

## MEMORANDUM OF AGREEMENT

### KNOW ALL MEN BY THESE PRESENT

This MEMORANDUM OF AGREEMENT (MOA) is entered into by and among:

The **DEPARTMENT OF ENVIRONMENT AND NATURAL RESOURCES** through the **ENVIRONMENTAL MANAGEMENT BUREAU**, with office address at EMB Bldg., DENR Compound, Visayas Avenue, Diliman, Quezon City, herein represented by the DENR Secretary, ELISEA G. GOZUN, and hereto referred as **DENR-EMB**;

The **DEPARTMENT OF TRANSPORTATION AND COMMUNICATION** through the **LAND TRANSPORTATION OFFICE**, with office address at East Avenue, Diliman, Quezon City, represented herein by Secretary LEANDRO T. MENDOZA, hereto referred as **DOTC-LTO**;

The **DEPARTMENT OF LABOR AND EMPLOYMENT** through the **TECHNICAL EDUCATION AND SKILL DEVELOPMENT AUTHORITY**, with office address at East Service Road, Taguig, Metro Manila, herein represented by its Director General, DANTE S. LIBAN, and hereto referred as **DOLE-TESDA**;

The **DEPARTMENT OF TRADE AND INDUSTRY**, through the **BUREAU OF TRADE REGULATION AND CONSUMER PROTECTION (BTRCP), BOARD OF INVESTMENTS (BOI), BUREAU OF IMPORT SERVICES (BIS), and BUREAU OF PRODUCT STANDARDS (BPS)**, with office address at Gil Puyat Ave., Makati City, herein represented by its Secretary, MANUEL A. ROXAS, II and hereto referred as **DTI**;

and

The **DEPARTMENT OF HEALTH** through the **BUREAU OF FOOD AND DRUG**, with office address at Civic Drive Filinvest Corporate City, Alabang, Muntinlupa City, herein represented by the DOH Secretary, MANUEL M. DAYRIT, and hereto referred as **DOH-BFAD**.

### WITNESSETH

**WHEREAS**, the Philippine Government is a party to the Montreal Protocol on Substances that Deplete the Ozone Layer, an international agreement duly ratified by the Philippine Senate which binds signatories thereto to discontinue the production and consumption of ozone-depleting substances (ODS) and set specific targets for their phase-out;

**WHEREAS**, under Republic Act 6969 (Toxic and Hazardous and Nuclear Wastes Control Act of 1999) and Resolution No. 25 dated March 10, 1993 of the Senate of the Philippines ratifying the Montreal Protocol on Substances that Deplete the Ozone Layer, the DENR-EMB has the legal mandate to regulate, restrict or prohibit the import, export, use, manufacture, transport, processing, storage, possession or sale of ozone-depleting substances (ODS's) to abate or minimize their risks and hazards to the stratospheric ozone, public health, and the environment;

**WHEREAS**, to strengthen and hasten the Philippines' compliance with the Montreal Protocol and to train its directions to sterner means, the National CFC Phase-out Plan (NCPP) was created to facilitate and strengthen the drive to eliminate the use of ODS specifically Chlorofluorocarbons (CFC's);

**WHEREAS**, the Multilateral Fund Executive Committee of the Montreal Protocol approves in principle financial assistance for the phased reduction and complete phase out of consumption of Annex A, Group I chemicals in the Philippines;

**WHEREAS**, there is an urgent need to clarify the respective responsibilities of, and establish a subsisting and working relationship among, DOTC-LTO, DOLE-TESDA, DOH-BFAD, DTI and the DENR-EMB in relation to the provisions of RA 6969 and the Montreal Protocol on Substances that Deplete the Ozone Layer as ratified by the Senate as well as in the implementation of the National CFC Phaseout Plan;

**WHEREAS**, the TESDA, under R.A. 7796 (Technical Education Skills Development Act of 1994) is mandated to provide relevant, accessible, high quality and efficient technical education and skills development in support of the Development of High Quality Filipino Middle-Level Manpower responsive to and in accordance with Philippine Development Goals and Priorities. It is likewise mandated to encourage active participation of various concerned sector, particularly private enterprises, being direct participants and in immediate beneficiaries of a trained and skilled workforce, in providing technical education and skills development opportunities;

**WHEREAS**, the DTI-Bureau of Trade Regulations and Consumer Protection (BTRCP), under the Presidential Decree 1572 and Ministry Order 32 empowers the DTI Secretary to regulate and control the operation of service and repair enterprises which include, among others, air conditioning and refrigeration, including the technical personnel employed therein and lay out rules and regulations on accreditation of service and repair enterprises. Furthermore, R.A. No. 7394 or the Consumer Protection Act mandated DTI to issue standards and regulations to protect the interests of the consumer, including protection against hazards to health and safety and deceptive, unfair and unconscionable sales, acts and practices. This includes an accreditation scheme for repair and service firms and their technical personnel;

