

INTERNATIONAL FINANCE CORPORATION

**MANAGEMENT
PROGRESS REPORT
ON**

**IMPLEMENTATION OF THE
MANAGEMENT ACTION PLAN
FOR**

PHILIPPINES

**RIZAL COMMERCIAL BANKING CORPORATION (RCBC)
PROJECT NOS. #30235, #32853, #34115 AND #37489**

December 18th, 2023

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ABBREVIATIONS AND ACRONYMS

BSP	Banko Sentral ng Pilipinas (Central Bank)
CAO	Compliance Advisor Ombudsman
CCT	Clean Coal Technology
CEAP	Capacity Enhancement Action Plan
CEMS	Continuous Emissions Monitoring System
CEO	Chief Executive Officer
CSO	Civil Society Organization
DOE	Department of Energy
DENR	Department of Environment and Natural Resources
DESL	Development Environenergy Services Ltd.
E&S	Environmental and Social
EE	Energy Efficiency
EIA	Environmental Impact Assessment
EIS	Environmental Impact System
ERM	Environmental Resources Management
ESDD	Environment and Social Due Diligence
ESIA	Environmental and Social Impact Assessment
ESMS	Environmental and Social Management System
ESRP	Environmental and Social Review Procedures
FOI	Freedom of Information
GHG	Greenhouse Gas
GNPD	GNPower Dinginin Ltd. Co,
GNPK	GNPower Kauswagan Ltd. Co.
GPN	Good Practice Note
IFC	International Finance Corporation
MAP	Management Action Plan
MMT	Multipartite Monitoring Team
MRP	Management Progress Report
PEDC	Panay Energy Development Corporation
PMCJ	Philippine Movement for Climate Justice
RCBC	Rizal Commercial Banking Corporation
SBPL	San Buenaventura Power Ltd. Co.
SEC	Sarangani Energy Corporation
SLTEC	South Luzon Thermal Energy Corporation
SMC	San Miguel Corporation
TPC	Toledo Power Co.

EXECUTIVE SUMMARY

In April 2022 the International Finance Corporation (IFC) Board of Executive Directors approved the Management Action Plan (MAP) in response to the Compliance Advisor Ombudsman (CAO) Compliance Investigation Report on the complaint concerning IFC Investments in Rizal Commercial Banking Corporation (RCBC) in the Philippines.

The main objectives of the MAP are to assess and mitigate E&S risks and impacts of 10 coal-fired powerplants (complaint sub-projects) under the CAO complaint and to strengthen RCBC's Environmental and Social Management System (ESMS).

At the time of the first Management Progress Report (MPR) in January 2023, about 41% of MAP deliverables had either been initiated or completed and the MPR focused on detailing engagements with RCBC, expected participation of sub-projects, and the ongoing procurement processes. As of December 2023, 68% of MAP deliverables have either been completed or significantly progressed.

The main source of open MAP deliverables, with five actions (accounting for 23% of MAP deliverables) 'not started', is a voluntary GHG/energy efficiency assessment study. This study will progress once sub-projects agree to site-based evaluations, which has not occurred to date. In general, MAP implementation delays have stemmed primarily from a lack of willingness and/or availability by RCBC sub-projects to host MAP site visits, a factor beyond IFC or RCBC control. The total cost of MAP implementation is currently estimated at up to USD 3 million, roughly a third higher than previously estimated.

International consultant firms have been chosen through an open and competitive process for undertaking the three MAP studies, i.e., to reassess the E&S risk and management of RCBC's high-risk sub-project portfolio – excluding the complaint sub-projects (Reassessment Study), and to assess E&S risks and impacts (Gap Analysis) as well as GHG emissions (GHG Study) of the complaint sub-projects.

To date, five (5) complaint sub-projects have confirmed their participation in the Gap Analysis study, the centerpiece of the MAP to assess E&S risks and impacts of the 10 complaint sub-projects, and site visits to three (3) of them have been completed. Twenty sets of stakeholder meetings have also been completed with affected communities and complainant groups associated with these sub-projects, providing these stakeholders with an opportunity to voice their views in person. Complainant engagement was conducted in a conflict-sensitive manner with significant support from complainant representatives.

For the Reassessment Study, the independent consultant has completed all planned interviews and visited two of three sample high-risk sub-projects and is expected to visit the third soon. For the GHG Study, while no onsite evaluations have been scheduled yet, IFC and the contracted consultant have worked with RCBC to develop a strategy and communication materials for encouraging sub-projects to participate. All three studies are expected to be completed by June 2024.

Additionally, all actions to address underlying factors of IFC non-compliance have been completed and the two Good Practice Notes related to E&S risk management in financial intermediations are available to the public.

IFC has encountered challenges in ensuring timely participation of more sub-projects in the MAP studies as well as supporting RCBC in introducing legally binding PS requirements in its future investments in high-risk sub-projects. Data availability has also been an issue for MAP consultants, despite IFC efforts to facilitate access to key E&S reports and monitoring data.

IFC will continue to work closely with RCBC and engage with CSOs and other stakeholders on the MAP implementation. Accounting for initial delays in procurement and site-based stakeholder engagement activities, completion of all main MAP activities is now expected for December 2024.

I. MAP IMPLEMENTATION OVERVIEW

This Management Progress Report provides the second update to the International Finance Corporation (IFC) Board of Executive Directors on the status of implementation of the Management Action Plan (MAP) approved by the Board on April 7, 2022, in response to the Compliance Advisor Ombudsman (CAO) Compliance Investigation Report on the complaint concerning IFC Investments in Rizal Commercial Banking Corporation (RCBC or the Bank) in the Philippines. During the Board meeting in March 2023 to discuss the first Management Progress Report (MPR), IFC committed to provide a second update by December 2023, addressing concerns raised by the Board.

The MAP consists of four (4) key workstreams: (A) strengthen RCBC Environmental and Social Management System (ESMS) implementation, with a focus on application of IFC Performance Standards (PS) to high E&S risk sub-projects; (B) assess and mitigate E&S risks and impacts of complaint sub-projects; (C) address complaint sub-projects' GHG emissions and improve climate related disclosure; and (D) address underlying factors through development of FI Good Practice Notes (GPNs).

