27 June 2016

TERMINAL REPORT ON SITIO ELECTRIFICATION PROGRAM

I. EXECUTIVE SUMMARY

PROJECT TARGET: COMPLETE/ENERGIZE 32,441 SITIOS WITHIN P'NOY's TERM

As of 31 March 2016, NEA and the 119 electric cooperatives (ECs), have completed/energized 32,688 sitios or more than 100% of the target of 32,441 sitios. The target was accomplished within 4 ½ years (from October 2011 to March 2016) with an average rate of 20 sitios per day.

House connections have reached an initial 502,373 consumers. Potential consumers are working for various LGU and other required compliances for member-consumer prelude to connection.

Island	Target	Accomplishment			Initial House Connection
		Based on Target	Additional Accomplishment	Total	
Luzon	11,572	11,572	85	11,657	151,073
Visayas	10,166	10,166	51	10,217	169,365
Mindanao	10,703	10,703	111	10,814	181,935
Total	**32,441**	**32,441**	**247**	**32,688**	**502,373**

TOTAL	32,688	101%
	PERIOD	**AVERAGE**
ANNUAL	4.5 years	7,264
QUARTER	18 quarters	1,816
MONTH	54 months	605
DAY	1,644 days	20

II. BRIEF BACKGROUND

The Sitio Electrification Program (SEP) was embraced as one of the priority programs of President Benigno Aquino III, and is included in the social contract with the Filipino people. It aims to ensure inclusive growth in the communities, generate job opportunities and benefit the poorest of the poor.

With an initial funding of Php814.41 million in 2011, NEA and the ECs spent only Php0.760 million to energize 1,520 sitios from October to December of the same year, exceeding the target of 1,410 and raising the sitio electrification level to 70%. The following year saw 6,163 sitios energized vis-à-vis the target of 6,007, further

raising the sitio electrification level to 76%. For 2012, project cost expended for energization amounted to Php3.146 billion.

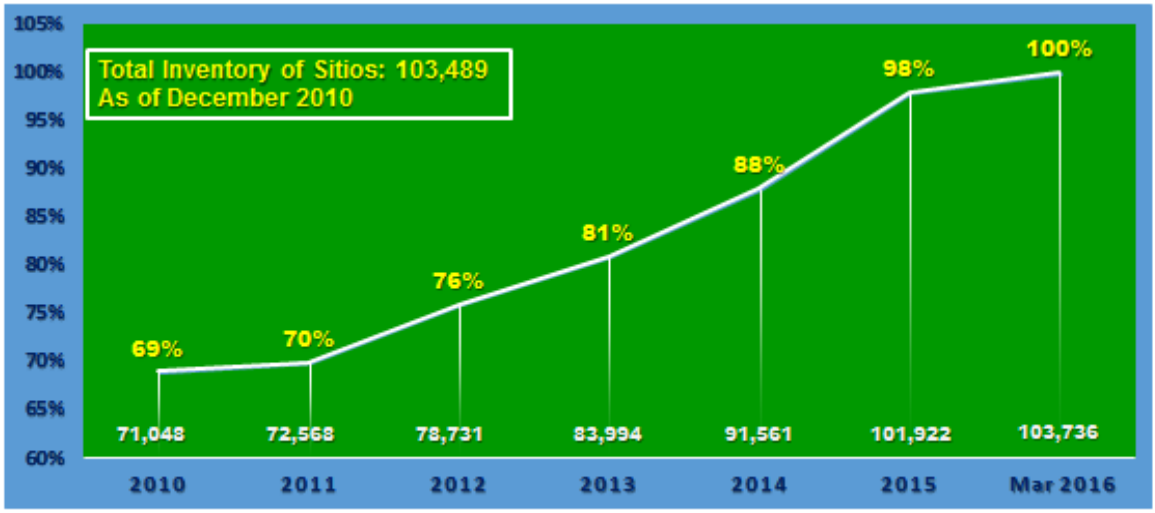
By 2013, with Php3.055 billion identified as project cost expended for energization, the total number of energized sitios rose to 12,946, registering an annual accomplishment of 5,263 sitios energized and a sitio electrification level of 81%-this notwithstanding the devastating effects wrought by super typhoon Yolanda on many provinces of the Visayan region. Due to the mammoth proportions of the disaster, NEA and the ECs had to divert their resources to restoration of power and rehabilitation of power lines and damaged distribution systems in order to help people in the affected areas get back on their feet again.

By 2014, with Yolanda rehabilitation works extending up to the first quarter of the year, NEA and the ECs were still able to beat their annual target of 7,073 sitio for energization by connecting to the grid 494 more and carrying sitio electrification level seven notches higher. To implement SEP projects for the year, NEA used up a total of Php4.420 billion. The following year, with a project cost of Php7.084 billion, 10,361 sitios were energized, the highest thus far in the history of SEP implementation, beating the annual target of 7,092, and which brought the sitio electrification level to 98%.