**WHEREAS**, the DTI-Bureau of Product Standards (BPS), under the Republic Act No. 4109 is mandated to establish and adopt specific standards for goods and/or equipment that will be made available to the public;

**WHEREAS**, the DTI-Bureau of Import Services (BIS) being the regulating agency for imported second-hand motor vehicles, shall ensure that imported second-hand motor vehicles comply with the requirements of RA 6969 regarding the prohibition on the importation of ODS to promote and protect the environment including its air sheds against pollution from mobile sources under RA 8749 otherwise known as the Clean Air Act of 1999;

**WHEREAS**, the DTI-Board of Investment (BOI), under the Executive Order 226, otherwise known as, Omnibus Investment Code of 1987 and its Implementing Rules, Regulations, and Policies, is mandated in providing incentives based on the Annual Investment Priorities Plan;

**WHEREAS**, the BFAD, under R.A. 3720 as amended by E.O. 175 also known as Food, Drugs and Devices, and Cosmetics Act and R.A. 7394 also known as Consumer Act, is mandated to regulate the importation of food, drug and cosmetic that consist in part of, or is contained in, an aerosol product or other pressurized dispenser that releases an ODS such as metered-dose inhalers (MDIs);

**WHEREAS**, under Section 21 of the Clean Air Act of 1999, the DENR shall, in collaboration with the Department of Transportation and Communication (DOTC), Department of Trade and Industry (DTI) and the Local Government (LGUs), develop an action plan for control and management of air pollution from motor vehicles consistent with the Integrated Air Quality Framework. It is also stated that the DTI shall, together with the DOTC and the DENR, formulate and implement a national motor vehicle inspection and maintenance program. Under such scheme, enforcement of regulations concerning CFC-using mobile air-conditioning (MAC) can be implemented;

**NOW, THEREFORE**, for and in consideration of mutual covenants herein set forth, the parties hereto have agreed as they thereby agree, on the following:

### **I. PROJECT SCOPE AND FRAMEWORK**

The National CFC Phase Out Plan aims to phase out the remaining consumption of CFCs in the Philippines. The Project strategy includes a mixture of institutional and regulatory measures, educational and awareness campaign, investment and non-investment components, technical assistance and other support activities.

The National CFC Phaseout Plan shall be implemented by concerned agencies legally-mandated to do so in close collaboration/coordination with the DENR-EMB.

### **II. DEFINITION OF TERMS**

Wherever used in this Agreement, unless the context otherwise requires, the following terms shall have the corresponding meanings:

1. **BFAD** – Bureau of Food and Drug
2. **BIS** – Bureau of Import Services
3. **BOI** – Board of Investments
4. **BPS** – Bureau of Product Standards
5. **BTRCP** – Bureau of Trade Regulation and Consumer Protection
6. **Chemical Control Order** – known as DAO 2000-18 which mandates DENR to ban, limit and/or regulate the use, manufacture, import, export, transport, processing, storage, possession or sale of ODS
7. **CFC** – Chlorofluorocarbon or Annex A Group I chemicals of the Montreal Protocol
8. **DENR** - Department of Environment and Natural Resources
9. **DOH** – Department of Health
10. **DOLE** – Department of Labor and Employment
11. **DOTC** - Department of Transportation and Communication

12. **DTI** – Department of Trade and Industry
13. **EMB** - Environmental Management Bureau
14. **LTO** – Land Transportation Office
15. **MAC** – Mobile Air Conditioning
16. **MDI** – Metered Dose Inhalers
17. **MVIS** – Motor Vehicle Inspection System
18. **MLF** – Multilateral Fund for the implementation of the Montreal Protocol
19. **NCPP** – National CFC Phaseout Plan
20. **PMU** – Project Management Unit
21. **POD** – Philippine Ozone Desk
22. **ODS**- Ozone Depleting Substances
23. **RAC** – Refrigeration and Air Conditioning
24. **SME** – Small and Medium Enterprises
25. **SIDA** – Swedish International Development Cooperation Agency
26. **SOE** – Statement of Expenditures
27. **TESDA** – Technical Education and Skills Development Authority
28. **WB** – World Bank

### **III. AREAS OF RESPONSIBILITY**

1. The **DENR-EMB**, shall:

- a) Establish a Project Management Unit (PMU) which will take the lead in implementing the NCPP;
- b) Annually assess the status of CFC-usage in MACs;
- c) In coordination with LTO, work for the approval of Executive Order that all vehicles manufactured from January 1, 1999 onwards shall be banned to renew registration starting 2005 if their MAC contains CFC;
- d) Develop, together with DOTC-LTO, a manual describing the procedures for determining the type of refrigerant in MAC systems;
- e) Develop and enforce, in cooperation with DOTC-LTO, a scheme for random inspection of MACs;
- f) Conduct, in cooperation with DOTC-LTO, trainings of MAC inspection teams;
- g) Support DOTC-LTO in the conduct of public awareness campaign starting 2003 explaining laws, rules and regulations, as well as policy statements on MAC systems;