The MAP requires three key independent studies: (1) Reassessment Study: Reassessing RCBC's existing E&S High-risk Portfolio Sub-projects vis-à-vis IFC PS requirements; (2) Gap Analysis: Assess environmental & social compliance and propose supplemental mitigation measures; and (3) GHG Study: GHG Emissions Reduction Audits of RCBC-funded Coal-Fired Power Plants.

Despite initial delays in procurement and realization of site visits, substantial progress on MAP implementation has been achieved since the last MPR: As of December 2023, the combined "completed" or "in-progress" rate of planned MAP deliverables reached 68% (i.e., 27% of MAP deliverables have already been completed and implementation on a further 41% is in progress), comparing to 41% at the last MPR. See Table 1 and more details below. The main source of open MAP deliverables, with five (5) under Workstream C as 'not started', is the voluntary GHG/energy efficiency assessment study. The slow start of this study is mainly caused by a lack of participation or confirmation of onsite evaluation date from the complaint sub-projects so far, for which IFC will continue to engage with RCBC.

Table 1. MAP Workstreams and Status

Workstreams	Completed/In-Progress Rate (%)	Number of Deliverables	Completed	In Progress	Not Started
A. Strengthen RCBC Environmental and Social Management System (ESMS) implementation, with a focus on IFC PSs (PS application to high-risk sub-projects)	89%	9	3	5	1
B. Assess and mitigate E&S risks and impacts of complaint sub-projects	80%	5	1	3	1
C. Address complaint sub-projects' GHG emissions and improve climate related disclosure	17%	6	0	1	5
D. Address underlying factors through development of FI Good Practice Notes (GPN)	100%	2	2	0	0
Total	68%	22	6	9	7

Initially, the IFC team estimated a total cost of about USD 2 million (USD 1.5 million cash cost and USD 0.5 million staff time) for the MAP implementation. With the contract variations already committed or anticipated, and to account for the challenges highlighted in this report, the total cost may reach USD 3 million (USD 2 million cash cost and USD 1 million staff time).

II. PROGRESS SINCE LAST UPDATE

Since the last update to the Board, IFC has continued to work closely with all stakeholders to deliver a coordinated approach to the timely delivery of the MAP, including RCBC, participating sub-projects, complainants and their representatives/Civil Society Organizations (CSOs), the CAO, as well as the consultant firms (the consultant) contracted to conduct the key studies.

The procurement process for the above-mentioned three MAP studies has been completed. The process had encountered delays due to a WBG procurement system change, consultation with complainant representatives, and the coordination and negotiation among the selected firm consultants and RCBC on confidentiality and other arrangements. The contracts for the Reassessment Study and Gap Analysis were awarded to the international consultancy firm Environmental Resources Management (ERM). Development Environergy Services Ltd. (DESL) was selected for the GHG Study.

Workstream A: RCBC E&S Capacity

Under Workstream A, IFC completed a review of RCBC's current high-risk sub-project portfolio and anticipated pipeline and ESMS structure and delivered a summary of capacity enhancement recommendations to RCBC. Once results of all MAP studies become available, IFC will suggest a Capacity Enhancement Action Plan (CEAP) to RCBC considering findings and recommendations of these studies.

The consultant has completed all planned interviews under the Reassessment Study regarding RCBC's existing E&S high-risk sub-project portfolio and has conducted site visits to two sample high-risk sub-projects which are outside of the scope of the Complaint. The consultant is expected to conduct the third and final site visit of another sample sub-project by March 2024 and to complete the study by June 2024.

Workstream B: E&S Gap Analysis

Workstream B focuses on the E&S Gap Analysis of the 10 coal-fired power plants/sub-projects included in the Complaint. Since the last MPR, one (1) additional sub-project confirmed participation in the Study, bringing the current number of participating sub-projects to five (5).

The Gap Analysis study includes a comprehensive stakeholder engagement strategy to (a) identify E&S risks and impacts and affected stakeholders, (b) to ensure participation and ownership of complainants and their representatives in the process, and (c) to protect all participants from reprisals and create a safe and secure environment for engagement. The consultant, in close collaboration with complainant representatives, developed a methodology to engage separately with the following three distinctive groups of stakeholders for each sub-project: the complainants and their representatives (Group 1), affected communities at large and sub-groups within, such as farmers, fishermen, women, indigenous people, key informants and local barangays and other government entities (Group 2), and operators and management of the coal power plants (Group 3). Table 2 shows the status of participation and realization of the engagement activities with all these groups for each of the 10 coal-fired powerplants.

