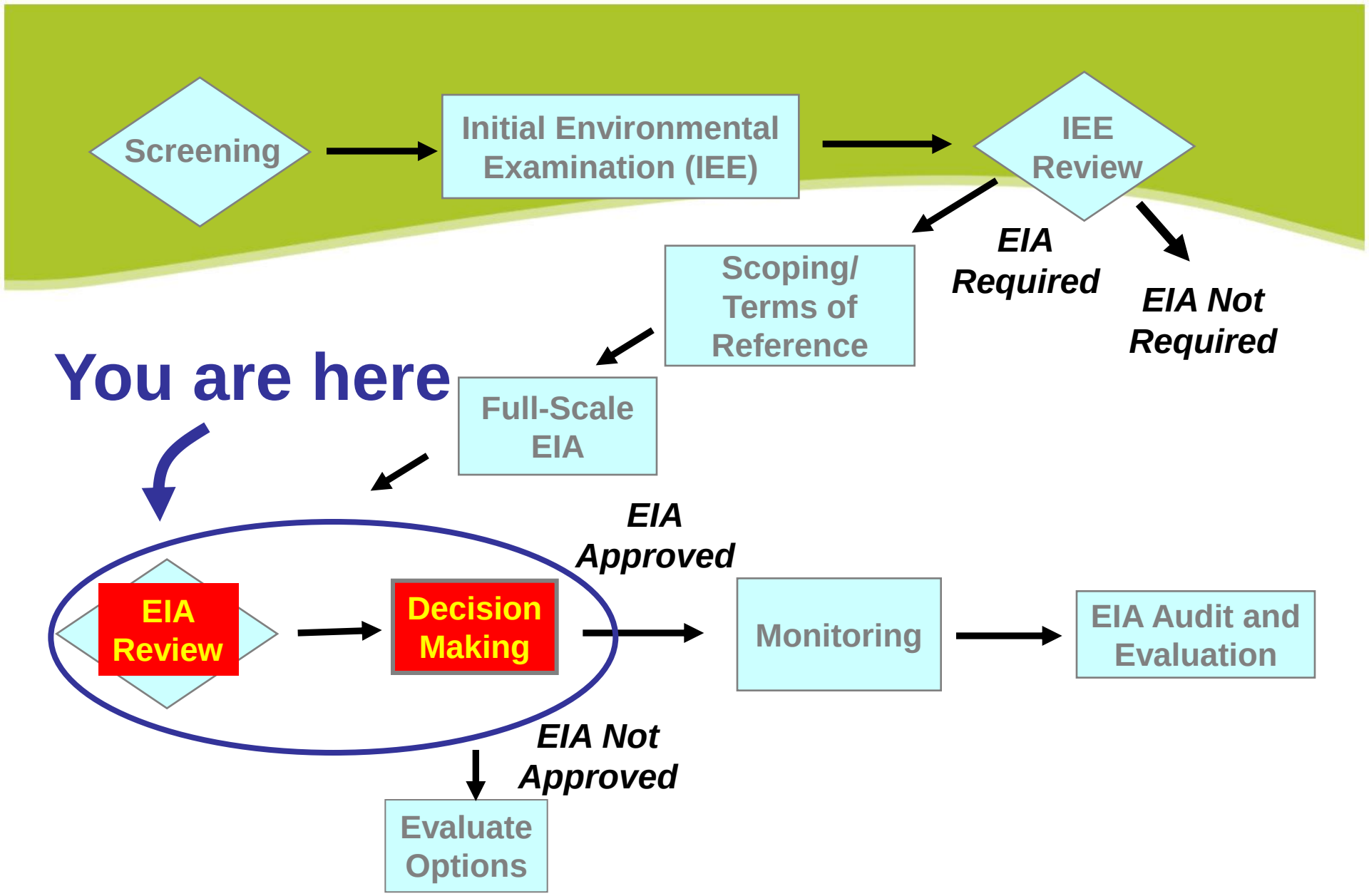
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EIA Review

