

**PHILIPPINES: ARMM SOCIAL FUND PROJECT ADDITIONAL FINANCING
FRAMEWORK AND OPERATIONAL GUIDANCE
OF ENVIRONMENTAL SAFEGUARDS¹**

(Environment Category B)

The Project

The development goals of the proposed Autonomous Region in Muslim Mindanao Social Fund Project Additional Financing, herein after known as the ARMM Social Fund Project Additional Financing (ASFP AF), are to improve the welfare of people and support mechanisms for the promotion of a peaceful environment in the conflict-affected areas in the ARMM Region. Specific project objectives relating to targeted communities are to: (a) improve access to social and economic infrastructure and livelihood opportunities; (b) strengthen social cohesion and partnerships between and within targeted communities; and (c) improve local governance and institutional capacities for implementation in the ARMM Region, with a focus on improved transparency and accountability in the allocation and management of public resources by the participating communities, local government units (LGU) and ARMM Regional Government.

The ASFP AF will fund two out of the original three components. *Community Development Assistance* (CDA): This component provides opportunities to community groups for increased participation in implementing and managing subprojects addressing their priority socio-economic needs. The subprojects are selected from an open menu derived from a community and social assessment by the community itself, and formulated within the framework of a prioritized community plan. The CDA involves community management of funds accompanied by various accountability mechanisms to ensure efficient and transparent use of funds, empowerment and provision of benefits to vulnerable target groups including men, women and out-of school youth.

Institutional Strengthening and Governance (ISG): This component supports a strong information, education and information component including regular workshops and media sessions on the good governance aspect of a community-driven development approach. Another aspect of ISG is institutional strengthening that promotes improved governance in ARMM, LGUs and other partner institutions; technical assistance provided to municipalities that make up ARMM and includes training on multi-year planning, financial management, procurement, and safeguards. ISG also supports project management of ASF with a small core of technical staff.

Assessment of the Original EA Framework of the Project

The use of the Framework under the original loan has been satisfactory. To date, a total of 1661 community subprojects have been implemented; the final figure is expected to be over 1700 subprojects when the Project ends on May 31, 2010. A Memorandum of Understanding (MOU) between the ARMM-DENR (Department of Environment and Natural Resources) and the Project Management Office (PMO) was signed and made effective in February 2004. The MOU made the process of compliance with local environmental regulations more efficient and streamlined. The MOU will still be effective for the duration of the Additional Financing. For the small community based subprojects under the CDA component, the ARMM-DSWD (Dept of Social Welfare and Development) contracted Municipal Facilitators (MF) who worked with the community proponents in complying with the safeguards requirements. The MFs were trained by the ARMM-DSWD Regional staff under the guidance of the Project Safeguards Specialist. Local technical knowledge and capacity was commonly available in the communities through trained project engineers and project monitoring team. This enhanced the communities appreciation of the environmental safeguards instruments such as Environmental

¹ Updated in January 25, 2010 to include only two out of the three original components—Community Development Assistance and Institutional Strengthening and Governance.

Management Plans (EMP) which were attached to the subprojects. In the Additional Financing, the PMO will use the same Municipal Facilitators as intermediaries and work with the local community. This will enhance buy-in and ownership of the instrument. The MOU with ARMM-DENR for a streamlined processing of permit requirements will still be in effect.

Environmental Setting

ARMM lies in Central and Western Mindanao. Its terrain ranges from the rolling highland regions of Lanao del Sur, the flat marshy lands of Maguindanao and archipelagic provinces of Basilan, Sulu and Tawi-tawi. ARMM has a total land area of 13,435.26^{km²} constituting 4.5 % of the country with Maguindanao having the biggest land area. The region abounds in water resources. Lanao Lake found in Lanao del Sur is the Philippines second largest fresh water body, Maguindanao is traversed by the big Linguasan Marsh that empties into the Ilana Bay, while the marine resources rich Sulu Sea totally surrounds Basilan, Sulu and Tawi-tawi.