Table 2: Status of Sub-project Participation and Stakeholder Engagement

Coal Power Plant (Sub-project)			Site Visit/ Engagement with Power Plant * (Group 3)	General Stakeholder Engagement ** (Group 2)	CSO Engagement (Group 1) ***	
Name	Location	Response to Request			Completion Status and Date	Meeting Location
South Luzon Thermal Energy Corp. (SLTEC)	Brgy Puting Bato Calaca, Batangas	Agreed to participate in Feb 2023	Completed June 13	Completed June 14	Completed August 20	La Suena Briosa Beach Resort, Brgy Nonong, Casto, Lemery, Batangas
Sarangani Energy Corp. (SEC)	Brgy. Kamanga, Maasim Municipality, Sarangani, Southern Mindanao	Agreed to participate in Feb 2023. Waiting for schedule.	TBD (Rescheduled on request)	Completed June 21	Completed June 21	Villa Princessita, Jabido Compound, Arellano St, Koronadal, South Cotabato
San Buenaventura Power, Ltd. Co. (SBPL)	Brgy. Cagsiay I, Mauban, Quezon Province	Agreed to participate in Feb 2023. Waiting for schedule.	TBD (Rescheduled on request)	Completed July 6	Completed July 7	Ikosan Resort Hotel, Sitio Pilaway 1, Brgy Polo, Mauban
GNPower Kauswagan (GNPK)	Brgy Libertad, Tacub, Kauswagan, Lanao del Norte, Mindanao	Agreed to participate in Feb 2023	Completed July 12	Completed July 12 -13	Completed June 11	Balay Mindanaw Foundation, Zone 2, Upper Bulua, Cagayan de Oro City
San Miguel Consolidated Power Corporation Malita (SMC Malita)	Malita, Davao Occidental	Waiting for response	TBD	Completed July 17 - 18	Completed July 19	13 Juna Ave, Juna Subd, Matina, Davao City
Toledo Power Co. (TPC)	Daanlungsod, Brgy. Sangi, Toledo City, Cebu	Loan pre-paid. Declined participation	-	Completed July 27	Completed July 28	Hidden Valley Mountain Resort, Brgy Lamac, Pinamungajan, Cebu
San Miguel Corporation Global Power Limay (SMC Limay)	Lamao, Limay, Bataan	Waiting for response	TBD	Completed August 29, 30, 31	Completed August 30	Limbagan Pinpin Museum, Inc. Brgy 2000, Capitangan, Abucay, Bataan
GNPower Dinginin (GNPD)	Brgy. Alas-asin, Mariveles, Bataan	Agreed to participate in Sept 2023	Completed Nov. 7	Completed Sep 1	Completed Sep 2	The Oriental Bataan, Hilltop St, Freeport Area of Bataan, Mariveles
Masinloc Power Partners (Masinloc)	Brgy. Bani, Masinloc, Zambales	Waiting for response	TBD	Completed Sep 15	Completed Sep 14	Isla Vista Resort, Candelaria, Zambales
Panay Energy Dev. Cor. (PEDC)	Brgy. Ingore, La Paz, Iloilo City	Loan pre-paid. Declined participation	-	Completed August 11	Completed August 10	Smallville 21 Hotel, Glicerio Pison Avenue, Iloilo City

*Site visit/engagement includes visiting the facilities of the coal-fired powerplants to assess their operation and E&S management. These visits are only realized with sub-projects that agreed to participation in the studies.

** General Stakeholder Engagements are a combination of community meetings, focus group discussions, key informant interviews, local government officials' courtesy calls/meetings, and fence-line community visits arranged by the consultant. The methodology is tailored for each location depending on stakeholders' availability and preferences. These engagements were held irrespective of whether the sub-projects concerned agreed to participate in MAP studies.

*** These meeting locations were chosen by the complainants' representatives and are generally far away from the sites of the relevant coal power plants. See more discussions in the following sections of this report.

As of December 2023, the consultant has completed 96% (23 out of 24) of the planned fieldwork for the Gap Analysis study.¹ Currently, the consultant is preparing gap analysis reports for each individual sub-project. The first draft report for a sub-project is expected by end of 2023 and will be shared with stakeholders for review according to an agreed protocol. All other individual reports and an aggregated summary report of are expected to be reviewed and completed by mid-2024. Management notes that the MAP does not encompass follow-up actions, such as implementing individual E&S Action Plans derived from the study.

IFC will continue to support RCBC to confirm and organize outstanding site-visits of participating sub-projects and will further promote participation among the sub-projects that have not yet confirmed or declined their participation in MAP activities.

Workstream C – GHG Study

Under Workstream C, IFC and the consultant have worked with RCBC to develop a strategy and communication materials for the GHG Study, allowing RCBC relationship managers to share knowledge and good practice and urge sub-projects to participate. Onsite evaluations have yet to be scheduled for any willing sub-projects. IFC continues to engage with RCBC on this and expects to have two or three sub-projects confirmed by March 2024.

Workstream D – Institutional Measures

Workstream D, the only one under direct IFC control, has been completed. The Good Practice Notes (GPN) “[Technical Guidance for Financial Institutions — Assessment of Greenhouse Gases](#)” and the GPN “[Tip Sheet for FIs, Sample E&S legal agreements](#)” were both published on the IFC website in March 2023 and are accessible to the public.

III. ACHIEVEMENTS AND CHALLENGES

Considerable progress has been achieved in all MAP workstreams since the last report, despite the various challenges encountered during this reporting period, including an anticipated delay of the completing the three key studies for six to nine months. The achievements and challenges discussed below also speak to the key topics and concerns discussed at IFC’s last update to the Board of Directors in March 2023.²

Sub-Project Participation and Limited Leverage

Within this reporting period, one (1) additional power plant (GNPD) has agreed to participate in the Gap Analysis study, thanks to the sustained efforts by RCBC and IFC. Altogether, of the 10 sub-projects now, three (3) agreed and had their sites visited by the consultant, two (2) agreed but have not provided suitable site visit dates, three (3) have not yet formally responded to request, and two (2) have declined.³ See also Table 2 above.

¹ At the time of last Board update meeting in March 2023, four powerplants (SLTEC, SEC, SBPL and GNPK) had agreed to participate in the Gap Analysis study and therefore were open to be site-visited by the consultant. Adding the general stakeholder engagement activities and the separate complainant/CSO engagement activities for each of the 10 sub-projects, there were altogether 24 sets of engagement activities to be conducted. Using 24 as the baseline, as 23 have been completed as of now, the completion rate is therefore 96%.

² IFC’s first Management Progress Report was discussed at a Board Meeting on March 7, 2023. For further information see: <https://www.cao-ombudsman.org/cases/philippines-rizal-commercial-banking-corporation-rcbc-01>

³ At the time of last Board update, 4 of 10 sub-projects included in the complaint had agreed to participate in the Gap Analysis study, i.e., to host site visits by the consultant and share their perspectives on complainants’ allegations (SLTEC, SEC, SBPL and GNPK); two (2) had already prepaid their RCBC loans and declined participation (TPC and PEDC); and the remaining four (4) didn’t respond to the request (SMC Malita, SMC Limay, GNPD and Masinloc).

