

CIF Admin Unit

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Subj Notification of Joint Mission to Philippines
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Dear CTF Trust Fund Committee Members,

The CTF Guidelines for Investment Plans call for the CIF Administrative Unit to inform the Trust Fund Committee of country expressions of interest and all planned joint missions for the preparation of investment plans.

The purpose of this email is to notify you that the Multilateral Development Banks (MDBs) have received a request from the Government of Philippines (dated March 25, 2009) indicating its interest in accessing CTF funds and requesting a mission of ADB, IBRD and IFC to support the government in the preparation of a CTF investment plan. Philippines is eligible for access to CTF resources, since it is ODA-eligible and has active MDB country programs. A joint MDB assessment confirmed the potential fit of the country request with the CTF investment criteria for significant greenhouse gas emissions savings, demonstration potential at scale, development impact and implementation potential.

Although the Philippines is one of the few countries in the world where renewable energy accounts for the largest share of primary energy demand, power sector-related emissions are projected to increase by more than 500% from 2007 to 2030, almost all of which will be from the expansion of coal fired

generation. Under the present development scenario, coal will provide the largest share of primary energy demand by 2020, with total fossil fuel use accounting for 74% of primary energy demand.

The Government of Philippines (GOP) is taking steps to address the energy challenges while promoting a low carbon growth path. Highlights include:

The GOP created a Presidential Task Force on Climate Change in 2007, which provides overarching principles and policy measures for mitigation and adaptation to climate change.

In February 2008, the President endorsed a national energy road map which emphasizes energy conservation and efficiency (EE) as cornerstones for environmentally and economically sustainable growth.

In January 2009, the Renewable Energy Act of 2008 (the RE Act) became effective, which includes a Renewable Portfolio Standard (RPS), feed-in tariffs, net metering for qualified end-users, and establishment of a RE Trust Fund which will be capitalized in part by levies on fossil energy use. The Philippines Energy Plan, along with the energy road map, recognizes the need for aggressive implementation of EE programs and indigenous RE development; current estimates indicate that expanded EE and RE investments could offset the need for at least half of projected future coal-fired power capacity.

In an effort to reduce the country's carbon footprint and improve air quality, President Arroyo has ordered transport authorities to craft a National Environmentally Sustainable Transport Strategy (NESTS) strategy for the country. This strategy will facilitate the development of Bus Rapid Transit (BRT) systems, expansion of the urban rail network in Metro Manila, deployment of hybrid vehicles in the public transport fleet, and acceleration of fuel-switching in certain transport modes.

Under its energy road map, the GOP is initiating a holistic program to reduce carbon intensity in all key sectors of the economy. Electric power and transport are the primary sectors for immediate impacts in saving total GHG emissions. These sectors will dominate an increased carbon footprint unless transformational investments are made to shift the current trajectory to a low-carbon growth scenario. As the first of its kind the region, CTF interventions in the Philippines which support low-carbon development will have significant demonstrative impact, first within the country, and perhaps more importantly, in the region,

The initial joint mission of ADB, IBRD and IFC will visit Philippines between **June 29-July 10, 2009**. The objectives of the mission are to:

Agree on a broad strategy for CTF investment which is in line with the GOP strategies in renewable energy and energy efficiency, as well as transport

Agree on the types of priority projects to be included in the Investment Plan submitted for CTF financing

Meet with other development partners working in Philippines, including UN and bilateral agencies, to ensure coordination with such partners.

The second joint mission, if required, will be agreed upon during the first mission.

The contact point for the GOP is Mr. Jeremias N. Paul Jr., Undersecretary and Officer-in-Charge, Department of Finance (jpaul@dof.gov.ph). Contact persons at the MDBs are:

ADB: Samuel Tumiwa (stumiwa@adb.org) and Yongping Zhai (yzhai@adb.org)

IBRD: Salvador Rivera (arivera2@worldbank.org) and Rohit Khanna (rkhanna2@worldbank.org)

IFC: Calvin Xu (cxu1@ifc.org)

This mission falls in the category 2 Investment Plan (i.e. public and private sector). The proposed estimated budget for the CTF investment plan joint missions is US\$190,500, broken down as follows:

ADB \$47,500

IBRD: \$82,700

IFC: \$60,300

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