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# Enabling Investments for the Domestic Energy Transition Supply Chain

#### **Country** Philippines

#### Duration

10 months

#### Beneficiary

Department of Trade and Industry

#### Strategic Outcome

2. De-Risking EE and RE Investments

4. Knowledge and Awareness Building

#### **Procurement Type**

Request for proposals

#### **Background & Rationale**

This initiative plays a vital role in advancing the domestic supply chain of energy transition technologies, such as battery energy storage, solar and wind technologies, and the power grid. By delivering an Investment Plan and Cost-Benefit Analysis for the midstream and downstream processing and manufacturing of energy transition technologies from copper, cobalt, chromium, and nickel, these will guide strategic decisions and investments in sustainable energy systems. Despite visionary goals, operationalizing these face challenges due to a lack of in-house capacity and resources.

The initiative's delivery involves rigorous analyses and assessments, covering economic impacts, investment planning, and cost-benefit analyses based on the domestic supply and demand for copper, cobalt, chromium, and nickel. Collaboration with the DTI Board of Investments (BOI) and active stakeholder engagement ensures a holistic approach to the work, tying together sustainable economic development with industrial development and energy transition. The initiative also focuses on exploring opportunities and assessing risks to inform decision-making effectively. Aligned with global energy transition trends, it supports the development of solar (13 GW) and wind projects (63.5 GW) awarded contracts, along with battery energy storage projects (910 MW) in the Philippines, as well as transmission and distribution lines expansion. The initiative aligns with the Philippine Development Plan 2023 - 2028, supporting the development of industries essential for the clean energy transition.

#### **Outcomes**

This project will support the Philippines' energy transition by enabling investments in the domestic supply chain of energy transition technologies battery energy storage, solar, and wind technologies, and power grid.

#### **Outputs**

- One Report on Cost-Benefit Analysis for the development of domestic supply chain of energy transition technologies
- One Report on Investment Plan for the Domestic Energy Transition Supply Chain Development
- One Forum with key stakeholders

#### **Donor Coordination**

While the upstream sector is not part of the project scope, relevant data on domestic supply and demand will be imperative in the analysis and as such, results of the Copper Industry Roadmap and Nickel Industry Roadmap will be key inputs. Moreover, the Department of Environment and Natural Resources is an important stakeholder in the process, especially in arriving at the most practical supply data, and so development partners who have engagements with them on critical minerals mining will be consulted, as necessary. Similarly, for the downstream sector, existing studies in battery energy storage systems, grid buildout, and industry development policies such as the Electric Vehicle Industry Development Act will be reviewed.

The project will be mainstreamed through the UK's Energy Transition Council. For any just transition components that will come up, the ETP Philippines Country Team will coordinate with the ETP Regional Team. Lastly, the results of the analyses will be used in the regional project on critical minerals.





AFD









Australian Government Department of Climate Change, Energy, the Environment and Water





#### **Results-Based Monitoring Framework Outline**

# Enabling Investments for the Domestic Energy Transition Supply Chain

### **IMPACT**

- Green Jobs in low-carbon industries added
- Share of RE in the total primary energy supply (TPES) increased

## OUTCOME

SO2: De-Risking EE and RE Investments SO4: Knowledge and awareness building

### **OUTPUT**

2.2 De-risked project finance is accessible via financial institutions generating a pipeline of large-scale EE/RE projects

4.1. Stakeholders involved in the EE/RE value chain, are knowledgeable and better informed to advance the energy transition agenda

INDICATORS	TARGETS
IN 2.2-01 - No. of new and existing, national and international, financing options / instruments de-risked and opened for private and blended financing	1 report on Investment Plan for the Domestic Energy Transition Supply Chain Development
IN 4.1-01 – No. of studies, research, new evidence gathered and published, for raising awareness, improving knowledge base, driving decisions, and dissemination	1 report on Cost-Benefit Analysis for the localized supply chain of energy transition technologies
IN 4.1-02 - No. of trainings, knowledge sharing events, and/or awareness workshops organised at national and regional levels building institutional capacity and knowledge networks	1 Forum with Industry Stakeholders and Government Agencies

### ACTIVITIES

The project analysis will start with defining the domestic supply chain network and determining the demand locally and potentially at the international level. Once this has been established together with the DTI-BOI, the project will conduct an economic impact assessment to identify the cost, benefits, and investment options for establishing the domestic processing of energy transition technologies in the Philippines, with a primary goal of attaining the country's clean energy targets and smart grid vision. Subsequently, an investment planning will be conducted for the chosen investment option chosen by the government. It should, at the minimum define risk tolerance, time frame, and strategies. Lastly, a cost-benefit analysis will be conducted for the derived Investment Plan, appraising the net economic impacts of localizing production of energy transition technologies while accounting for the environmental and social costs of the economic activity. All tasks will be closely coordinated with the DTI-BOI, and stakeholder consultations will be held as an integral part of the work.

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# Donor Mapping for Enabling Investments for the Domestic Energy Transition Supply Chain

Name of Organization	Topic and Detailed Activity
<u>USAID's Partner on Critical</u> <u>Minerals</u>	2023 - ongoing USAID will invest an additional \$5 million to support increased production of processed minerals and expand downstream mineral industries in the Philippines, such as production of electric vehicle components and ICT equipment, while improving governance standards in the mining industry, subject to Congressional approval.
USTDA's Critical Minerals Processing Project in the Philippines	2022 - present The USTDA provided a grant to Eramen Minerals, Inc. to conduct feasibility study to advance the development of an environmentally sustainable nickel processing facility in the Philippines. This project will advance the clean energy transition by producing critical minerals that are key elements in the supply chain for batteries and energy storage systems.
International Copper Alliance (ICA)	The ICA completed the development of a Copper Industry Development Roadmap together with the Philippines DTI-BOI. Currently, ICA is looking for partners to implement the activities identified in the Cu Roadmap.