Public-Private Partnership Stories
Philippines: Rural Electrification
Small Power Utilities Group: Basilan

IFC is helping to introduce private sector efficiency in power generation in off-grid areas covered by the Small Power Utilities Group (SPUG), which is already yielding significant social, economic, and environmental benefits.

IFC’s third transaction in rural power in the Philippines is located at Basilan Island. Under a new power supply agreement with the Coastal Power Development Corporation, 185,000 people currently without electricity in the Mindanao region will gain access to electricity for the first time. The Coastal Power Development Corporation will supply 11.8 MW at a cost of PHP 11 per kilowatt-hour. The agreement was signed in August 2008.

The project was implemented with the financial support of DevCo, a multi-donor facility affiliated with the Private Infrastructure Development Group. DevCo provides critical financial support for important infrastructure transactions in the poorest countries, helping boost economic growth and combat poverty. DevCo is funded by the UK’s Department for International Development (DFID), the Austrian Development Agency, the Dutch Ministry of Foreign Affairs, the Swedish International Development Agency, and IFC.
EXPECTED POST-TENDER RESULTS

- The reliability and quality of supply will improve for 145,000 people with existing service almost immediately after the start of commercial operations.

- Some 185,000 people currently without access to electricity will gradually gain access to service for the first time.

- The government will save more than PHP 50 million per year (deficit reduction and impact on national budget).

- The reduction in subsidies in this area will allow redeployment of funds to other areas currently without services.