

CLIMATE INVESTMENT FUNDS

CTF INVESTMENT PLAN

Philippines

The Philippines is the world's second largest archipelago. In a growing economy, poverty has continued to increase, and the Government has made it a priority to link poverty alleviation and national clean technology planning.

As a result, the government has committed to a Clean Technology Fund (CTF) Investment Plan (IP) which will use \$250 million in CTF co-financing to increase its renewable energy and implement its National Environmentally Sustainable Transport Strategy.



Government Renewable Energy Objectives

- Increase RE based capacity by 100% in ten years;
- Be the world's leading geothermal energy producer;
- Be southeast Asia's leading wind energy producer;
- Double hydro capacity with additional 3,000 MW;
- Be the solar cell manufacturing hub in ASEAN;
- Contribution from biomass, solar, and ocean energy.

The IP prioritizes activities that will catalyze private sector investment in distributed generation through renewable resources, provide investment support and risk mitigation for the private sector's entry into energy efficiency and cleaner

production sectors, promote solar generation with net metering, and introduce urban Bus Rapid Transit Systems in Cebu and Metro Manila.

Transforming the Energy Sector

The CTF Investment Plan will focus its interventions on the foundations for a transformation of the energy sector in a way that will promote:

- *Distributed generation through renewable resources*: scaling up private sector renewable energy power generation, currently constrained by the high cost of renewables.

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CTF financing: **\$250 million**

Co-financing: **\$2.5 billion**

Project Approvals

Sustainable Energy Finance

CTF Approval Date: Sep '10

CTF financing: **\$20 million**

Co-financing: **\$210 million**

Partner MDBs: **International Finance Corporation**

Renewable Energy Acceleration

CTF Approval Date: Feb '11

CTF financing: **\$10 million**

Co-financing: **\$497.5 million**

Partner MDBs: **International Finance Corporation**

- *Energy efficiency through demand side management:* seeking to improve the creditworthiness of an increased number of power off-takers by addressing transmission constraints (particularly those faced in the Visayas and Mindanao regions), and to implement demand side management
- *Solar power generation:* covering part of the additional cost of solar power generation through large scale implementation of the country's pioneering net metering program, a scheme which will allow consumers the option to generate their own power and sell excess power to the grid.



Managing Sustainable Power Generation

Uniquely, in the Philippines, renewable energy accounts for the largest share (43%) of total primary energy supply. However, since 2002 there has been increasing use of natural gas, and the share of coal to total primary energy supply has risen from 5% in 1990 to 16% in 2007. The Philippine energy road map, endorsed in 2008, recognizes that technology and modal shifts can be implemented to mitigate power and transport sector emissions growth with a strong effort to address renewable energy development, transmission and distribution system optimization, transport fuels, vehicle technology, infrastructure, and behavioral changes.

Transport

The CTF Investment Plan will fund investments proposed for the Bus Rapid Transit (BRT) systems in Metro Manila and Cebu. BRT systems—mass transit systems which mimic metro or light rail transit but with buses rather than rail vehicles—are among the most cost effective public transport systems in the world. As such, BRT combines the reliability of rail and the versatility of conventional bus systems at a fraction of the cost of rail. BRT is being targeted primarily because of the economic development benefits, particularly for the poor, are substantial.

The proposed investments could lead to more BRTs than is currently envisioned as other cities start to recognize their benefits. Emerging metropolitan areas such as Metro Davao, Naga, Bacolod, Iloilo and Cagayan de Oro have been identified as potential sites for BRT project implementation.

What is the CTF?

The Clean Technology Fund (CTF) is a multi-donor trust fund created in 2008 as part of the Climate Investment Funds (CIF) to provide scaled-up financing for the demonstration, deployment and transfer of low carbon technologies that have a significant potential for long-term greenhouse gas (GHG) emissions savings. CTF resources amount to approximately \$4.5 billion (based on exchange rates on the initial CIF pledging date of September 25, 2008) pledged by contributors (Australia, France, Germany, Japan, Spain, Sweden, United Kingdom, United States). The CTF supports a selected series of investment plans that meet the criteria of significant GHG emissions savings, demonstration potential at scale, development impact and implementation readiness.

Note: Philippines is revising the investment plan and some components may change.

