



10 October 2013

Gilda E. Pico

President and CEO
Landbank of the Philippines
LANDBANK Plaza,
1598 M.H. del Pilar cor. Dr. J. Quintos Sts.
1004 Malate, Manila, Philippines

**SUBJECT: URGENT CALL TO THE LANDBANK OF THE PHILIPPINES
TO FULLY COMPLY WITH ITS GUIDING PRINCIPLES AND
IMPLEMENT ITS CORPORATE POLICY WITH REFERENCE
TO THE FINANCING OF OIL PALM PROJECTS IN THE
PROVINCE OF PALAWAN**

Dear President Pico,

The Working Group on Oil Palm Concerns (WGOPC) is an informal network composed of NGOs and POs based in the Province of Palawan.

We are aware that Landbank is the key financier of oil palm development in Palawan. With respect to this, we would like to inform you that oil palm plantations are having an adverse socio-ecological impact in our province, especially amongst our indigenous communities.

The bulk of oil palm operations are being carried out by Agumil Philippines, Inc, other entities such as CavDeal (the Cavite Ideal International Construction and Development Corporation) are constituting their own cooperatives such as the 'Evergreen Growers Cooperative' in Iraray II (Municipality of Sofronio Espanola) and may have also benefit from Landbank loans at some stage. Cavdeal is a constructions firm, now turning into palm oil business. The company became controversial when it was blacklisted by the World Bank for "collusive practices" involving the bidding for the Philippines' National Road Improvement and Management Program (NRIMP) Phase 1. CavDeal has already cleared at least 600 hectares of land in southern Palawan, while Agumil Philippines, Inc. has converted about 4,000 hectares into oil palm plantations and is planning to expand its operations for an additional 11,000 hectares.

A detailed assessment of why oil palm development is fostering poverty and environmental destruction, while neglecting labor standards, is found in a detailed

report named "*The Palawan Oil Palm Geotagged Report 2013*" (part 1 and part 2) and in other academic studies, together with oil palm-related documents such as copies of the international petitions and signatures calling for a moratorium on oil palm expansion, communities affidavits against oil palm development, letters in support of a moratorium on oil palm development from national and international organizations, evidences of forest clearing by Agumil, etc.

We trust that you and your staff will find the time to assess this valuable material to gain a complete understanding of the social and environmental impacts caused by some of the oil palm projects that your Bank is financing. Some of the most important issues related to the negative impacts of oil palm development in Palawan are herein attached in a document named 'Revised 15 Good Points on Why We Need a Moratorium on Oil Palm Expansion in Palawan'. This was submitted during the latest oil palm inter-agency meeting that was held at the Palawan Governor's Office on 28 August 2013.

We are aware that according to its own Guiding Principles, the Bank should be a '*catalyst of countryside development and poverty alleviation*' and should have '*commitment towards environmental protection*'. Unfortunately, these guiding principles are not reflected in the way in which oil palm expansion is setting the trend in the Province of Palawan. We are further aware that Landbank's corporate environmental policy includes '*the conduct of appropriate environmental risk assessment and management*' and a commitment to '*inform and influence its clients, suppliers and business partners to align with the bank's environmental management programs in their business operations*'. However, at the moment, we have no evidence that the Bank has conducted any environmental risk and assessment management with reference to oil palm development.

We are also informed that Landbank has an environmental due diligence policy under which: '*all projects directly financed by the Bank and collaterals offered as security, which are part of the project or used as project site, including projects of Cooperatives covered by the Philippine Environmental Impact Statement (EIS) System, are subjected to environmental assessment and monitoring until fully paid. Credit risks arising from the adverse impacts of the LBP-financed project to the environment are identified, mitigated and monitored*'. Again, it appears that the Bank has no mechanism installed to assess and monitor the social and economic impact of the oil palm projects that it finances.

Moreover, the Landbank's vision declaring that it is '*in the service of the Filipino people*' and that it is '*committed to improving the lives of all its stakeholders and working with them to lead the country to economic prosperity*' is being contradicted by the increasing impoverishment of local communities (especially indigenous peoples) living in oil palm impacted municipalities, where financing by Landbank has been consistent. For instance, levels of poverty and malnutrition are arising in the Municipality of Sofronio Espanola, despite the fact that this municipality has the highest percentage of land covered by oil palm plantations and provides the bulk of oil palm kernels for the mill.

We received information that Landbank has an **Emission Reduction Purchase Agreement (ERPA)** with the World Bank under the **Clean Development Mechanism (CDM)**. Therefore, we urge Landbank to take advantage of such agreement to finance, as soon as possible, a methane digester at the Palawan palm oil processing plant in Bgy. Maasin (Brooke's Point Municipality).

On the bases of the above-mentioned considerations we are urging Landbank to fully comply with its guiding principles and implement its corporate environmental policy. We further urge Landbank to cease and desist from financing oil palm projects that have adverse social and environmental consequences.

We look forwards to receiving your response within 5 to 10 working days from receipt of this letter, as established by R.A. no. 9485 ("Anti-Red Tape Act of 2007"). Our contact details are: NATRIPAL Office, Macawili Road, Bancao Bancao, Puerto Princesa City 5300, Palawan. Telefax: (048) 433 6573. Email: aldaw.indigenousnetwork@gmail.com

Thank you.

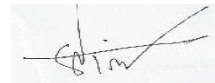
Sincerely yours,



Rodrigo S. Emag
Nagkakaisang mga Tribu ng Palawan
(NATRIPAL)



Atty. Zha Zha Maguad – Padernal
Environmental Legal Assistance Center
(ELAC)-Palawan



Willie Tingor
Palawan Katutubo Mission – Apostolic
Vicariate of Palawan (PKM-AVP)



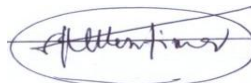
Ruth P. Canlas
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