



GLOBAL HUBS-PHILIPPINES

Country Overview

> Situated in the western Pacific Ocean, it consists of about **7,641 islands** that are categorized broadly under **three main geographical divisions** from north to south: Luzon (North), Visayas (Central), and Mindanao (South). These are further divided into 17 regions, 81 provinces, 145 cities, 1,489 municipalities, and 42,036 barangays.

> Located near the Pacific Ring of Fire and close to the equator makes the Philippines **prone to earthquakes and typhoons**, but also endows it with **abundant natural resources** and some of the world's greatest biodiversity.

> A population of at least **100 million**. As of January 2018, it was the **eighth-most populated country in Asia** and the 12th most populated country in the world.

> A large **agricultural sector**; however, services have come to dominate the economy. Agriculture employs 30% of the Filipino workforce as of 2014. Agriculture accounts for 11% of Philippines GDP as of 2014. The type of activity ranges from small subsistence farming and fishing to large commercial ventures with significant export focus. Rice & Sugar crops are grown in large quantities in Philippines.

> Much of the industrial sector is based on **processing and assembly operations in the manufacturing** of electronics and other high-tech components, usually from foreign multinational corporations. Others include shipbuilding, automotive, aerospace, offshoring & outsourcing and tourism.



Power Situation

- The Philippines' energy mix as of 2016 includes coal (43%); hydro (11%); geothermal (12%); oil-based (7.5%); natural gas (26% and wind/solar/biomass (0.5%)
- The Philippines is divided into three electrical grids, one each for Luzon, the Visayas and Mindanao. As of June 2016, the total installed capacity in the Philippines was 20,055 megawatts (MW), of which 14,348 MW was on the Luzon grid.
- Meralco is the Philippines' largest distribution utility. Power distribution outside the Metro Manila area is handled by private distribution utilities (23+) and electric cooperatives (120+).
- 12% of Filipinos have no access to electricity.; 20 million of the population are without electricity

Issues with Grid extension

- The archipelagic geology of the Philippines poses unique challenges in the distribution of centralised energy
- Most bulk generation sites are found far from the load centers, necessitating use of long-distance transmission lines. While the three main grids encompass each island group, many islands still remain off-grid, relying on localized power plants or power barges for supply.
- Prone to natural disasters, aging that causes the steel and wood towers to corrode or decay, and grid security are compromised by informal settlements and insurgent groups

Energy Poverty

- There are **32, 403 sitios without sufficient choice** in accessing adequate, affordable, reliable, high-quality, safe and environmentally benign energy services to support economic and human development.
- Under-served community segmentation**-Urban poor, Rural unemployed, Transient migrants, Traditional merchants and craft makers, Peasants with small farms/fishing equipment, Blue collar employees
- The **poor pay on average eight times more** for the same unit of energy than other income groups.
- Poverty and energy deprivation go hand-in-hand with energy expenses, accounting for a significant proportion of household incomes in many developing countries.
- Generally, **20%–30% of annual income in poor households is directly expended on energy fuels**, and an additional 20%–40% is expended on indirect costs associated with collecting and using that energy such as healthcare costs, injuries, or loss of time.
- PH has the **fourth highest electricity rate** per kilowatt hour in the world at US\$0.34 per kilowatt hour.
- PH has an **electrification rate** of 89.7%
- Independent assessments have indicated that **many cooperatives face financial and operating challenges and are in debt**, and that only 18.8% operate at a profit and are financially viable.

Timeline Of Interventions

To increase the impact of the Ramon Magsaysay Award, the Ramon Magsaysay Award Foundation (RMAF) created the Ramon Magsaysay Transformative Leadership Institute (RMTLI). Through RMTLI, the Foundation aims to meaningfully contribute to the eradication of material and spiritual poverty in Asia and the attainment of ecological balance, enduring peace, greater equity and social justice in the region. RMTLI aims to achieve these through three program streams. One of those streams- Partnerships for Asian Solutions- has the Ramon Magsaysay laureates and their transformative solutions at the core of the partnerships and programmatic design in order to replicate successful and tested solutions in ways that ensure sustainability and encourage further innovation.

In 2013, the Peace and Equity Foundation (PEF) requested RMTLI to organize an intensive study visit to SELCO for the PEF board and management and its private, civil society and government partners in renewable solar energy to formulate a future program that captured the following:

- Understanding the importance of a needs based assessment in order to develop appropriate, context driven solutions.
- Understanding how wide local networks (ex. NGOs, financial institutions, government etc) are built that play complementary roles in deploying sustainable solutions within local contexts.
- Gather insights around what and how “ecosystem” approach is systematically built for a social enterprise within a Philippines context.
- Strengthening the ability of local partners, especially enterprises to develop well-structured, disciplined organizations, with *strong management systems* for business planning, financial accountability, staff motivation, and customer care.