Management has identified limited leverage over the sub-projects as the key challenge to the implementation of the MAP, impacting on the sub-projects' participation in the studies and/or adoption of any recommendations from the studies. IFC has no direct relationship with RCBC sub-projects and is reliant on RCBC for MAP-related engagements.⁴ While RCBC has made sustained efforts to engage with sub-projects and had shared with IFC evidence of its outreach to encourage sub-project participation, the bank itself is one of multiple syndicated lenders to these sub-projects and its leverage is also limited in many cases. Moreover, RCBC's lending agreements did not reference IFC PS as a binding requirement.

In March 2023 the Board of Directors recognized IFC's limited leverage over these sub-projects and welcomed IFC's commitment to encourage the participation of all sub-projects.

IFC has followed a comprehensive approach to pursue all available channels in this matter. Firstly, IFC followed up regularly with RCBC to seek confirmation and/or suitable dates from these sub-projects so that Gap Analysis and GHG Study site visits can be planned and conducted as soon as possible. IFC also extended support to RCBC via reminders, regular coordination meetings, and drafting of invitation letters and talking points to share with the sub-projects to encourage participation.

Secondly, IFC mapped possible investor relations (e.g., sub-project sponsors, previous relationships, board members, etc.) and reached out directly (either in person, at senior level, or via formal letters) to several sponsors to encourage participation.

Thirdly, IFC has reached out to the Department of Energy (DOE) and Department of Environment and Natural Resources (DENR), the government agencies with relevant regulatory oversight of these plants, to apprise them on MAP implementation and seek their support (see also discussions on regulatory engagement below).

Management notes that due to various reasons, several planned site visits were repeatedly canceled or rescheduled, sometimes when IFC and its consultant teams had already traveled to the Philippines (see Table 2). Many factors contributed to the delay of MAP studies involving sub-projects. For example, unpredictable natural disturbances affected travel and event schedules. Volcanic alerts prevented travel to Bicol, Albay (site for the Reassessment Study), and to Calaca, Batangas (site for the Gap Analysis study). Gap Analysis engagements scheduled between July and August were cancelled since the provinces of Bataan and Zambales were heavily affected by monsoon rains. In certain instances, IFC or consultant team members who had traveled from Hong Kong SAR, China, India, USA and elsewhere had to cancel ongoing trips.

Participation of Complainants and Their Representatives

IFC is committed to meaningful participation of complainants and their representatives (CSOs) in the MAP implementation.

IFC has maintained regular engagement with CSOs representing the complainants to ensure transparency and ownership on actions so that resulting solutions can be applied in the best interests of all stakeholders. Some examples of the engagement effort during this reporting period are outlined below:

- Complainant representatives reviewed and commented on the terms of reference for the Gap Analysis and GHG Study. However, WBG procurement guidelines prevent third parties from interviewing shortlisted applicants and participating in the selection process.

⁴ As stated in the 2022 Management Report to Board, "in keeping with IFC's approach to its FI business according to the Sustainability Policy, IFC's role in MAP implementation will focus on supporting RCBC to address identified gaps in its due diligence and monitoring activities. In doing so, IFC will not directly engage with sub-project borrowers, with which it has no legal or commercial relationships. Instead, IFC will support RCBC to: (1) engage with its borrowers on E&S concerns; (2) help facilitate identification of compliance gaps; and (3) support a process to bring any recommended corrective measures to the attention of sub-project borrowers and their lenders."

- For the Gap Analysis, complainant representatives reviewed and commented on IFC’s conflict of interest (COI) assessment including the consultant’s COI statement. IFC agreed with the consultant to exclude a subcontractor firm which had prior involvement in the E&S impact assessment of one sub-project and instead, to retain two local E&S specialists who were screened and cleared by IFC and ERM as having no potential COI related to the assigned work.
- Complainant representatives have, with the support of IFC, direct access to and free interaction with the consultants during the Gap Analysis study.
- IFC provides written monthly updates to the complainants’ representatives (CSOs) since November 2022, with the latest provided in December 2023. These updates cover progress of MAP activities and other related developments, including meetings and upcoming events. IFC also responded timely to questions raised by CSOs to these updates.
- IFC also extends these monthly updates to CAO, who remains an important stakeholder in the MAP implementation process. IFC recently supported CAO’s compliance monitoring mission, introducing CAO to the consultant, arranging a joint CAO-IFC meeting with RCBC’s CEO on November 30, 2023, and providing an in-person MAP implementation update to CAO in Manila.

IFC greatly values the contributions of complainant representatives to the design and implementation of relevant MAP activities. To allow for meaningful participation, the consultant coordinated with IFC and adjusted the original implementation timelines for these activities when needed.

Stakeholder Engagement and Protection from Reprisals

Core to the Gap Analysis study, is meaningful stakeholder engagement, as highlighted above. As outlined in IFC’s statement on retaliation against civil society and project stakeholders, IFC does not tolerate any action by an IFC client that amounts to retaliation.⁵ In engaging with clients, project stakeholders, or complainants, IFC always assesses the risk of reprisals as part of its engagement methodology and takes necessary precautions.

Understanding that there is a risk of reprisal and threats against the complainants, their representatives or other local stakeholders that chose to participate in stakeholder engagement activities, the meetings with complainants were designed to protect all participants from reprisals and create a safe and secure environment for engagement. The consultant benefited from the close collaboration, unique understanding of the local context and connection to affected communities of the complainant representatives in the development of the engagement methodology. Particularly, the Philippine-based CSO Philippine Movement for Climate Justice (PM CJ) which represents the complainants, directly coordinated with the consultant on organizing the conflict-sensitive meetings with the complainants.

This required significant efforts and resources of all parties involved. A typical cycle for the conduct of a CSO event consists of the following steps: (1) identification and mapping of community members, (2) outreach with community members to allow for representative participation, (3) design of event and transport to and from to protect participants from reprisals and ensure confidentiality where needed, (4) budgeting by CSOs and funding by IFC through the consultant, (5) preparation and logistics of the event, (6) implementation of the event in a conflict-sensitive and culturally appropriate manner, (6) documentation of the outcomes of the meeting ensuring confidentiality where needed.