- h) Provide refrigerant identifier and conduct training on the proper usage of the same to DOTC-LTO inspection team;
- i) Assist DOTC-LTO on possible inclusion of MAC inspection in the MVIS;
- j) Assist DOLE-TESDA in the conduct of train-the-trainers training;
- k) Assist DOLE-TESDA in informing technician of the potential commercial viability of the use of recovery and recycling machines, and reclamation scheme;
- l) Organize a cooperative trade structure that will deal with the Code of Practice in the RAC and MAC sector;
- m) Assist DTI-BTRCP in amending the current accreditation system for MAC/RAC service shops;
- n) Coordinate with DTI-BTRCP in monitoring compliance of service shops to the provisions of the Chemical Control Order;
- o) Assist DTI-BTRCP in promoting and conducting information campaigns targeting all service shops which will explain the new legal requirements for accreditation, among others;
- p) In coordination with DTI-BPS, hire a local consultant (aerosol expert) to assist tear gas manufacturers in reformulating their products;
- q) Assist DTI-BPS in preparing a list of ODS-containing/using products for publication, distribution, reference of the consumers/general public;
- r) Assist DTI-BPS in developing and enforce monitoring and control measures on the use of CFC in aerosol products such as tear gas, fire extinguisher, second hand refrigerators, freezers and air conditioners;
- s) Assist DTI-BIS in developing and enforcing a strict and more comprehensive monitoring/inspection of imported machinery specifically on regulated imported second-hand motor vehicle ODS-using equipment;
- t) Coordinate with DTI-BOI on the provision of incentives in conjunction with the new investment and modernization programs (i.e. special outreach and other incentives that will need to be considered for SME's and upgrading/replacing of equipment like chillers used in hotels, supermarkets, etc);
- u) Contract, together with DOH-BFAD, a project consultant to undertake preparation strategy to phase-out CFC-using MDIs;
- v) Assist DOH-BFAD in implementing the phase-out/transition plan taking into account the phase-out strategy of major CFC MDI producers in both developed and developing countries;
- w) Assist DOH-BFAD in conducting series of workshops targeting medical doctors, management of public and private hospitals, and pharmaceutical

distributors/importers/traders in order to raise their awareness on the need to phase out the use of CFC MDIs;

- x) Support DOH-BFAD in promoting the use of non-CFC alternatives for MDI through public awareness campaign and other strategies towards the phase-out of CFC in MDIs; and
- y) Review and consolidate semi-annual importation data of MDIs using CFCs.

2. The **DOTC-LTO** shall:

- a) Require the inclusion of information on MAC systems and refrigerant types in the vehicle registration form and maintain a database of said information;
- b) Develop, together with DENR-EMB, a manual describing the procedures for determining the type of refrigerant in MAC systems;
- c) Organize, in cooperation with DENR-EMB, trainings of MAC inspection teams;
- d) Once Executive Order is approved, ban all vehicles manufactured from January 1, 1999 onwards to renew registration starting 2005 if their MAC contains CFC;
- e) Conduct together with DENR-EMB, public awareness campaign starting 2003 explaining laws, rules and regulations, as well as policy statements on MAC system;
- f) Conduct, in cooperation with DENR-EMB, a scheme for random inspection of MACs;
- g) Annually update the DENR on the status of CFC-usage in MACs; and
- h) Assess the possibility of the inclusion of MAC inspection in the MVIS.

3. The **DOLE-TESDA** shall:

- a) Conduct competency assessment of RAC and MAC technicians for certification;
- b) Upgrade the existing training regulations, requirements and materials to be used for training of technicians;
- c) Prepare training curriculum and identify additional needs for training manuals that will, among others:
  - educate technicians on how to properly handle CFC and how to properly repair non-ODS equipment;
  - inform technicians on the potential commercial viability of the use of recovery and recycling machines, and access to reclamation facilities; and
  - train technicians on how to operate Recovery and Recycling machines.

- d) Develop competency requirements for technicians certification;
- e) Invite potential training centers, technical institutes, regional and provincial DOLE-TESDA training centers to become accredited RAC/MAC training centers;
- f) Conduct train-the trainers program;
- g) Create the database of RAC and MAC technicians who passed the competency examination and regularly provide copy/ies to DENR-EMB;
- h) Support DENR-EMB's public awareness and outreach program through inclusion of NCPP in the competency-based curriculum; and
- i) Assist DENR-EMB in the formulation and development of guidelines that will establish the Code of Practice in RAC and MAC sector.