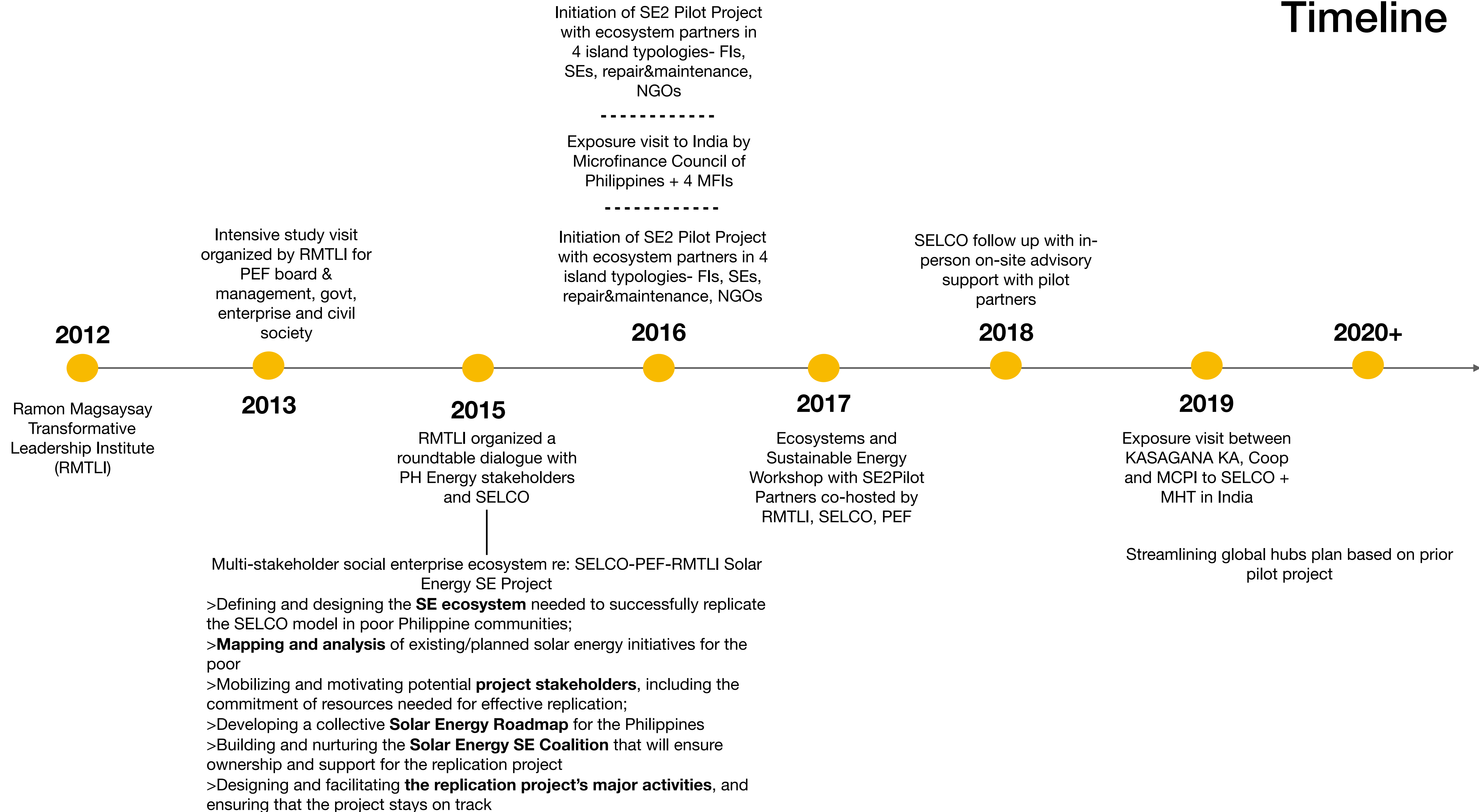
As a result of the study visit, PEF also asked RMTLI to further explore with SELCO the possible next steps in transferring their social enterprise model and technology in the Philippines.

Subsequently stakeholder dialogues were held in 2015 which underscored ***the urgent need to build the multi-stakeholder ‘social enterprise ecosystem’ necessary for the successful scaling-up development outcomes particularly in basic well being and livelihoods using sustainable energy as a catalyst for poor communities in the Philippines.***

SELCO reiterated its willingness to transferring its knowledge and systems for appropriate use in the Philippine context; PEF to support the creation of sustainable social enterprises that will lift the living standards of poor communities; and RMTLI to design, steer and facilitate the complex process of replicating a proven Asian solution to renewable energy access for the poor. Thus, a three-way partnership project, the **SELCO-PEF-RMTLI Program**, was took shape.

