

IPN REQUEST RQ03/1

October 1, 2003

NOTICE OF REGISTRATION

**Re: Request for Inspection
PHILIPPINES - Manila Second Sewerage Project (MSSP)
(Loan No. 4019-PH)**

On September 26, 2003, the Inspection Panel (the "Panel") received a Request for Inspection (the "Request") related to the above referenced project. The Request was submitted by **Timpuyog Zambales Inc.**, a local non-governmental NGO, on its own behalf and on behalf of about 1,300 residents of the province of Zambales in the Philippines.

The Requesters claim to be adversely affected by one component of the Manila Second Sewerage Project, which, according to the applicable loan agreement, has the following objectives: *"to assist the Borrower to (a) reduce the pollution of the Metro Manila waterways and Manila Bay; (b) reduce the health hazards associated with human exposure to sewerage in Metro Manila, and (c) establish a gradual low-cost improvement of sewerage services in Metro Manila by expanding the borrower's septage management."*

According to the Request, one of the project's components involves sea dumping of liquid wastes from Metro Manila to the South China Sea, 69 km from the Corregidor Island, near the provinces of Bataan and Zambales where the claimants reside. The Requesters claim that this component, which is to be carried out for five years, from 2002 to 2007, is the source of pollution and harm to the communities involved and is not the least costly method of managing sewage system. They add that other effective land-based, more environmentally friendly and less costly methods could be used, providing an ecologically sound approach that would be more cost-efficient in the long term.

The claimants also allege that *'key questions raised by various sectors that would be potentially affected by the project have not been adequately addressed.'* These concerns include the health risk posed by the sea dumping, the negative economic impacts on the coastal areas near the dumping site, because of possible *"red tide"* or *"fish kill"* phenomena that jeopardize the fishing industry, and the possible destruction of precious tourist coastal destinations.

According to the Request, the concerned local governments and populations did not receive proper information and were not consulted regarding the dumping. The Requesters state that the provincial board of Zambales passed several resolutions disapproving the project component, one of which demanded the cancellation of the project's Environmental Compliance Certificate (ECC), issued by the Department of Environment and Natural Resources, "because of the violation regarding the lack of proper information to and consultation with the concerned local governments and their constituents." They also state that the Philippines Coastal Guard has temporarily suspended the issuance of a dumping permit.

The Requesters claim that the project's implementing agency, the Metropolitan Waterworks and Sewerage Systems (MWSS), conducted "dumping testing" between October 2001 and March 2002 but did not release the testing findings. It also failed to report to the project stakeholders, such as local governments and organized groups in affected areas, about the results of its monitoring activities.

The above claims may constitute violations by the Bank of various provisions of the following operational Policies and Procedures:

- OD 4.01 on Environmental Assessment
- OP/BP 10.04 Economic Evaluation of Investment Operations
- OD/OP/BP 13.05 on Project Supervision
- OP/BP 17.50 on Disclosure of Information

All communications with the Requesters in connection with the Request will, until further notice, be sent to Ms. La Reina Abad-Sarmiento, Timpuyog Zambales Inc.'s President, at the address listed below.

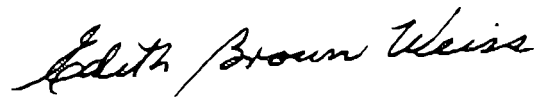
In accordance with paragraph 17 of the Panel's Operating Procedures (the "*Operating Procedures*"), I am notifying you that I have, on October 1, 2003, which is also the date of the dispatch of this notice, registered this Request in the Inspection Panel Register.

In accordance with paragraph 18 of the Resolution, paragraphs 2 and 8 of the "*Conclusions of the Board's Second Review of the Inspection Panel*" (the "1999 Clarifications"), and paragraph 18 (d) of the *Operating Procedures*, Bank Management must provide the Panel, no later than October 31, 2003, with written evidence that it has complied, or intends to comply, with the Bank's relevant policies and procedures in relation to the above-referenced Project. The subject matter that Management must deal with in a response to the Request is set out in paragraphs 3 and 4 of the 1999 Clarifications.

After receiving the Management response, the Panel will, as outlined in the 1999 Clarifications and as provided by paragraph 19 of the Resolution, "*determine whether the Request meets the eligibility criteria set out in paragraphs 12 to 14 [of the Resolution] and shall make a recommendation to the Executive Directors as to whether the matter should be investigated.*"

The Request has been assigned IPN Request Number RQ03/1.

Yours sincerely,

A handwritten signature in cursive script that reads "Edith Brown Weiss".

Edith Brown Weiss
Chairperson

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Mr. James D. Wolfensohn
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The Executive Directors and Alternates
International Bank for Reconstruction and Development