Despite that the planned events were affected by many factors, such as monsoon rains and volcanic activities as mentioned above, complainants’ engagement events for all the 10 sub-projects have been completed in this reporting period. For all 10 sub-projects, community representatives were transported to and from the secured sites of their choice and provided with lodging and meals as needed. Each stakeholder engagement meeting was attended by no less than 60 community members and their families. Management

⁵ <https://www.ifc.org/content/dam/ifc/doc/2023/201810-ifc-position-statement-on-reprisals-en.pdf>

is grateful for the considerable efforts of the consultant and PMCJ that made this progress possible. This comprehensive stakeholder engagement strategy has resulted in cost increases, additional staff time and delays in the completion the planned MAP actions, as mentioned earlier.

Engagement with Regulators

Since the last Board update, IFC reached out to several domestic government agencies to inform them about the MAP and to obtain their support for the studies, including seeking their assistance in encouraging more participation of sub-projects and providing available data for the Gap Analysis and GHG studies.

- IFC met with Alternate ED representing Philippines on March 20, 2023, who advised on and supported IFC’s strategy for engaging with Bangko Sentral ng Pilipinas (BSP) - Philippine’s Central Bank, Department of Environment and Natural Resources (DENR), Department of Energy (DOE), and responsible local government units (LGUs).
- IFC and RCBC held a joint meeting with BSP on May 2, 2023.
- IFC met with the DENR on May 8, 2023. Subsequently, IFC endorsed and followed up with DENR on requests for environmental data and documents under the Freedom of Information (FOI) Executive Order.
- IFC met with the DOE on May 25, 2023.
- During the Gap Analysis, IFC participated as an observer in meetings with LGUs, including mayors and/or executives (including the IP mandatory representatives), providing additional background on the CAO case and the engagement activities and helping the consultant respond to LGU questions.

Data Availability

Continuous engagement with domestic regulatory agencies is essential to ensure access to public E&S data, which IFC has identified as a challenge in MAP implementation. All three MAP studies include desk review of data or information provided by RCBC or obtained from public or third-party sources as well as data collection from site visits or engagement activities. The quality of the assessments is dependent on data that the consultants can gather from public sources, the power plants or third parties. Challenges to data gathering, such as those below, may compromise the timely completion, the analysis, and consequently, the outputs of the studies.

- **Limited public data.** Some essential data, such as the Environmental Impact Statements (EIS), Environmental Performance Report and Management Plan (EPRMP), Multipartite Monitoring Team (MMT) monitoring reports and results from the Continuous Emissions Monitoring System (CEMS) and Clean Coal Technology (CCT) implementation are not readily available publicly. The possible sources of these are RCBC, the subject coal powerplants or regulatory agencies. Regulators had initially encouraged IFC to exert all efforts to get information from RCBC or the plants. Although IFC was granted access in December 2023 to some reports, access to these reports for the consultant is still limited.⁶
- **Coordination with sub-projects:** as the consultant has no relationship with the sub-project borrowers, all data requests need to be through RCBC, which has caused delays. Sub-project borrowers were reportedly also concerned about releasing confidential data to a third party.

IFC continues to urgently explore alternative ways to assist the consultant to access relevant data, which will feed into the final gap analysis outcomes together with the consultant’s direct observations and the outcomes of meetings held with key stakeholders.

⁶ Other monitoring reports (Self -monitoring Reports, Compliance Monitoring and Validation Reports, etc.) are not public documents. The only way to access such monitoring documents would be through RCBC or the sub-projects, which has not worked to date.

Applying IFC PS in a Legally Binding Manner

Finally, a significant challenge in MAP implementation has been the introduction of legally binding E&S requirements in RCBC's loan agreements with future high-risk sub-projects. Deliverable 4 of the MAP requires RCBC to adopt *“an overall written approach, acceptable to IFC, for addressing and integrating any PS compliance gaps and corrective measures identified by RCBC's E&S due diligence process into RCBC's investment agreements with high-risk borrowers.”* RCBC has updated its approach and ESMS by requiring conducting PS-compliant E&S due diligence or monitoring for new high-risk sub-projects but has not agreed to formally incorporate IFC PS compliance as a binding covenant in lending agreements with high-risk sub-project borrowers.

Like most commercial banks in emerging markets, RCBC prefers to rely on compliance with national E&S laws in investment agreements and to use its client relationships to encourage addressing any PS-related gaps identified during its E&S due diligence and supervision.

IFC has shared an analysis of the differences between national E&S law and IFC PS with RCBC, in addition to several earlier training sessions on this topic. RCBC is currently testing the new approach and will share the outcomes. IFC will continue to engage with RCBC on this matter and is also committed to using its influence to the extent possible to enhance outcomes across all other MAP actions.

IV. CONCLUSION AND NEXT STEPS

MAP implementation has progressed significantly since the last Board update in March 2023, despite the various challenges discussed in the report including an anticipated delay of six to nine months for the three key studies. Most importantly, all affected communities and complainant groups associated with the 10 sub-projects have had an opportunity to voice their views and concerns in person, something which was not achieved during CAO's compliance investigation due to Covid-19 restrictions. Engagement with complainants was conducted with significant support and engagement by the complainant representatives, in a conflict-sensitive manner including measures to safeguard from reprisals, a key objective for all parties.

The highly anticipated Gap Analysis reports for all 10 complaint sub-projects will be available by March 2024 for parallel reviews by IFC, RCBC, CAO, and CSOs according to an agreed review protocol and to be finalized by latest mid-2024. If more sub-projects agree on the plant site visits in addition to the five participating, this timeline may need to be revised. The Reassessment Study and the GHG Study will follow a similar timeline and review process (except that CSOs will not review the draft reports), with reports also to be finalized by mid-2024. When the three key studies are completed, all those activities contingent upon their completion will begin. IFC expects all the main MAP activities will be completed by the end of 2024, leading to a possible extension of the monitoring period if needed. Management notes that the MAP does not encompass follow-up actions, such as executing E&S Action Plans derived from these studies. Table 3 highlights key deliverables of MAP implementation in 2024. Annex A provides a more detailed MAP implementation update with timeline for each of the deliverables under the MAP.

