

**INTEGRATED SAFEGUARDS DATASHEET
APPRAISAL STAGE**

I. Basic Information

Date prepared/updated: 05/12/2010

Report No.: 54583

1. Basic Project Data

Country: Philippines	Project ID: P114119	
Project Name: PH - Chiller Energy Efficiency Project		
Task Team Leader: Maya Gabriela Q. Villaluz		
GEF Focal Area: Ozone	Global Supplemental ID:	
Estimated Appraisal Date: June 23, 2009	Estimated Board Date: June 3, 2010	
Managing Unit: EASPS	Lending Instrument: Specific Investment Loan	
Sector: General energy sector (50%); District heating and energy efficiency services (50%)		
Theme: Climate change (100%)		
IBRD Amount (US\$m.):	0.00	
IDA Amount (US\$m.):	0.00	
GEF Amount (US\$m.):	2.60	
PCF Amount (US\$m.):	0.00	
Other financing amounts by source:		
BORROWER/RECIPIENT	0.32	
GERMANY: KREDITANSTALT FUR WIEDERAUFBAU (KFW)		7.31
Montreal Protocol Investment Fund	1.00	
Bilateral Agencies (unidentified)	0.05	
Foreign Private Commercial Sources (unidentified)	36.62	
<u>Financing Gap</u>	<u>0.00</u>	
	45.30	
Environmental Category: B - Partial Assessment		
Simplified Processing	Simple <input checked="" type="checkbox"/>	Repeater <input type="checkbox"/>
Is this project processed under OP 8.50 (Emergency Recovery) or OP 8.00 (Rapid Response to Crises and Emergencies)	Yes <input type="checkbox"/>	No <input checked="" type="checkbox"/>

2. Project Objectives

The Project development objective (PDO) and the Global environmental objective of the project are to reduce GHG emissions by replacing inefficient chillers including both old CFC-based chillers and non-CFC-based chillers.

In achieving the project objectives and outcomes, the following outputs are expected:

- 375 chillers replaced
- Total emission reductions of 560,000 tons of CO2 equivalent (emissions abatement) through demonstrated and verifiable energy savings
- Approximately 22 MT of annual CFC recharge demand eliminated through non-CFC using equipment replacement.

The project meets the objective of GEF operational programs on energy efficiency in commercial buildings and promoting energy efficiency in the industrial sector. The project will (a) replace older chillers with newer, energy efficient ones; (b) support the development and transformation of the market for energy and facilitate a low-carbon growth path; (c) increase market penetration of energy-efficient chillers in the residential and commercial building markets; (d) support a single market transformation to accelerate GHG emissions reduction by making use of carbon finance; and, (e) deploy and diffuse energy-efficient chillers in industrial production and manufacturing processes.

The project will also support the Philippines to meet its MP ODS phase-out obligations, with minimum disruption to industry and the economy.

3. Project Description

The GEF project components and activities are as follow:

1. Investments in Chiller Replacement. Provision of financial incentives for chiller replacement.
2. Measurement, Monitoring and Verification. Financing of initial cost of baseline power measurement, monitoring and validation of emission reductions in order to meet Clean Development Mechanism (CDM) requirements.
3. Performance Standards and Technical Assistance. Conduct of workshops and public awareness campaigns to familiarize chiller owners with life-cycle analyses in relation to chiller replacement and to inform stakeholders of the viability of chiller replacement.
4. Project Management. Includes the financing of project management costs of the Executing agency and the Coordinating entity (eg., transaction costs incurred by all sub-projects, disbursement and financial management, supervision of project implementation and costs associated with executing fiduciary responsibilities.

4. Project Location and salient physical characteristics relevant to the safeguard analysis

The program will be implemented nationwide.

5. Environmental and Social Safeguards Specialists

Mr Simon Peter Gregorio (EASIN)

Mr Gerardo F. Parco (EASPS)

6. Safeguard Policies Triggered	Yes	No
Environmental Assessment (OP/BP 4.01)	X	
Natural Habitats (OP/BP 4.04)		X
Forests (OP/BP 4.36)		X
Pest Management (OP 4.09)		X
Physical Cultural Resources (OP/BP 4.11)		X
Indigenous Peoples (OP/BP 4.10)		X
Involuntary Resettlement (OP/BP 4.12)		X
Safety of Dams (OP/BP 4.37)		X
Projects on International Waterways (OP/BP 7.50)		X
Projects in Disputed Areas (OP/BP 7.60)		X

II. Key Safeguard Policy Issues and Their Management

A. Summary of Key Safeguard Issues

1. Describe any safeguard issues and impacts associated with the proposed project. Identify and describe any potential large scale, significant and/or irreversible impacts: Environmental Assessment. An Environmental Management Framework (EMF) was submitted by the government to the World Bank last June 16, 2009. The EMF includes the procedures, criteria, reporting requirements, and institutional responsibilities during project implementation. It also prescribes the necessary legal framework that requires compliance with other relevant environmental regulations such as water and air pollution in the process units or the industry as a whole. The EMF contains an Environmental Management plan, an Environmental Monitoring Plan, capacity building of government regulators, chiller owners and other stakeholders and the EMF implementation budget. A Project Implementation Plan, Operations Manual, a Manual of Protocols (MoP) and an Operational Monitoring Plan (OMP) were also prepared by the Department of Environment and Natural Resources (DENR) to complement the EMF. The said draft Manuals specify the following: i) the assessment for the replacement and disposal of old chillers and handling (including any disposal) of CFC refrigerants; and (ii) inspections for compliance with project guidelines. During appraisal, the MoP and OMP were finalized by the government while the OM is now being fine-tuned, taking into consideration feedback from the various operational units in DENR, the chiller owners and equipment suppliers.