The mainland provinces of Maguindanao and Lanao del Sur has a climate characterized by not very pronounced seasons where November to April are relatively dry and rainy the rest of the year; while the climate of the island provinces is characterized by evenly distributed rainfall throughout the year. There are two distinct geologic features in the region namely the Sulu trench, a northeast trending earthquake generator located at the bottom of the Sulu Sea north of the island provinces, and the Cotobato Fault formed at the bottom of the Moro Gulf west of Maguindanao. The Region still has significant forest resources (104,148 has. dipterocarp forest, 86,832 ha. second growth forest, 27,519 has. mossy/marginal forest, and 19,196 ha. mangrove). About 47% of lands in the Region are classified as agricultural while the rest are forestlands. There are three proclaimed watersheds namely: Maganoy-Kabulnan Watershed (Ampatuan/Maganoy), Timanan Watershed (South Upi, Maguindanao), Maridagao-Malitubog Watershed (Lanao del Sur/Maguindanao) and the Lake Lanao Critical Watershed Reservation (Marawi City & Lanao del Sur). Agriculture (rice, corn, livestock) and fisheries (fishing and seaweed farming) are the Region's major industries.

The armed conflict in Central and Western Mindanao over four decades has brought considerable damage to both physical and social infrastructures, inflicted casualties and displaced a sizable number of individuals/families. It was reported by Philippines DSWD in July 2001 that there was a total of 188,570 families or 1,002,855 persons affected by the conflict. These individual may have lost their homes and livelihood and were classified as internally displaced peoples. The latest DSWD figures in 2009 indicated that approximately 110,000 IDPs remained in 98 evacuation centers due to armed conflict.

Legal and Policy Context

It is embodied in Section 16, Article II of the 1987 Philippine Constitution that "The State shall protect and advance the right of the people to a balanced and healthful ecology in accord with the rhythm and harmony of nature". This aspiration gave rise to Presidential Decree (PD) 1151 otherwise known as the "Philippine Environmental Policy" which under Section 4 required all government instrumentalities including the private sector to prepare environmental impact system (EIS) for every undertaking which significantly affects the quality of the environment. The EIS system was formally established in 1978 with the passage of PD 1586 and subsequent implementing guidelines such as the DENR Administrative Order (DAO) No. 21 Series of 1992 and the recent DAO 96-37. Projects or undertakings classified as Environmentally Critical Projects occurring in Environmentally Critical Areas as defined in these regulations are required to submit an Environmental Impact Statement.

To implement the environmental policy, Executive Order No. 192 designated the DENR as the lead government agency, while its Environmental Management Bureau (EMB) have been tasked to recommend Environmental Impact Assessment (EIA) rules and regulations and provide technical assistance for their implementation and monitoring. Under the Organic Act for Muslim Mindanao, the ARMM Regional Government has been created to oversee the development and implementation of

various plans and programs for the ARMM. One of its line agencies is the ARMM-DENR has been created to handle matters related to the environment and natural resources of the region, while its provides the staff support on environmental concerns including review of applications for environmental clearance, issuance of ECC/CNC (Environmental Compliance Certificate /Certificate of Non-Coverage) for compliant projects/undertakings, and conduct periodic compliance monitoring.

Framework Guiding Principles

ASFP AF will continue with the principles that guided the original Project. These are:

- Compliance with existing Philippine government and regional environmental policies, rules and regulations (i.e., PD 1586, DENR DAO 96-37, etc.)
- Appropriate funds provided to cover the subproject environmental costs
- Assignment of competent staff and consultants by the PMO that shall ensure environmental concerns are addressed
- Orientation and training on the various project environmental safeguard procedures for all PMO staff/consultants, ARMM-DENR EMB, Municipal Facilitators and intermediary representatives concerned
- Streamlining of ARMM-DENR procedures to facilitate the processing of environmental clearance applications and issuance of ECC
- Maximum participation of all stakeholders in the environmental assessment and compliance monitoring is encouraged
- Complementation with other programs of the government especially in environmental protection and institutional strengthening
- Submission of periodic progress reports on the status of compliance with environmental conditionalities as contained in the ECC issued

Framework Operational Strategies

ASFP AF will continue with the operational strategies and procedures that guided the original Project. These are:

General

- The Municipal Facilitators, under the guidance of the ARMM-DSWD Provincial staff and the Project Safeguards Specialist, will be the main intermediary for small community infrastructure related to environment and other implementation matters
- Local technical expertise in the proponent community may be encouraged to participate in the development of the EMP
- Selected intermediaries will undergo refresher courses on orientation on the EA manual prior to deployment in the field
- Environmental cost shall be shared by the PMO and concerned subproject proponents