IFC will build on what has been achieved and continue to work with CSOs, CAO, RCBC, the consultants, and other stakeholders for the MAP implementation. As immediate next steps, IFC will continue to (a) engage with RCBC to encourage participation of (more) sub-projects in the MAP studies, (b) assist, where needed and appropriate, the consultants to complete these studies, and (c) engage and coordinate with RCBC and other stakeholders to implement the MAP.

Table 3. MAP Outlook 2024

Workstreams	Current Completion/In-Progress Status	Upcoming key deliverables	Expected completion
A. Strengthen RCBC Environmental and Social Management System (ESMS) implementation, with a focus on IFC PSs (PS application to high-risk sub-projects)	89%	<ul style="list-style-type: none"> • RCBC Capacity Enhancement Action Plan (CEAP) • Evidence of CEAP completion • Evidence of incorporation of the RCBC PS application approach on its three new high-risk transactions • Reassessment of RCBC’s existing high-risk sub-projects Study and follow-up/monitoring actions agreed with RCBC for these sub-projects. • Semi-annual updates on the agreed follow-up/monitoring actions 	<ul style="list-style-type: none"> • mid 2024 • end of 2024 • end of 2024 • mid 2024 • end of 2024
B. Assess and mitigate E&S risks and impacts of complaint sub-projects	80%	<ul style="list-style-type: none"> • Gap Analysis study including findings and recommendations on stakeholder engagement, sub-project sponsor engagement and mitigation/ monitoring plans/template. • RCBCs’ semi-annual/periodic updates to IFC on the E&S performance of complaint sub-projects including implementation of the mitigation/monitoring plans 	<ul style="list-style-type: none"> • mid 2024 • end 2024
C. Address complaint sub-projects’ GHG emissions and improve climate related disclosure	17%	<ul style="list-style-type: none"> • GHG assessments including IFC, RCBC or sub-projects’ disclosure of key findings. • RCBC methodology for calculating GHG emissions by its sub-projects, pilot testing of the methodology and improved climate-related disclosure. • Improved overall E&S disclosure including climate-related 	<ul style="list-style-type: none"> • mid 2024 • end of 2024 • end of 2024
D. Address underlying factors through development of FI Good Practice Notes (GPN)	100%	n/a	n/a

IFC will continue to update Complainants’ representatives, CAO and other key stakeholders on a regular basis. IFC will continue to collaborate with CAO and to report progress on MAP implementation to the Board as mandated by the CAO Policy paras 142-144.

ANNEX A: UPDATED MAP IMPLEMENTATION TABLE

Action / activity	Responsibility	Deliverable/ expected outcome	Timeframe (originally planned)	Status/Timeframe		Summary of Implementation
				Jan 2023	Dec 2023 (Updated)	
Workstream A: Strengthen RCBC ESMS implementation, with a focus on IFC Performance Standards (PS or PSs) application to high-risk sub-projects.						
Deliverables: 9; 3/9 completed; 5/9 in progress; 1/9 not started						
A.1 E&S capacity needs assessment and enhancement: 1. RCBC provides IFC with the latest information of its high-risk pipeline & portfolio as well as current ESMS team composition. 2. IFC reviews the information, identifies capacity enhancements needed and discuss findings with RCBC. 3. RCBC develops an E&S capacity enhancement action plan, acceptable to IFC, and implements it within one year.	RCBC and IFC	(1) Summary of IFC review and recommendations.	June 2022	In progress/ February 2023	Completed/ February 2023	IFC conducted an E&S capacity needs assessment of RCBC and shared its review and recommendations with the bank.
		(2) RCBC capacity enhancement action plan (CEAP)	June 2022	Not started/ March 2023	In progress/ June 2024	RCBC has received IFC recommendations and shall complete its development of the CEAP, drawing also inputs from the findings and recommendations of the Reassessment and Gap Analysis studies (Workstreams A and B). The final CEAP is expected to be agreed with RCBC by June 2024.
		(3) Evidence of enhancement action plan completion	June 2023	Not started/ March 2024	In progress/ December 2024	Although the CEAP is not finalized yet, some IFC recommendations were implemented in March 2023. IFC shall obtain more evidence on the implementation of the final agreed CEAP by December 2024.
A.2 Incorporating PS requirements in a binding agreement for high-risk sub-projects: 1. RCBC (and/or through a third party, e.g., a recognized law firm) reviews its current legal templates and E&S due diligence arrangements (in particular for syndicated lending) to identify gaps as well as best approaches for applying IFC PSs at sub-project level. 2. IFC supports RCBC in such reviews, including sharing relevant IFC legal covenants and PS-compliant ESAP samples.	RCBC with support from IFC	(4) An overall (written) approach, acceptable to IFC, for addressing and integrating any PS compliance gaps and corrective measures identified by RCBC's E&S due diligence process into RCBC's investment agreements with high-risk borrowers.	September 2022	In progress/ February 2023	In progress/ June 2024	RCBC has adopted a revised approach to conduct E&S due diligence with new clients against both country regulatory and IFC PSs requirements in September 2022. See more discussion in the main text of the report.

		(5) Evidence of incorporation of this approach into RCBC's procedures and implementation of the approach to the first three new high-risk transactions undertaken following its approval.	As ready and before June 2023	Not Started/ December 2023	In progress/ as ready and by June 2024	IFC will continue to follow up with RCBC on its application of the revised approach by reviewing any E&S due diligence or monitoring reports prepared by RCBC to further assess the approach's adequacy and enhance outcomes. See more discussion in the main text of the report.
A.3 Commitment to no coal financing: 1. RCBC reconfirms its commitment and makes a formal (policy) statement of not financing any new coal related sub-projects.	RCBC	(6) No coal commitment or policy statement made publicly available on RCBC website or at other sources.	Completed/ December 2020	Completed/ December 2020	Completed/ December 2020	RCBC reaffirmed its commitment not to finance any new coal sub-projects through a formal policy statement in December 2020. This continues to be expressly stated on its website, in its sustainability reports, media statements and during local sustainability events.