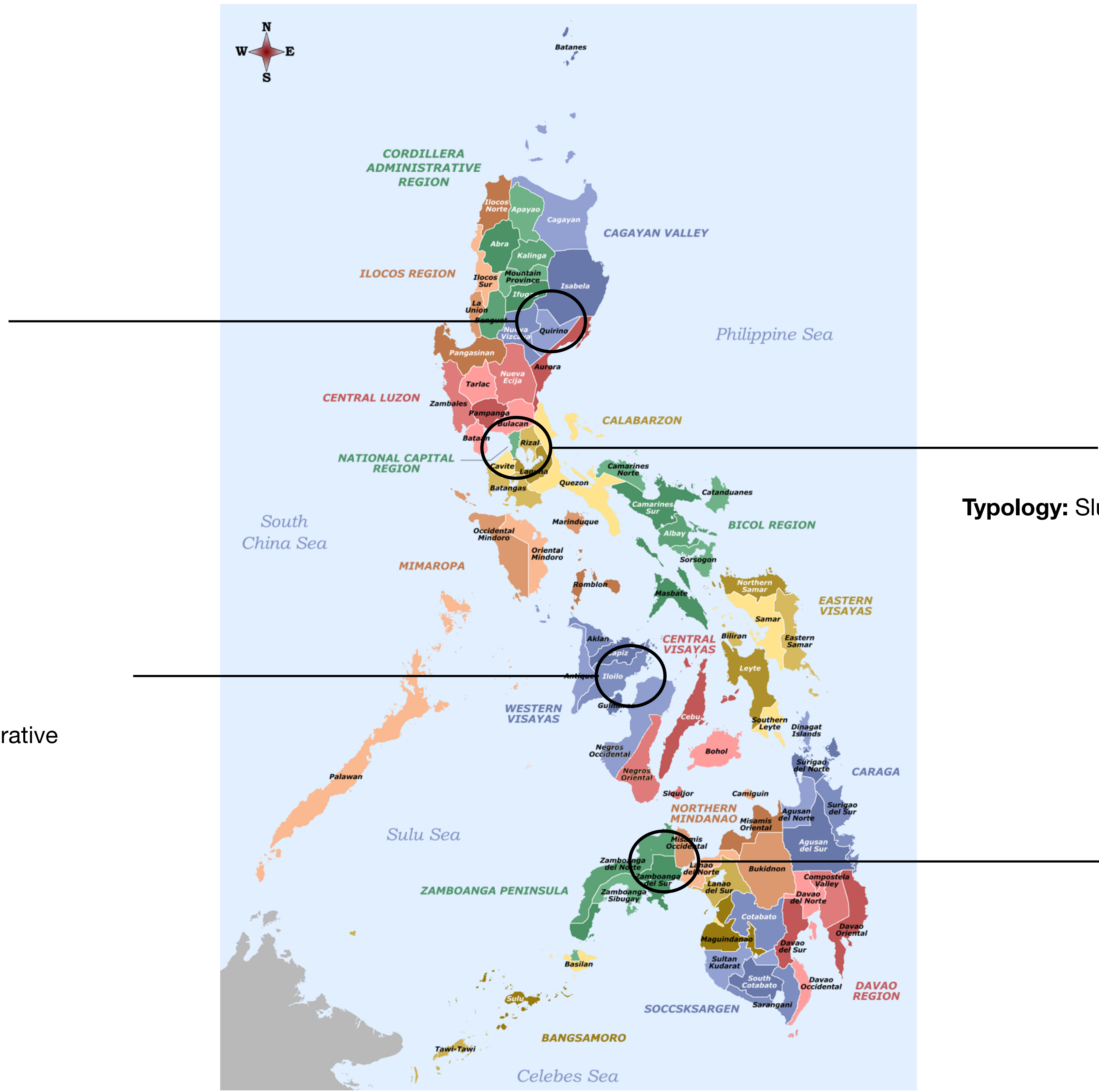
Subsequently in 2016, 4 pilot sites were selected to be lead by a trifecta partnership of energy enterprise, financial institution and grassroots NGO. These pilots were designed to test, validate and demonstrate the issues related to designing and deploying sustainable energy solutions. Following which inputs were gathered on success factors related to key partnerships that had to come together, types of context driven technical, financial and ownership models among others.

