

INVOLUNTARY RESETTLEMENT FRAMEWORK

A. Project Description

1. The Project supports the Development Bank of the Philippines (DBP) Sustainable Health Care Investment Program (SHCIP) established in 2007, to provide credit for health-related MDG investments and to support the Department of Health's (DOH) Health Sector Reform Agenda (Formula-1 or F-1 for health). The credit facility is financed through DBP's own resources, and through resources from development partners. DBP has requested the Asian Development Bank (ADB) for financial assistance to strengthen the credit facility and its effectiveness. The credit facility is available to local government units (LGUs), other government agencies, and the non-government sector, through two windows (i) retail onlending for government and larger non-government subprojects; and (ii) wholesale relending to accredited financial intermediaries (microfinance intermediaries, rural and thrift banks) for small-scale non-government subprojects. Credit will be available for capital investments and for working capital.
 2. The Project addresses the low public expenditures in health, and the inefficiencies in public expenditure management, by mobilizing additional resources without burdening fiscal space, through (i) the support of an off-budget credit facility under a government financial intermediary accessed by LGUs and non-government providers, (ii) the leveraging of private participation, and (iii) the improved allocation towards priority investments.
 3. Generally, the Project targets investments in the delivery of (i) maternal and child health services to increase childbirth in health facilities; (ii) cost-effective interventions to reduce communicable diseases; (iii) services to improve access to basic health care; and (iv) services to strengthen the health referral network, including diagnostic and laboratory services, and improved efficiency.
 4. Project funds will be on-lent to subprojects for (i) improving quality of health services to attain health facility accreditation (will help mobilize additional resources from the Philippines Health Insurance Corporation [PHIC]); (ii) addressing the gaps in access to health services through LGU and non-government sectors, and (iii) improving efficiency and financial autonomy of LGU hospitals through public-private partnership. The Project stimulates the performance of service providers, through contracts between PHIC and health providers that stipulate beneficiaries to be served, service packages to be offered, and prices to be charged. The Project evaluates the impact of the investment on its beneficiaries.
 5. Eligible subloans support delivery of basic health services. The Project funds will support financing of (i) doctors' medical practice, birthing and lying-in clinics of midwives and nurses,¹ (ii) laboratory and diagnostic centers linked to other Project investments, (iii) health sector business solution companies, (iv) drug procurement and distribution companies for distribution of generic drugs, and (v) public sector investments in rehabilitating rural health units (RHUs) and expanding secondary and tertiary hospitals to address over-utilization of existing facilities. Eligible public sector investments must be included in the Province-wide Investment Plan for Health. The proponents must secure any license or accreditation required by DOH, Bureau of Food and Drugs, Philippine International Trading Corporation and the PHIC.
 6. The Project outputs are (i) increased retail onlending for improved quality in LGU integrated health delivery system, (ii) increased retail onlending for improved efficiency in hospitals through public-private partnership and innovative strategies, (iii) increased wholesale onlending for improved access to basic health care through small-scale providers, and (iv) enhanced institutional capacity for health sector onlending. As the Project is national in scope
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and specific subloans cannot be determined in advance, in accordance with ADB policy this Resettlement Framework (RF) has been prepared.

7. The types of investments, potential involuntary resettlement issue, and DBP compliance actions are shown in Table SAE1:

Table SAE.1: Compliance measures by type of Investment

Investment Type	Potential Involuntary Resettlement Issue	DBP Screening and Compliance Actions
<p>Public/Private Hospital /Rural Health Units (RHUs) new construction and rehabilitation or expansion</p> <p><u>Documents required</u></p> <ol style="list-style-type: none"> 1. Finalize IR checklist 2. Finalize appraisal report template 3. PEER 4. PMO semiannual report section on IR 	<p>IR impacts are possible for construction on new sites or expansion within existing sites.</p>	<p>Proponents must have a project site which is either wholly owned or leased (lease term to exceed tenor of loan) prior to loan application.</p> <p>Account officer (head office or regional) completes the Involuntary Resettlement (IR) checklist (Annex 1).</p> <p>Account officer requests for appraisal from Credit and Appraisal Management/Regional Appraisal Unit (CAM/CAU) and for Project Evaluation and Endorsement Report (PEER) from the Program Development/PMO indicating that the funding source is ADB-CBHC.</p> <p>CAM/CAU conducts site inspection/appraisal. Appraisal report notes, based on interviews with knowledgeable persons, whether any eviction or displacement of informal settlers or cessation of economic activities was conducted at the site within the last 12 months or whether any other issues related to prior evictions arose within the last 12 months (e.g. demonstrations concerning such evictions).</p> <p>Account officer determines eligibility of investment based on the involuntary resettlement checklist and CAM/CAU appraisal report. IR Checklist is attached to appraisal report.</p> <p>PMO semi annual reports include a statement on compliance with the IR policy. Copies of IR checklists for all approved projects are attached.</p>
<p>Establishment or upgrading doctors, midwives, nurses, and birthing clinics, infirmaries, diagnostic centers / laboratories, and pharmacies / drugstores</p> <p><u>Documents required</u></p> <ol style="list-style-type: none"> 1. Finalize IR checklist 2. Finalize appraisal report template 3. PEER 4. PMO semiannual report section on IR 	<p>IR impacts are possible for construction on new sites or expansion within existing sites.</p>	<p>Proponents must have a project site which is either wholly owned or leased (lease term to exceed tenor of loan) prior to loan application.</p> <p>Account officer (head office or regional) completes the Involuntary Resettlement (IR) checklist (Annex 1).</p> <p>Account officer requests for appraisal to Credit and Appraisal Management/Regional Appraisal Unit (CAM/CAU) and for Project Evaluation and Endorsement Report (PEER) to the Program Development/PMO indicating that the funding source is ADB-CBHC.</p> <p>CAM/CAU conducts site inspection/appraisal. <u>Appraisal report</u> will note based on interviews with knowledgeable persons, whether any eviction or displacement of informal settlers or cessation of economic activities was conducted at the site within the last 12 months or whether any other issues related to prior evictions arose within the last 12 months (e.g. demonstrations concerning such eviction).</p> <p>Account officer determines eligibility of investment based on the involuntary resettlement checklist and CAM/CAU appraisal report. IR Checklist is attached to appraisal report.</p> <p>PMO semi annual reports include a statement on compliance with the IR policy. Copies of IR checklists for all approved projects are attached.</p>

Investment Type	Potential Involuntary Resettlement Issue	DBP Screening and Compliance Actions
Microfinance activities involving private midwives or nursing practices, introduction of generic drug outlets,	None	These activities are for existing enterprises. Civil works financed under this component refer to exterior/interior modifications.
Provision of private business solution services such as drug procurement and distribution, laundry services, accounting, security, IT and backroom operations.	IR impacts are possible for construction on new sites or expansion within existing sites.	<p>Proponents must have a project site which is either wholly owned or leased (lease term to exceed tenor of loan) prior to loan application.</p> <p>Account officer (head office or regional) completes the Involuntary Resettlement (IR) checklist (Annex 1).</p> <p>Account officer requests for appraisal to Credit and Appraisal Management/Regional Appraisal Unit (CAM/CAU) and for Project Evaluation and Endorsement Report (PEER) to the Program Development/PMO indicating that the funding source is ADB-CBHC.</p> <p>CAM/CAU conducts site inspection/appraisal. Appraisal report will note based on interviews with knowledgeable persons, whether any eviction or displacement of informal settlers or cessation of economic activities was conducted at the site within the last 12 months or whether any other issues related to prior evictions arose within the last 12 months (e.g. demonstrations concerning such eviction).</p> <p>Account officer determines eligibility of investment based on the involuntary resettlement checklist and CAM/CAU appraisal report. IR Checklist is attached to appraisal report.</p> <p>PMO semi annual reports include a statement on compliance with the IR policy. Copies of IR checklists for all approved projects are attached.</p>

8. Titles with liens and encumbrances and informal settler issues increase the risk borne by DBP and reduces the financial viability of subloans. DBP will not approve any subloan proposal with any risk of involuntary resettlement.

9. Every LGU and Retail Unit subloan proposal will be screened to ensure all subloan proposals for project sites with titles with liens and encumbrances and informal settlers issues including loss of shelter, livelihood, or access to resources are identified so the subloan credit application can be denied. A subloan proposal screening checklist for all public and private subloan proposals has been established to flag potential involuntary resettlement impacts based on ADB’s Involuntary Resettlement (IR) Policy. The checklist is in Annex 1. In addition to the screening checklist, DBP will physically verify that each public and private site submitted for credit approval is free of encumbrances with no informal settler impacts. The process is outlined in table 1 and described in the section below.

B. Resettlement Framework Objective and Strategy

10. The RF describes the agreements reached between DBP and ADB to ensure compliance with Philippine Government and ADB policies and regulations on IR and the mechanism for ensuring compliance.

11. Overall responsibility for the Project is with Program Development (PD) of DBP.

12. The PD is responsible for certifying compliance with all Project loan conditions and project eligibility. This is documented in its accomplishment of the Project Evaluation and Endorsement Report (PEER). The account officers (AOs) of the DBP Branch Banking Sector

are responsible for marketing, assessing credit worthiness, and administering retail loans; the Marketing LGU AOs are responsible for LGU lending. On the other hand, the Financial Institution AOs are responsible for wholesale lending to microfinance institutions, cooperatives, and rural banks.