A.4 Reassessing RCBC's existing high-risk portfolio sub-projects vis-à-vis PS requirements: 1. RCBC provides IFC with records and results of its review and monitoring of existing high-risk portfolio sub-projects. 2. IFC commissions a third-party consultant to review the information obtained from RCBC, identify gaps, and provide guidance to RCBC to address any residual gaps vis-à-vis the PSs, which may involve developing follow-up or monitoring action plans. 3. IFC reviews the outputs and joins site visits for a sample of these high-risk sub-projects where feasible, to further assess the performance and quality of RCBC's ESMS implementation.	RCBC, third party consultant, with support from IFC	(7) Consultant report and recommendations to RCBC.	June 2023	August 2023	In Progress/ June 2024	For this study, IFC contracted the services of Environment Management Services (ERM). Consultant work began in March 2023. This study is delayed and expected to be completed by June 2024. The Study involves three (3) sample sub-project site visits and submission of corresponding assessments. As of November 2023, two out of three (2/3) site visits have been completed. The main cause of delay is the persistent high volcanic alert level in the remaining sub-project location restricting the conduct of any activities in the area. While an alternate sub-project has been identified, no site visit date has been confirmed yet.
		(8) Any follow-up or monitoring actions agreed with RCBC for these sub-projects (semi-annual updates expected through June 2023)	June 2023	August 2023	Not started Expected through December 2024	The follow-up or monitoring actions are dependent on the completion of the MAP study above and expected to be completed through December 2024.
A.5 ESAP revision Generate a new legally binding ESAP covering RCBC actions described in A1-A4 that have not been achieved and are relevant for inclusion in the ESAP	IFC and RCBC	(9) New ESAP included in a legally binding agreement with RCBC	April 2022	Completed	Completed	A revised E&S Action Plan (ESAP) was agreed, and a legally binding Letter Agreement was signed between RCBC and IFC in September 2022.
Workstream B: Assess and mitigate E&S risks and impacts of complaint sub-projects. Deliverables: 5; 1/5 deliverables completed; 3/5 In progress; 1/5 Not started						

<p>B.1 Gap analysis of RCBC E&S due diligence and leverage:</p> <ol style="list-style-type: none"> 1. RCBC provides IFC with an update on its exposure to the 10 complaint sub-projects, documenting investment type, sub-project status (operational, under construction or pre-construction), leverage, loan covenants and monitoring requirements (if any). This will determine the leverage and options available to RCBC for arranging additional E&S review and raising any serious harms identified to the attention of complaint sub-project borrowers and co-lenders. 2. IFC supports RCBC in commissioning appropriately experienced and qualified third-party consultant(s) to review available E&S assessments, due diligence and monitoring reports, and any updates from RCBC for the complaint sub-projects against IFC PSs, with emphasis on issues highlighted in the CAO Assessment of Likelihood of Complaint Sub-project Impacts (Annex E); 3. RCBC arranges site visits to each complaint sub-project, in consultation with the complaint sub-project borrowers, to facilitate the gap analysis. Site visits will be undertaken by RCBC E&S staff, IFC third party consultants and IFC staff (as observers). 	<p>RCBC, third party consultant, with support from IFC</p>	<p>(10) Consultant gap analysis report with recommendations to RCBC, sub-borrowers of RCBC and other lenders involved in financing these projects (see B4)</p>	<p>December 2022</p>	<p>In Progress/ August 2023</p>	<p>In progress / June 2024</p>	<p>This deliverable is still in progress. RCBC has provided IFC with an update on its exposure to the 10 complaint sub-projects, documenting investment type and sub-project status (operational, under construction or preconstruction). While this study is commissioned by IFC, the third-part consultant conducts the analysis independently from IFC. The consultant began working on this study in March 2023, and with the delays explained in this report, is expected to complete the study and the related reports by June 2024.</p>
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<p>B.2 Community and other stakeholder consultations:</p> <ol style="list-style-type: none"> 1. As part of the gap analysis, RCBC engages with complaint sub-project borrowers to arrange for conflict-sensitive consultations with complaint sub-project-affected communities, including Complainants and other stakeholders (such as sub-project operators as feasible and appropriate) in relation to sub-project impacts on communities. 2. IFC representatives accompany third-party consultants (as observers). 	<p>RCBC, sub-project borrowers, third party consultant, with support from IFC</p>	<p>(11) Reports and analysis of consultations feed into consultant gap analysis report mentioned in action B4</p>	<p>December 2022</p>	<p>Not started/ August 2023</p>	<p>Completed/ September 2023</p>	<p>All community and stakeholder consultations in relation to the Gap Analysis study have been completed and will feed into the consultant Gap Analysis report.</p>
<p>B.3 Sub-project sponsor engagement:</p> <ol style="list-style-type: none"> 1. IFC, based on findings from the consultant prepared report, assists RCBC to develop a strategy of engaging with complaint sub-project lead arrangers/syndicated lenders/consulting engineers/owners/operators to obtain updated E&S monitoring data. 2. Where RCBC has limited leverage and/or limited access to information and/or is not able to influence the performance of any complaint sub-projects, the IFC third-party consultant shall document the reasons for this, any alternative approaches adopted, and any conclusions or recommendations to bring sub-projects into compliance with IFC PSs. 	<p>Third party consultant, sub-project borrowers, RCBC, with support from IFC</p>	<p>(12) Sub-project engagement approach and results prepared by consultant as part of the consultant gap analysis report mentioned in action B4</p>	<p>December 2022</p>	<p>Not started/ August 2023</p>	<p>In progress/ June 2024</p>	<p>The Gap Analysis study is on-going and expected to be completed in June 2024.</p>