Determines whether the EIA report is an adequate assessment of environmental concerns and is of sufficient relevance and quality for decision making

EIA Review Objectives

- Determine whether EIA report provides an adequate assessment
- Collects range of stakeholder opinion regarding the acceptability of the EIA report and of the proposed project or activity based on the EIA findings
- Ensures EIA compliance with established procedures (e.g., Terms of Reference, existing plans and policies)

Critical Areas of Review

- Compliance with the Terms of Reference
- Examination of alternatives, environmental setting, impact analysis, mitigation, and impact management and monitoring
- Sufficiency and accuracy of information
- Use of scientifically-defensible analytical techniques
- Conduct of the EIA; completeness and comprehensiveness of the assessment process
- Sufficiency of information provided for decision-making purposes

Decision Making

- EIA is an ongoing process of review, negotiation and incremental decision making
- Ultimately, an administrative or political decision is made whether to proceed or not to proceed with a proposed project or activity
- Function of the EIA report is to provide objective assessment of issues to inform and facilitate the decision-making process

Requirements for Decision Makers

Decision makers need an understanding of:

- Principles and practices of sustainable development
- EIA aims, concepts and processes
- EIA guidelines, policy, law and conventions
- EIA implementation within the decision-making agency or organization
- Public involvement processes

Environmental Compliance Certificate (ECC)-

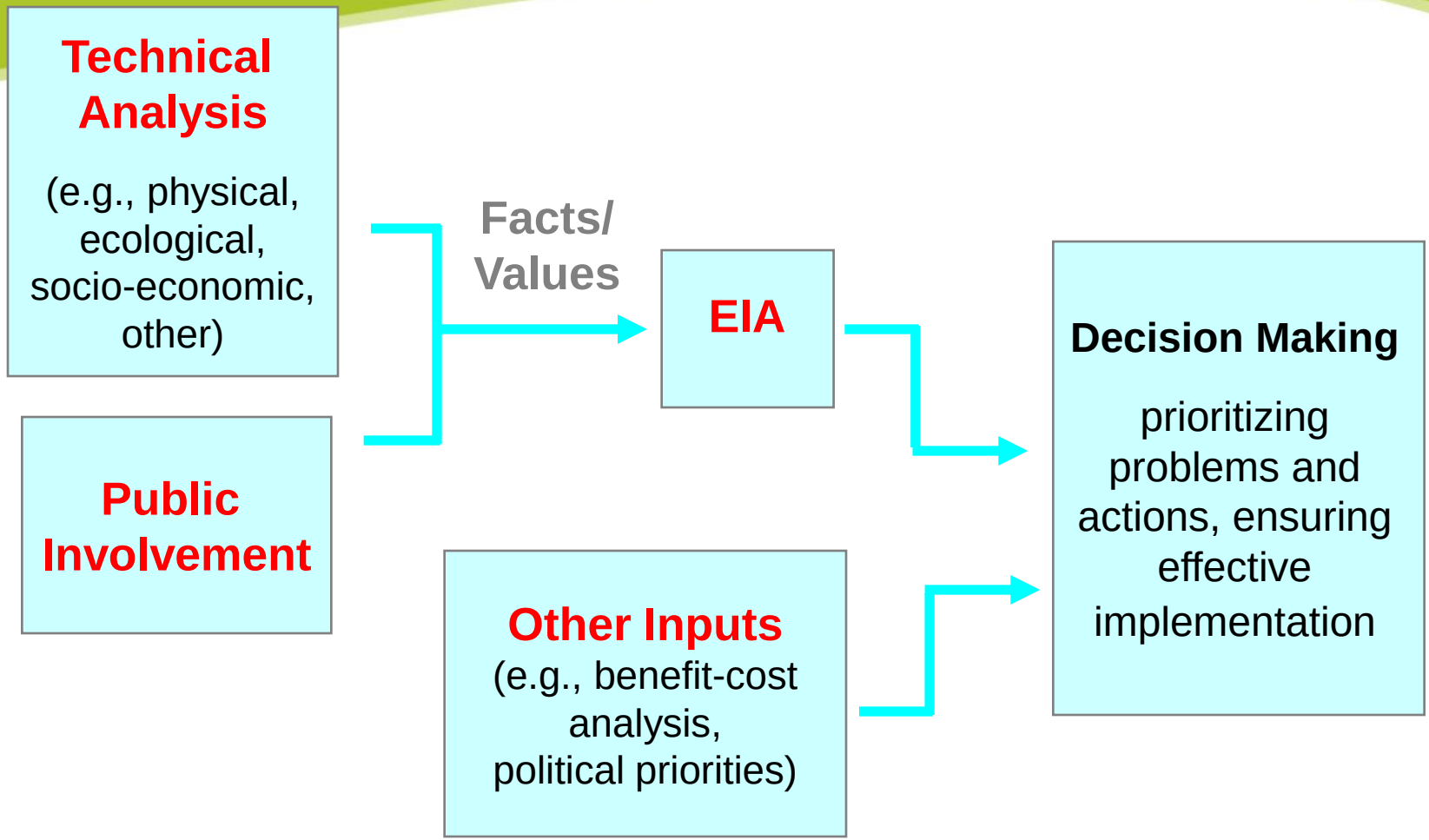
The ECC contains specific measures and conditions that the project proponent has to undertake before and during the operation of a project, and in some cases, during the project's abandonment phase to mitigate identified environmental impacts.