Timeline



Pilot Sites

Place: Luzon
Enterprise: HSSI
FI: ASKI
Typology: Fishing Community

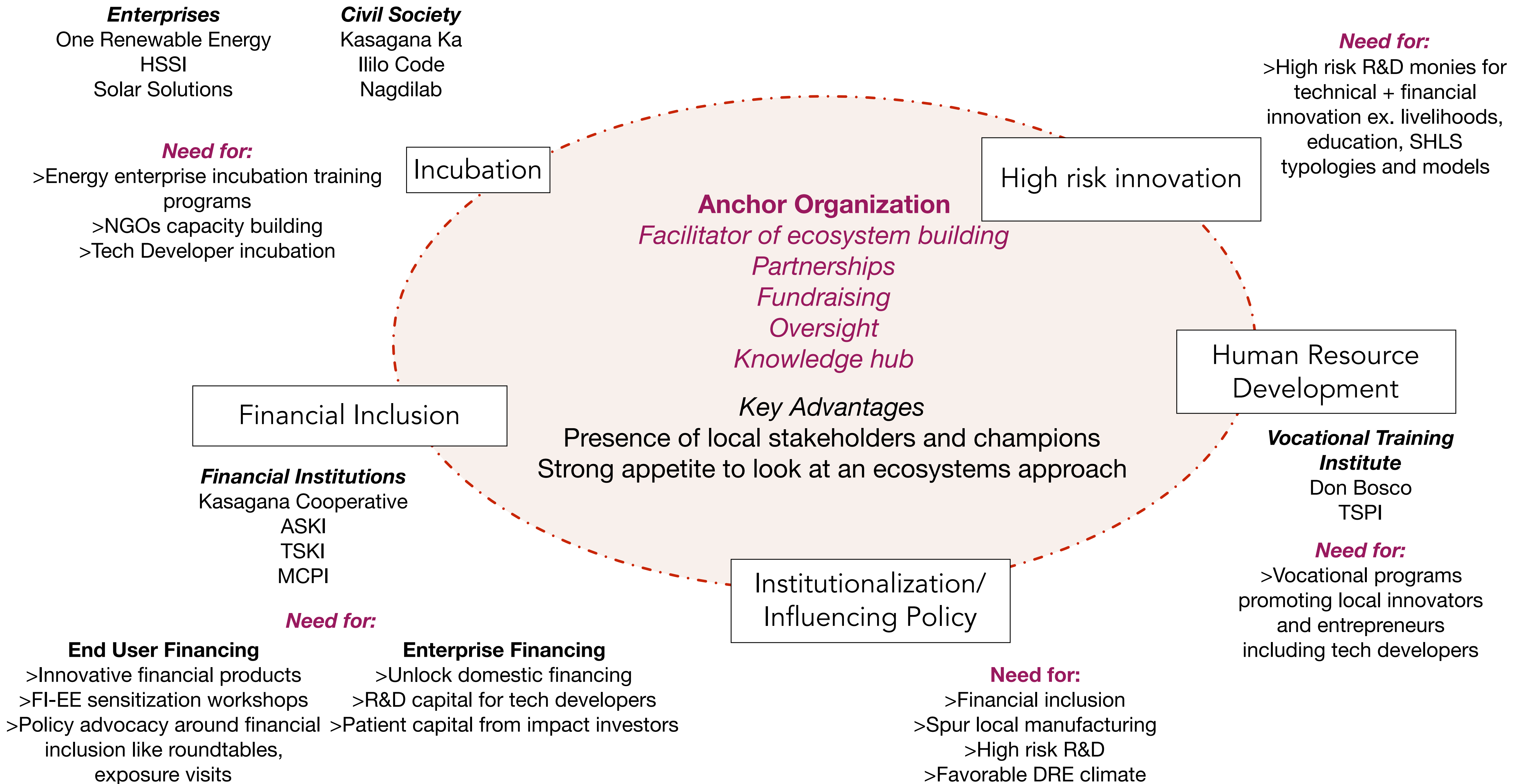


Place: Metro Manila
Enterprise: Solar Solutions
Civil Society: Kasagana Ka
FI: Kasagana Coop
Typology: Slum mining community, rental models, livelihoods

Place: Visayas
Enterprise: HSSI
Civil Society: Iliolio Code
FI: Fisherman Cooperative
Typology: Fishing Community, cooperative

Place: Mindanao
Enterprise: One renewable
Civil Society: Nagdilab
Typology: Small and big boat fisheries, local insurgency, supportive local govt., govt. subsidized

Going Forward



Deliverables

The program is envisioned for 6 years:

Phase I, Immediate Term (2020-2022)

- > Firming up critical work streams or pillars under the ecosystem framework with related ground partnerships and interventions.
- > Facilitation and documentation of the processes and documentation of insights into knowledge products.
- > Set the organization foundational structure ie Anchor Body needed for the long-term sustainability of the program.

Phase II, Medium Term (2022-2024)

- > Establish independent anchor organization
- > Monitor progress and build additional partnerships under workstreams
- > Continued policy influence building on earlier ground interventions
- > Bring in additional co-funders for different work streams

Phase III, Long Term (2024-2026)

- > Matured 3 out of 5 pillars of ecosystem
- > Bring in additional co-funders for different work streams