<p>B.4 Mitigation and monitoring plan development</p> <p>Based on the above gap analysis and associated consultations, third party E&S consultants identify any material E&S impacts related to regulatory or PS non-compliance (recognizing IFC PSs were not applied by sub-projects) and propose mitigation and monitoring plans as appropriate for complaint sub-project borrowers and their lenders, including RCBC. RCBC and IFC will review such plans and RCBC will engage with complaint sub-project borrowers and other lenders to communicate relevant findings and recommendations and request corrective actions consistent with IFC PS requirements.</p>	RCBC	(13) Consolidated gap analysis report with recommendations to RCBC, sub-borrowers of RCBC and other lenders involved in financing these sub-projects	December 2022	Not started/ August 2023	In Progress/ June 2024	The consolidated gap analysis report will be based on the individual gap analysis reports for the 10 coal plants and expected to be completed in June 2024.
<p>B.5 E&S performance monitoring</p> <p>1. RCBC agrees with IFC on a regular reporting template and interval (e.g., semi-annually) to provide periodic updates to IFC on the E&S performance status of these individual complaint sub-projects, including the follow-up and/or monitoring plans noted above.</p> <p>2. RCBC provides periodic updates to IFC as per the template agreed.</p>	RCBC	(14) Semi-annual monitoring report to IFC	December 2023	Not started/ August 2024	Not started/ December 2024	To date, RCBC provides periodic updates on its coal-related exposures to IFC using a current template. RCBC's semi-annual reporting on the 10 coal plants to IFC will use an approved template be developed as part of the Gap Analysis study.
<p>Workstream C: Address complaint sub-project GHG emissions and improve climate related disclosure. Deliverables: 6; 0/6 completed; 1/6 in progress; 5/6 not started</p>						
<p>C.1 Onsite energy efficiency evaluation:</p> <p>1. RCBC explores with and seeks agreement from interested complaint sub-project owners/operators (e.g., those of substandard emissions</p>	Sub-project owner/operator, third party consultant, RCBC, with	(15) Assessment reports completed by consultant	December 2022	In progress / August 2023	In progress/ June 2024	Consulting firm Development Environenergy Services Ltd (DESL) was selected for undertaking the GHG study. This study involves conducting GHG

<p>profiles) for onsite energy efficiency/ GHG emissions reduction audits. Agreement with interested sub-project owners/operators shall include allowing disclosure of (key) audit results.</p> <p>2. IFC supports RCBC in commissioning GHG emissions reduction audits by a suitably qualified third-party consultant for agreed complaint sub-projects.</p> <p>3. IFC or RCBC or the complaint sub-project owner/operator publishes (key findings of) the assessment report (together with improvement proposal) per the agreement reached above.</p>	<p>support from IFC</p>	<p>(16) Any public disclosure of such reports or their findings</p>		<p>Not started/ August 2023</p>	<p>Not started/ June 2024</p>	<p>emissions reduction assessment onsite and submission of reports for 3-5 interested power plants. Coordination began in March 2023, and the study was expected to be completed by August 2023 during the previous Board update. However, this study is now delayed and expected to be completed by June 2024.</p> <p>Any public disclosure will depend on the completion of the EE/GHG onsite assessments.</p>
<p>C.2 Improving climate related measurement and disclosure</p> <p>1. IFC assists RCBC to develop/adopt an approach/methodology for calculating and reporting GHG emissions consistent with international good practices by its sub-project borrowers (high GHG emitters);</p> <p>2. RCBC will identify a few new (high-risk) sub-borrowers to pilot-test the approach/methodology and report accordingly. IFC supports RCBC to prepare and make climate related disclosures in accordance with applicable national regulations and the Task Force on Climate related Financial Disclosures recommendations.</p>	<p>IFC and RCBC</p>	<p>(17) Approach/ methodology developed</p>	<p>December 2023</p>	<p>Not started/ August 2023</p>	<p>Not started/ June 2024</p>	<p>The approach/ methodology to be developed is dependent on results of the EE/GHG onsite emission studies for participating sub-projects.</p>
		<p>(18) Any sample reports on the GHG calculation and reporting of the sub-borrowers in the pilot.</p>	<p>June 2023</p>	<p>Not started/ Feb 2024</p>	<p>Not started/ December 2024</p>	<p>See above.</p>
		<p>(19) Any related reports made by RCBC with climate related disclosures.</p>	<p>September 2024</p>	<p>Not started</p>	<p>Not started/ December 2024</p>	<p>Any climate related disclosure will be dependent on the completion and outcome of the pilot.</p>
<p>C.3 Improving overall E&S disclosure</p> <p>1. IFC assists RCBC to improve overall E&S disclosure consistent with applicable Central Bank's regulations (e.g., BSP Circular No. 1085) and international good practices.</p>		<p>(20) Any actual disclosed reports by RCBC</p>	<p>December 2022</p>	<p>Not started/ December 2023</p>	<p>Not started/ December 2024</p>	<p>Completion of this deliverable is dependent on results of the three on-going key MAP studies to improve the bank's overall E&S disclosure consistent with applicable Central Bank's regulations (e.g., BSP Circular No. 1085) and international good practices.</p>

Workstream D: Address underlying factors.						
Deliverables: 2; 2/2 completed						
D.1 Sector-wide improvements: 1. IFC develops dedicated good practice note (GPN) for FIs on assessment of GHG gases in sub-projects to be financed. 2. IFC develops a GPN for FIs covering sample E&S covenants to be included in loan agreements.	IFC	(21) GPN for FIs on assessment of GHG gases in sub-projects to be financed developed.	June 2022	February 2023	Completed/ February 2023	The two GPNs were developed in February 2023 and published in the IFC website in March 2023.
		(22) GPN for FIs covering sample E&S covenants to be included in loan agreements developed.	June 2022	February 2023	Completed/ February 2023	

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The IFC Management Progress Report is provided in response to the Investigation Report of the Office of the Compliance Advisor Ombudsman (CAO) relating to complaints of alleged non-compliance by IFC with its Performance Standards on Environmental and Social Sustainability in a project supported by IFC finance or investment.

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