Environmental Compliance Certificate (ECC)-

IS NOT A PERMIT and should not be interpreted as such rather a set of conditionalities which will have to be complied with by the Project before implementing the said project.

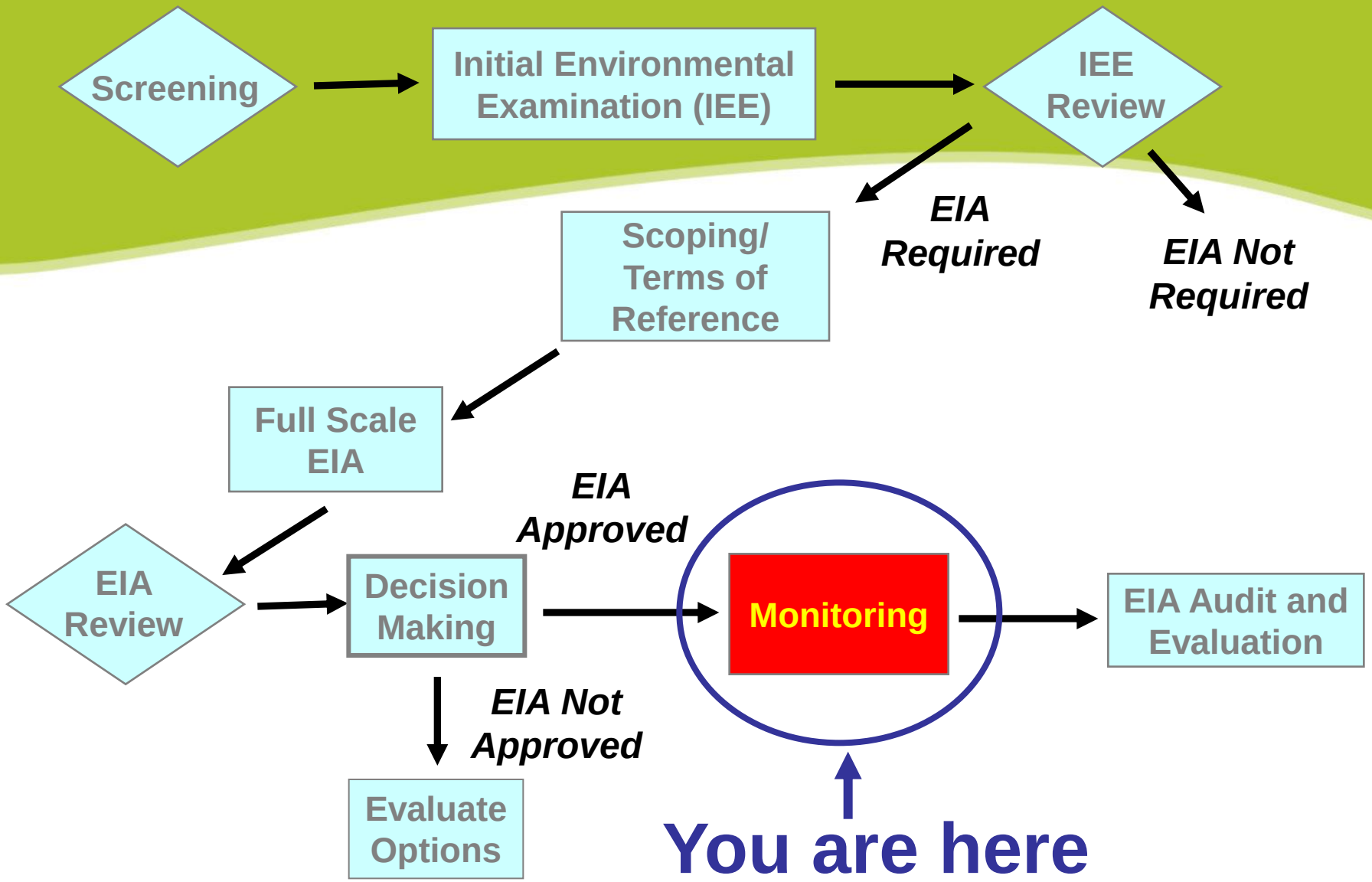
Is a requirement of other laws under the mandate of other concerned government agencies…
Hence, NOT A PERMIT.