Community Development Assistance (CDA)

- Selected target communities will take into consideration the environmental protection aspects of their prioritized interventions to be implemented in their respective areas
- The targeted community will be assisted by the MFs or a capable intermediary to prepare the environmental clearance application for selected rural infrastructure subprojects

- The proponent will determine if the proposed activity is covered by the requirements of the PEISS (PD 1586). Non-coverage means that the proponents are no longer expected to go through the process outlined in DAO 96-37, i.e., an ECC or CNC does not have to be secured
- The EA shall be done simultaneously with the subproject proposal and the respective outputs simultaneously submitted for review and appraisal
- A member of the appraisal group will be in charge of the environmental safeguards and will see to it that the project is environment friendly
- Once the subproject proposal is approved, the attached environmental clearance application is submitted by the proponent ARMM-DENR for review and issuance of ECC
- The EA intermediary will provide the ARMM-DENR additional information if required aimed at clarifying information contained in the EA report
- Upon the issuance of the ECC, the MF or intermediary will brief the community as to the conditionalities attached to the clearance and suggest ways on how to comply with the requirements

Requirements for ECC/CNC Issuance

Environmental clearances will have to be secured from the ARMM-DENR prior to all construction works. Projects and “endeavors” covered under the Philippine EIS system will require an ECC in accordance with the provisions of DENR-DAO 96-37 and other subsequent issuances. To guide the implementors as to the possible requirement that needs to be submitted to the ARMM-DENR in order that the appropriate environmental clearances will be issued, a listing of all proposed rural infrastructure and sample micro-enterprise subprojects, prepared under the original Project, along with a general evaluation criteria and proposed requirement is indicated in Table 1 below.

Table 1: List of Infrastructure and Sample of Livelihood Subprojects

Activities	Criteria	Requirements
RURAL INFRASTRUCTURE		
1. Access Infrastructure		
Rehabilitation of timber ports	Average length of 50 linear meters (lm)	CNC
Building of timber ports	Average length of 50 lm	IEE Checklist
Building of hanging bridges	Average length of 15 lm	CNC
Building of rock causeways	Average length of 15 lm	CNC
Building of pedestrian bridges	Average length of 100 meters	CNC
Building of footpath and tire paths	Average length under 1 km	CNC
2. Water Supply		
Rehabilitation of existing water system	Level II spring development scheme	CNC
Construction of water system	Level II spring development scheme	IEE Checklist
Construction of water system	Level I Artesian Wells	CNC
Construction of Rainwater Collector	Capacity 7,500 liters	CNC
3. Post Harvest Facilities		
Rehabilitation, expansion and construction of warehouse	Single story building Floor area: 64 square meter	CNC
Construction of solar driers	Land based crops: 500 sqm Seaweeds: 400 sqm	CNC
4. Social Infrastructure		
Rehabilitation, expansion and construction of school building, learning center and tribal hall	School building: 2 classrooms at 154 sqm Learning center: 100 sqm Tribal hall: 100 sqm	CNC
Rehabilitation, expansion and selective construction of barangay health station	Floor area: 64 sqm	CNC
Construction of communal toilets	Floor area: 20 sqm	CNC
WOMEN AND YOUTH LIVELIHOOD ACTIVITIES		
Flower and Ornaments	100 sqm nursery/group	CNC
Special Rice Production (Irrigated & Rainfed)	1.5 hectares/group	CNC
Yellow Corn Production	1.0 hectares/group	CNC
Bamboo Propagule Production	2,000 propagules/group	CNC
Broiler Production	500 birds/group	CNC
Dried Squid Production	750 kg/month/group	CNC

ABBREVIATIONS

ARMM	Autonomous Region in Muslim Mindanao
CDA	Community Development Assistance
CNC	Certificate of Non-Coverage
DENR	Department of Environment and Natural Resources
DSWD	Department of Social Welfare and Development
ECC	Environmental Compliance Certificate
EIA	Environmental Impact Assessment
EIS	Environmental Impact System
EMB	Environmental Management Bureau
EMP	Environmental Management Plan
MF	Municipal Facilitator
MOU	Memorandum of Understanding
PMO	Project Management Office