This project will directly contribute to global environmental benefits. During project implementation, the DENR will ensure that the project will provide guidance to the chiller owners in their conduct of an environmental assessment and the implementation of the EMF (including the implementation of safeguard framework procedures). If this capacity is deficient, technical assistance will be used to strengthen the capacity.

This project is classified as a Category B project because the dismantling of old chillers and the installation of new ones may generate only limited environmental impacts that are manageable and short-term. The project has set protocols that prescribe appropriate procedures for ensuring worker and building occupant safety which should be in place and followed by the chiller owners and for workers to be given appropriate training in

safe handling. In line with the MLF guidelines, the building owners will be required to properly manage the recovered CFC refrigerants and to dismantle the old CFC chillers after the replacement according to the plans and procedures approved by DENR and the Bank. The DENR will certify compliance with the equipment disposal guidelines. The building owners will also be required to provide access to their properties for such inspections and share chiller performance and experience with refrigerant management with DENR, relevant agencies, the Bank and the general public.

The government endorsed to the Bank in a letter dated June 16, 2009 the EMF for the project and this has been posted locally at the DENR library and the website of the DENR Foreign-assisted and Special Projects Office (FASPO). The same has also been submitted to the Bank's Infoshop on June 17, 2009 for posting.

No other safeguard issues have been triggered aside from OP 4.01 on Environmental Assessment, in view of the nature and limited scope of the Project.

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

No negative long-term environmental or social impacts are foreseen by this operation. Since the project is providing a subsidy for the replacement of existing chillers inside the premises of buildings, there is no scope for any kind of land acquisition, taking of assets, or restrictions on use of natural resources. The project will explore all technology alternatives available and support only those replacement options that promise the least impact on global warming that are technically feasible, environmentally sound and economically viable.

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

N/A

4. Describe measures taken by the borrower to address safeguard policy issues. Provide an assessment of borrower capacity to plan and implement the measures described. The project is fine-tuning an Operations Manual that contains an Environmental Management Plan (EMP) within the Environmental Management Framework (EMF). It is anticipated though that the project will not generate any significant adverse impact to the environment since the project will only fund the replacement of chillers. The Operations Manual contains provisions for a minimum set of requirements that building owners need to fulfill which includes the conduct of an environmental assessment of the chillers to be financed. Further, the EMF identified potential environmental impacts and related mitigating measures, as well as any necessary capacity building and institutional strengthening measures, and an Environmental Monitoring Plan for the supervision of EMP implementation.

5. Identify the key stakeholders and describe the mechanisms for consultation and disclosure on safeguard policies, with an emphasis on potentially affected people. Key stakeholders such as the chiller owners, regulatory agencies, manufacturers and suppliers have been consulted throughout the project preparation to ensure that the project significantly contributes to the advancement of the chiller sector in the country. Close consultation among these key stakeholders will be maintained throughout the project.

B. Disclosure Requirements Date

Environmental Assessment/Audit/Management Plan/Other:

Was the document disclosed prior to appraisal?	Yes
Date of receipt by the Bank	06/17/2009
Date of "in-country" disclosure	06/17/2009
Date of submission to InfoShop	06/17/2009
For category A projects, date of distributing the Executive Summary of the EA to the Executive Directors	

Resettlement Action Plan/Framework/Policy Process:

Was the document disclosed prior to appraisal?
Date of receipt by the Bank
Date of "in-country" disclosure
Date of submission to InfoShop

Indigenous Peoples Plan/Planning Framework:

Was the document disclosed prior to appraisal?
Date of receipt by the Bank
Date of "in-country" disclosure
Date of submission to InfoShop

Pest Management Plan:

Was the document disclosed prior to appraisal?
Date of receipt by the Bank
Date of "in-country" disclosure
Date of submission to InfoShop

*** If the project triggers the Pest Management and/or Physical Cultural Resources, the respective issues are to be addressed and disclosed as part of the Environmental Assessment/Audit/or EMP.**

If in-country disclosure of any of the above documents is not expected, please explain why:

This is a Category "B" Project, the Environmental Management Framework was disclosed in the Infoshop and in public places such as the government's website and its public library.

C. Compliance Monitoring Indicators at the Corporate Level (to be filled in when the ISDS is finalized by the project decision meeting)

OP/BP/GP 4.01 - Environment Assessment

Does the project require a stand-alone EA (including EMP) report?	Yes
If yes, then did the Regional Environment Unit or Sector Manager (SM) review and approve the EA report?	Yes
Are the cost and the accountabilities for the EMP incorporated in the credit/loan?	Yes

The World Bank Policy on Disclosure of Information

Have relevant safeguard policies documents been sent to the World Bank's Infoshop?	Yes
Have relevant documents been disclosed in-country in a public place in a form and language that are understandable and accessible to project-affected groups and local NGOs?	Yes

All Safeguard Policies

Have satisfactory calendar, budget and clear institutional responsibilities been prepared for the implementation of measures related to safeguard policies?	Yes
Have costs related to safeguard policy measures been included in the project cost?	Yes
Does the Monitoring and Evaluation system of the project include the monitoring of safeguard impacts and measures related to safeguard policies?	Yes
Have satisfactory implementation arrangements been agreed with the borrower and the same been adequately reflected in the project legal documents?	Yes

D. Approvals

<i>Signed and submitted by:</i>	<i>Name</i>	<i>Date</i>
Task Team Leader:	Ms Maya Gabriela Q. Villaluz	05/04/2010
Environmental Specialist:	Mr Gerardo F. Parco	05/04/2010
Social Development Specialist Additional Environmental and/or Social Development Specialist(s):	Mr Simon Peter Gregorio	05/04/2010
<i>Approved by:</i>		
Sector Manager:	Mr Mark C. Woodward	05/04/2010
Comments:		