

**MEMORANDUM OF INTENT BETWEEN THE GOVERNMENT OF THE
REPUBLIC OF THE PHILIPPINES AND THE GOVERNMENT OF THE
UNITED STATES OF AMERICA FOR ENERGY SECTOR SUPPORT**

WHEREAS, the Government of the Republic of the Philippines (GOP) is one of the partners of the Government of the United States of America (USG) in energy development and global climate change mitigation programs;

WHEREAS, the GOP, entered into bilateral agreements with USG, acting through the United States Agency for International Development (USAID) on January 30, 1990 for the Philippine Assistance Program Support on Energy, on September 30, 1996 for the Strategic Objective of Global Climate Change Mitigation Program, and on August 22, 2001 for the Strategic Objective of Protection of Productive and Life – Sustaining Natural Resources Through Improved Environmental Management and Enforcement;

WHEREAS, USAID has obligated a total of \$22,800,00 in grant funds from 1990 – 2001, to support efficient nationwide electrification for improved economic growth and poverty alleviation; to encourage more investments through improved policy environment by supporting a restructured power industry and building capacity of government agencies in the energy sector; and to mitigate the greenhouse gas emissions from the power sector by expanding the use of clean fuels and promoting more efficient and cost-effective power generation, transmission, distribution and end-use;

WHEREAS, the GOP and the USG wish to further their cooperation in this important sector.

NOW, THEREFORE, the GOP, acting through the Philippine Department of Energy (DOE), and the USG, acting through USAID, hereby set forth their intent to continue bilateral cooperation in the energy sector as follows:

1. DOE and USAID will continue to support the effective and transparent implementation of the new Electricity Power Industry Reform Law. Assistance will help ensure the development of a fair and open competition in the electricity market and will strengthen the capacities of DOE, National Electrification Administration and the Energy Regulatory Commission in their new roles as lead agencies that will formulate and enforce policies in the restructured energy sector.
2. DOE and USAID will continue to promote the use of clean and indigenous fuels such as renewable energy and natural gas. The technical assistance will support sustainable renewable energy system for remote rural areas through encouraging more private sector investments and promoting community participation. The regulatory framework will be developed and the market for natural gas will be expanded from power generation to other downstream applications for transportation and commercial uses.