

MEMORANDUM OF UNDERSTANDING

among

**THE PHILIPPINE DEPARTMENT OF ENERGY,
THE UNITED STATES DEPARTMENT OF ENERGY,
and the
UNITED STATES AGENCY FOR INTERNATIONAL DEVELOPMENT**

for the

Sustainable Energy Development Program

WHEREAS, the Government of the Republic of the Philippines (GRP) and the Government of the United States of America (USG) have been partners in pursuing sustainable energy development through various bilateral programs and projects over the years;

WHEREAS, the United States Agency for International Development (USAID), an agency of the USG, provided \$3 million in grant funds through the United States Department of Energy (USDOE), also an agency of the USG, for activities undertaken in the Philippines from fiscal years 1996 to 2003 to establish and implement the Sustainable Energy Development Program;

WHEREAS, the Sustainable Energy Development Program supports programs of the GRP on power sector reform, increased energy efficiency, rural electrification for improved economic growth and poverty alleviation, and the expanded use of cleaner and renewable fuels in the energy and transport sectors to improve air quality and avoid greenhouse gas emissions; and

WHEREAS, USAID, USDOE and the Philippine Department of Energy (PDOE), an agency of the GRP, wish to enter into this Memorandum of Understanding (MOU) to confirm and further their cooperation in the energy sector through activities carried out under the Sustainable Energy Development Program.

NOW, THEREFORE, USAID, USDOE, and the PDOE (hereinafter collectively referred to as the Signatories) hereby set forth their understanding to continue bilateral cooperation in the energy sector through the Sustainable Energy Development Program, as follows:

1. USAID and USDOE intend to provide continued support for the PDOE and other energy sector entities in the effective and transparent implementation of the Electricity Power Industry Reform Act. This support is intended to assist in the development of fair and open competition in the electricity market and

the improved capacities of the PDOE and other energy sector entities to carry out their roles in the restructured energy sector.

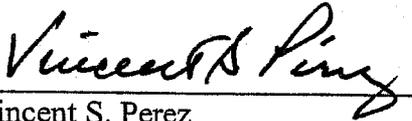
2. USAID and USDOE propose to expand assistance to the PDOE in the promotion of cleaner and indigenous fuels such as renewable energy and natural gas. Technical assistance aims to support existing projects of USAID and PDOE for the establishment of sustainable renewable energy systems, especially for remote rural communities of former rebel combatants, and encourage more private sector investments and community participation. Technical assistance also aims to support the development of appropriate policies and the expansion of the market for cleaner fuels like natural gas in power generation and other downstream applications such as transport and commercial uses.
3. The Signatories contemplate further collaboration with relevant government agencies, private sector entities and civil society groups in the Philippines to support activities aimed at reducing air pollution and avoiding greenhouse gas emissions from the energy and transport sectors. Key strategies include support for proper maintenance programs, testing and monitoring, expanded use of cleaner alternative fuels, and stronger stakeholder participation through a comprehensive information and education campaign.
4. The Signatories encourage and intend to strengthen mutually agreeable partnerships between and among the public and private sectors to pursue the foregoing activities and objectives. These partnerships include, but are not limited to, the US Energy Association, the Philippine Departments of Environment and Natural Resources, Transportation and Communication, Finance and Health, the American and Philippine Chambers of Commerce, companies, industry associations and civil society organizations.
5. USAID intends to make available additional funding of \$3.5 million for fiscal years 2004 to 2006 to support the activities described herein for the Sustainable Energy Development Program in the Philippines, bringing total available funding for the Program to \$6.5 million for the period of 1996 to 2006. This MOU does not constitute an obligation of new funds or a promise to obligate funds.
6. PDOE intends to facilitate the execution of the activities contemplated herein and as decided by the Signatories, including assistance for obtaining appropriate visas for visiting technical experts and resources to support the tax-exempt and duty-free status of commodities that may be imported and used for these activities, it being the understanding of the Signatories that the assistance provided by USAID through USDOE and otherwise hereunder for the Sustainable Energy Development Program is to be free from any taxation or fees under the laws in effect in the Philippines. PDOE may also provide, in

cash and/or in-kind, contributions to fund or supplement funding of total estimated activity costs.

7. Other implementation matters may be mutually decided by the Signatories. Two or all of the Signatories, as appropriate to the implementation matter at issue, may also use jointly agreed upon letters to confirm their mutual understanding with respect to implementation of this MOU.

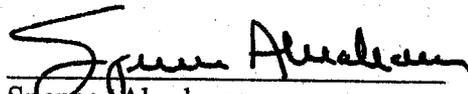
Signed at Manila, in triplicate, this 13th day of January 2004.

FOR THE PHILIPPINE
DEPARTMENT OF ENERGY



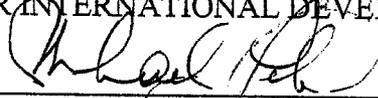
Vincent S. Perez
Secretary

FOR THE UNITED STATES
DEPARTMENT OF ENERGY



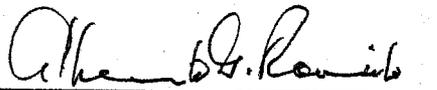
Spencer Abraham
Secretary

FOR THE UNITED STATES
AGENCY FOR INTERNATIONAL DEVELOPMENT

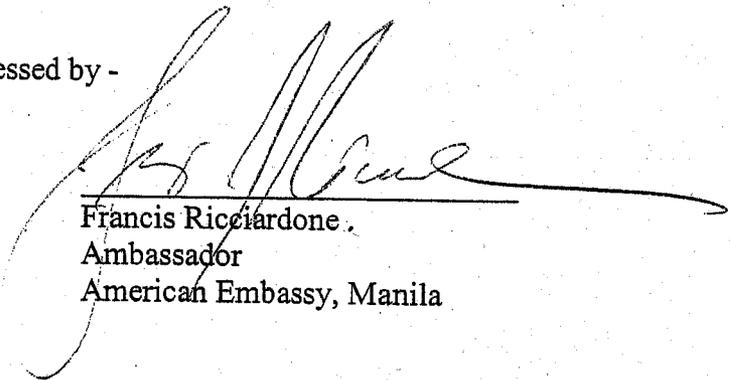


Michael J. Yates
Mission Director, USAID Philippines

- Witnessed by -



Alberto Romulo
Executive Secretary
Office of the President



Francis Ricciardone
Ambassador
American Embassy, Manila