Decision-Making Inputs



Possible Decision Outcomes

- Approval
- Approval with conditions
- Approval subject to ongoing investigation
- Further investigation required
- Request for a supplementary, or new, EIA report
- Rejection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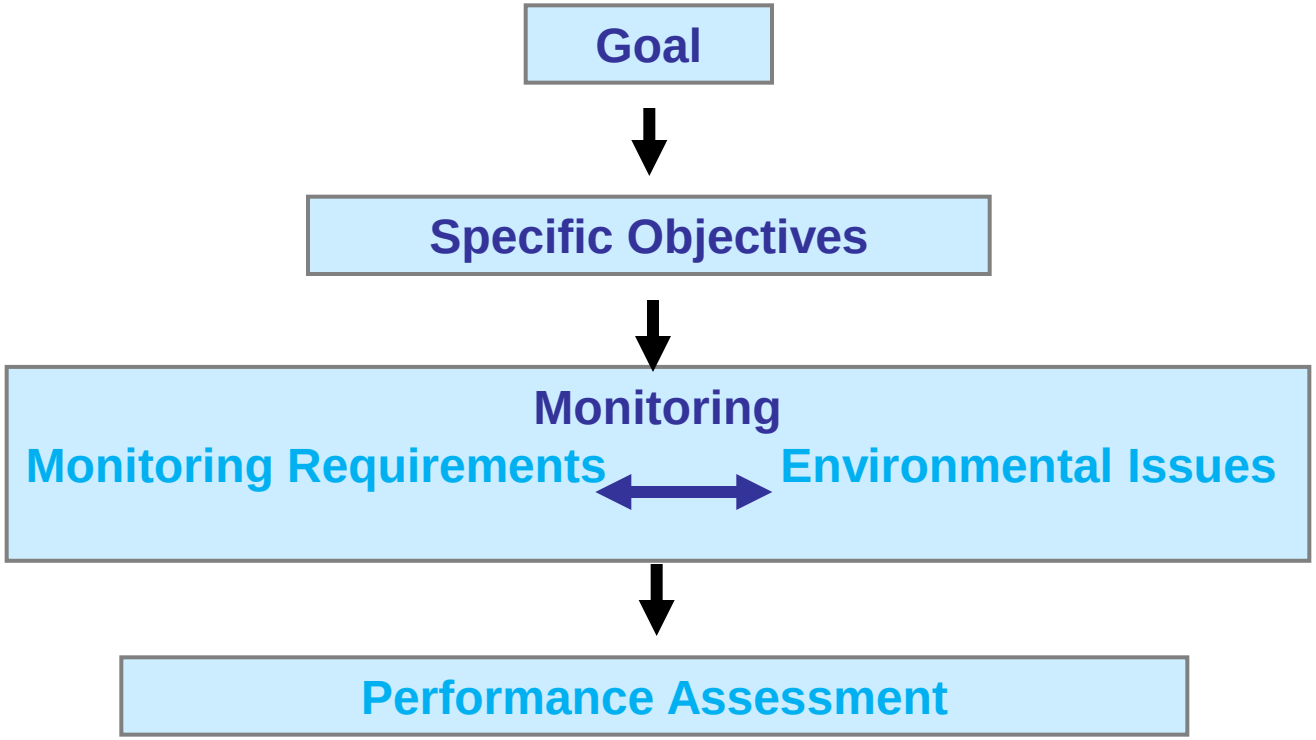
Environmental Monitoring and Performance Assessment