13. DBP has sufficient staff to implement the IR guidelines. The 170 DBP AOs are supported by 72 DBP property appraisers. Land is the main type of collateral for general lending operations and land titles with liens and encumbrances and informal settler issues reduce property values. DBP property appraisers are a key component of the credit evaluation process and implementation where they conduct ocular inspection of the investment sites and render a fair market value valuation of the assets. Property appraisers are assigned by region to ensure familiarity with local conditions. They will be made familiar with ADB's IR safeguard requirements and screening procedures.

C. Credit Assessment and Compliance Review Procedures

14. Eligibility for financing under the Project subloan requires that the proposed sites are free of involuntary resettlement impacts as defined in the ADB Policy on Involuntary Resettlement. The process is described in Table 1. Where such impacts are identified in the screening process, due diligence will be carried out and a report submitted to ADB for endorsement prior to financing the component.

15. For LGU proposed subloan sites and for private subloan sites the following requirements will apply:

- (i) The title to the property is in the name of the proponent and that it is free from liens and encumbrances; if the property is leased, the term of the lease should exceed the repayment term of the subloan;
- (ii) The proposed site is free from informal settlers;
- (iii) The DBP property appraisers shall be allowed to conduct investigation/interview of knowledgeable persons and determine that no eviction of informal settlers had been undertaken **or whether any other issues related to prior evictions arose during the past one (1) year prior to loan application**.

16. For all sites the following requirements must be met:

- (i) Encumbrances shall include the use of the project site as residence or place of livelihood by informal settlers with or without the consent of the owner.
- (ii) The PEER report shall indicate if the IR conditions have been met.
- (iii) DBP shall also ensure the Credit and Appraisal Management/Regional Management Centers have sufficient technical staff familiar with ADB's IR Policy to conduct the Project subloan property appraisals.

D. Monitoring and Evaluation

17. The PD will prepare a report on IR safeguard compliance on a bi-annual basis. The report will contain PD certification that all IR guidelines have been complied with. The report will include copies of cover page of the credit assessment report signed by the AO and bank property appraisers attesting that the title to the property is free from liens and encumbrances. The complete property appraisal report will be retained by DBP for submission to ADB upon request.

18. On each review mission, ADB will check a random sample of property assessment reports and visit project sites to ensure the IR guidelines are effective and being complied with.

CREDIT FOR BETTER HEALTH CARE PROJECT RESETTLEMENT SCREENING CHECKLIST

QUESTIONNAIRES	Status	Instruction
1. Does the title to the project site already under the name of the proponent?	<input type="checkbox"/> Yes <input type="checkbox"/> No	If Yes, proponent title is in the name of the subloan proponent, go to 2 If No, go to 2
2. Does the borrower have any agreements or plan to enter into agreements with the government for provision of part or the entire proposed project site?	<input type="checkbox"/> Yes <input type="checkbox"/> No	If Yes, go to 3 If Item 1 equals NO AND item 2 is equals NO. STOP
3. If the title to the project site is under the name of the LGU, will the concerned LGU make it available to the proponent?	<input type="checkbox"/> Yes <input type="checkbox"/> No	If NO, STOP If YES, go to 4
4. Does the project site is being occupied by any of the following? (pls. check) <input type="checkbox"/> third party(without the consent of the proponent) <input type="checkbox"/> tenants, lessees, contract party, third party	<input type="checkbox"/> Yes <input type="checkbox"/> No	If YES, STOP If NO, proceed to 5
5. Were there any forcible evictions of person or persons out of the project site? (please check) <input type="checkbox"/> third party(without the consent of the proponent) <input type="checkbox"/> tenants, lessees, contract party, third party (with the consent of the proponent)	<input type="checkbox"/> Yes <input type="checkbox"/> No	If YES STOP If NO, proceed to 6
6. Are the occupants, contract farmers or other third party using the project site with the consent of the proponent provided with adequate prior notice of termination of the agreement?	<input type="checkbox"/> Yes <input type="checkbox"/> No	Appropriate prior notice should have been carried out in accordance with the terms of their agreement. In the case of contract/share crop farmers, they should be allowed to harvest their final crop or to be compensated for the forfeited harvest. If NO, Stop If YES, proceed to 7
7. Did any item result in the instruction to STOP	<input type="checkbox"/> Yes <input type="checkbox"/> No	This subloan proposal is not eligible for the Project financing If no, this loan may be considered for further credit Assessment