Finally on March 31, 2016, the target of 32,441 sitios was officially met by NEA and the electric cooperatives, with additional 247 sitios energized, making an overall accomplishment of 32,688 sitios connected to the grid or an accomplishment rate of 100.24%. Total project cost for 1,814 energized sitios in 2016 is Php1.623 billion. For the duration of SEP implementation, however, NEA expended a total of Php20.088 billion. A proof enough of the unfaltering alliance of NEA and the ECs to make countryside a strong link in economic development, additional sitios are being planned to be provided with electricity before President Aquino steps down in June.

Year	Targets	Accomplishments		Project Cost (PhpB)
		Yearly	Cumulative	
2011	1,410	1,520	1,520	0.760
2012	6,007	6,163	7,683	3.146
2013	5,831	5,263	12,946	3.055
2014	7,073	7,567	20,513	4.420
2015	7,092	10,361	30,874	7.084
2016	1,567	1,814	32,688	1.623

SEP Progress Implementation (October 2011-March 2016)



*Accomplishment exceeded by 247 sitios

III. INITIATIVES

To fast track the implementation of SEP, many innovative strategies were undertaken by NEA and the ECs. Such strategies include regular coordination with LGUs and government agencies such as Department of Energy (DOE), Department of Budget and Management (DBM), Department of Interior and Local Government (DILG), Office of the Presidential Adviser on the Peace Process (OPAPP), National Economic and Development Authority (NEDA), among others. Also, NEA conducted a series of Regional Workshop-meetings attended by the members of the Board of Directors, General Manager and implementing staff of the participating ECs. During the said activities, the overall plan was discussed including expectations of President Aquino and compliances to NEA Policies and COA Rules. Likewise, the following activities were also instituted to intensify the campaign for the completion of an electrification program:

1. Tapping of accredited Regional and Technical Evaluators (RTEs) from selected ECs.
2. Inclusion of Php2,500 housewiring cost to a maximum of 60 marginalized households.
3. Updating of Price Index annually.
4. Issuance of directives to ECs for the designation of project focal persons.
5. Creation of a committee that will handle and oversee compliance with barangay certifications.
6. Conduct of parallel pre-membership activities.
7. Sending of NEA staff to areas with political conflicts to personally secure barangay certifications.
8. Implementation of a more focused consumer connection program.
9. Issuance of several guidelines and policies for the smooth implementation of projects.

IV. IMPLEMENTATION

To safeguard the implementation of the projects, NEA had to secure certifications from barangay captains in order to validate the existence of sitios for energization.

The ECs adopted two ways of implementation; one is by contracting and the other, by force account. They organized their manpower and network in order to optimize resources. While required materials were ordered some utilized their material (buffer) stocks of poles, conductors/wires and hardwares subject to replenishment.

To implement the project smoothly, proper coordinations were done with the local officials and leaders of the community, including barangay captains since there are requirements of the LGUs for connection-applicants, such as Mayor's permit, Firemen's permit, clearance from tax liability, among others. Participation of the private sector was also sought.

Campaigns for coop membership were also undertaken in parallel to construction, such as pre-membership seminars, application processing, and others.

V. CHALLENGES/HURDLES

The main hurdle during the initial stage of the project implementation was the shortage of electric distribution materials such as wires/conductor, poles and distribution transformer. To address the situation, NEA immediately organized the Manufacturers/Suppliers Forum which aimed to promote fairness, transparency and accountability, ensure availability of good quality materials within the market cost and foster good relationship among various stakeholders.

Accessibility. Most of these are found in far-flung areas, mostly crossing over mountains, rivers and streams; some in conflict and security risk areas, too.

Peace and order. Construction in conflict areas had to consider possible "encounters" in order not to expose construction crews to unnecessary risks. Thus, coordination is being done with the military and all other parties.

Some absentee land-owners do not want to give right-of-way, do not want to have their trees cut/trimmed in areas where line will pass.

LGUs, except for some, do not want to waive fees in favour of applicants for permits to get electric connection. Documents to show land/house ownership of applicants are being required as well, accordingly as provided by the Magna Carta for Consumers.

Typhoon Yolanda. NEA and ECs had to prioritize and divert their resources to restoration of power and rehabilitation of power lines and damaged distribution system.

VI. IMPACT

The impact of SEP has been directly reflected in the way it has enabled people in the rural and oftentimes marginalized areas to have a more comfortable way of living. This is evident in the number of electricity-driven appliances they are able to purchase-among them, television, radio, and electric fan-in the few weeks following the energization of their community. Furthermore, SEP has also significantly changed the way rural people were previously carrying out their livelihood activities. To cite an example, where vendors would have to wait for the break of dawn to begin attending to their produce, the advent of electricity in their community has enabled them to begin work even in the wee hours of the morning, permitting them to sell their produce earlier than usual and allowing them to earn more than what they were previously earning.

On a wider scale, SEP has also made possible a host of economic activities in the countryside to flourish, providing, in effect, a platform for the government to draw rural people into the economic and social mainstream and vigorously pursue its goal of inclusive growth. Among the economic activities spurred by SEP are the following:

1. Access of rural people to basic social services such as education and healthcare,
2. Increased job opportunities in rural communities,
3. Increased agricultural yield and better farm management practices for the families of Filipino farmers,
4. Heightened peace and order situation in sitios, and
5. Increased economic development activities in the countryside such as road works, tourism projects, and industrial expansion.

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