Monitoring and Performance Assessment Goal

Demonstrate to governments and the public that the project or activity complies with the environmental quality objectives determined through the EIA process and achieves good environmental performance

Specific Objectives

- Detect short- and long-term trends
- Recognize environmental changes and analyze causes
- Measure impacts and compare with predicted impacts
- Assess effectiveness of mitigation measures
- Improve the monitoring system
- Improve practices and procedures for environmental assessment

Performance Assessment

From monitoring program:

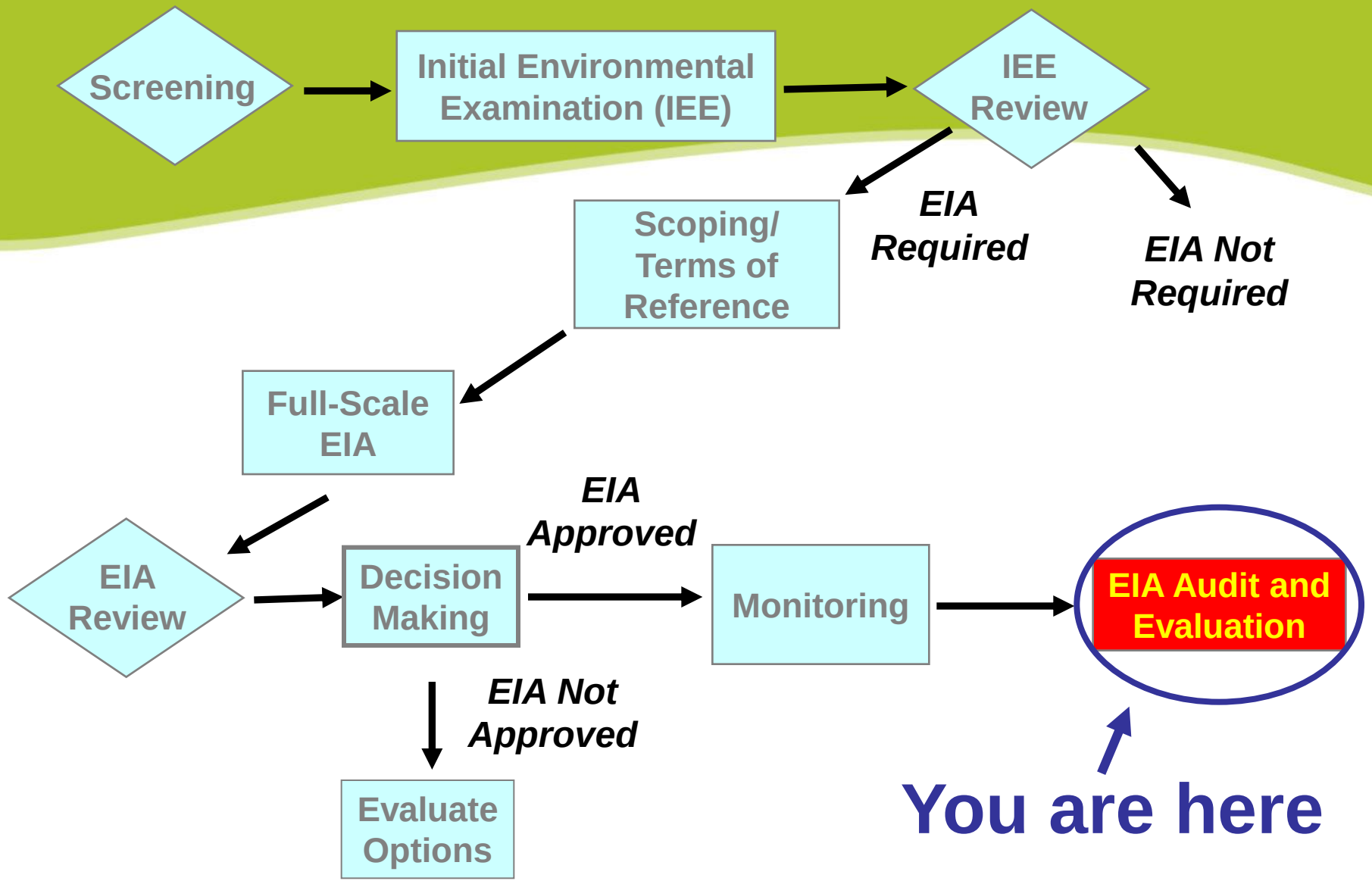
- identify trends, causes and impacts
- assess performance and compliance

From the assessment:

- modify practices and procedures for environmental protection
- modify monitoring program

Post-EIA Monitoring Report

PROJECT PHASE	MONITORING ACTIVITY
FINAL DESIGN STAGE	A. INCORPORATION OF EPMs IN THE FINAL PROJECT DESIGN B. INCORPORATION OF EPMs INTO CONSTRUCTION CONTRACTS C. COMPLETION OF OPERATIONS MANUAL
CONSTRUCTION STAGE	A. ENVIRONMENT CONSTRUCTION SUPERVISOR B. SCHEDULED REPORTS FROM SUPERVISOR C. ENVIRONMENTAL PROTECTION AGENCY SPOT CHECKS ENVIRONMENTAL SUPERVISOR PERFORMANCE
PROJECT ACCEPTANCE	THE THREE PARTIES : ENVIRONMENTAL CONSTRUCTION SUPERVISOR, PROJECT PROPONENT AND ENVIRONMENTAL PROTECTION AGENCY; SIGN A STATEMENT THAT THE PROJECT MEETS EIA REQUIREMENTS
OPERATIONS STAGE	A. PERFORMANCE MONITORING B. PERFORMANCE REPORTING C. FOLLOW-UP ACTION, IF REQUIRED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EIA Audit

EIA audits are a management tool to:

- Determine impacts
- Check that conditions arising from EIA are being met
- Test accuracy of EIA predictions
- Identify areas where EIA could have been improved
- Compile lessons learned for future EIAs

Concluding Thoughts

Important points to remember are:

- EIA is a process which should have influence at many stages and over a considerable period of time; it is not an activity aimed at producing a single set of results for use at one specific decision-making stage
- The EIA process should be iterative and adaptive; scoping and assessment should continually evolve throughout the entire process as more information becomes known (i.e., circular process)

Concluding Thoughts (Cont'd)

Additional points to remember are:

- The EIA process needs to be inclusive and transparent
- The process should not be seen as an administrative task; EIA is a powerful management tool to be used to make informed and justifiable decisions
- Follow-up to review development results is essential to continually improve and strengthen the EIA process


Thank you.....
..... for protecting the environment