4. The **DTI** shall:

***Through the BTRCP:***

- a) Amend and implement the current regulation on the accreditation system for MAC and RAC service shops to incorporate the requirements of the NCPP, to include the following, among others:
  - i. Mandatory requirement for a DOLE-TESDA certified technicians;
  - ii. Requirement for mandatory equipment;
  - iii. Coherence with the classification of DOLE-TESDA training and certification system;
  - iv. Requirement to comply with the Code of Good Practice as basis for renewal of accreditation; and
  - v. Possible inclusion of "in-house" technicians in the accreditation.
- b) Cancel registration/license upon DENR's recommendation relative to the violation of service shops of the provisions of the Chemical Control Order;
- c) Assist DOLE-TESDA in the preparation of training curriculum and identification of additional needs;
- d) Promote and conduct information campaigns targeting all service shops explaining the new legal requirements for accreditation, among others;

***Through the BPS:***

- e) Prepare a list of ODS containing/using products for publication, distribution, reference of the consumers/general public;
- f) Accredite testing facilities for CFC and CFC-containing products based on international standard like the ISO 17025 on good laboratory management systems and technical competence of testing and calibration laboratories;

- g) Develop and enforce monitoring and control measures on the use of CFC in aerosol products such as tear gas, fire extinguisher, second hand refrigerators, freezers and air conditioners;

***Through the BIS:***

- h) Develop and enforce a strict and more comprehensive monitoring/inspection of imported machinery specifically on regulated imported second-hand motor vehicle's containing CFC;

***Through the BOI:***

- i) Provide incentives in conjunction with the new investment and modernization programs supportive of the Montreal Protocol, if provided by law; and

5. The **DOH-BFAD** shall:

- a) Contract, together with DENR-EMB, a project consultant to undertake preparation strategy to phase-out CFC-using MDIs;
- b) Implement the phase-out/transition plan taking into account the phase-out strategy of major CFC MDI producers in both developed and developing countries;
- c) Coordinate with DENR-EMB in the conduct of workshops targeting medical doctors, management of public and private hospitals, and pharmaceutical distributors/importers/traders in order to raise their awareness pertaining to the need to phase out the use of CFC MDIs;
- d) Promote the use of non-CFC alternatives for MDIs through public awareness campaign and other strategies towards the phase-out of CFC in MDIs; and
- e) Provide DENR-EMB semi-annual importation data of MDIs using CFCs and its alternative.

#### **IV. COMMON PROVISIONS**

The parties herein agree to:

1. Designate a unit/focal persons within their departments to implement the Project;
2. Closely coordinate with and/or consult each other through the formation of the Working Group for the National CFC Phase Out Program. The working group shall meet at least once every quarter of the year, or as may be requested by any of the parties;

3. Formulate joint circulars and/or other issuances, when and if necessary, for the effective implementation of the Project; and
4. Review this Agreement at least once a year by the parties herein to assess relevance of any of its provisions, and immediately effect relevant amendments thereto, when and if deemed necessary in order to achieve the objectives of the Project.

## **V. FINANCING ARRANGEMENT**

1. DENR-EMB, as the lead implementing agency shall prepare the overall implementation plan of the NCPP, which will serve as the basis of allocating funds for project activities;
2. Concerned parties to this Agreement shall prepare and submit to DENR-EMB an implementation plan and annual Work and Financial Plans as basis for allocation and release of funds. They shall establish and maintain separate books of account for the purpose of implementing the project; and
3. Concerned parties to this Agreement shall also prepare and submit on a regular and on-need basis physical and financial accomplishment reports [e.g. Statement of Expenditures (SOEs), liquidation reports, etc.] to DENR-EMB to support future fund releases as basis for reporting to WB, Sida and MLF.

IN WITNESS WHEREOF, the parties hereby set their hands this \_\_\_\_ day of \_\_\_\_\_, year 2003 at \_\_\_\_\_.

### **DEPARTMENT OF ENVIRONMENT AND NATURAL RESOURCES**

**By:**

**HON. ELISEA G. GOZUN**  
Secretary

### **DEPARTMENT OF TRANSPORTATION AND COMMUNICATION**

**By:**

**HON. LEANDRO T. MENDOZA**  
Secretary

### **DEPARTMENT OF LABOR AND EMPLOYMENT**

**By:**

**PATRICIA A. STO. TOMAS**  
Secretary

**DEPARTMENT OF HEALTH**

**By:**

**HON. MANUEL M. DAYRIT**  
Secretary

**DEPARTMENT OF TRADE AND INDUSTRY**

**By:**

**HON. MANUEL A. ROXAS, II**  
Secretary

**SIGNED IN THE PRESENCE OF:**

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**JULIAN D. AMADOR**  
*Director, EMB*

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**ROBERTO S. LASTIMOSO**  
*Assistant Secretary, LTO*

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**ALCESTIS M. GUIANG**  
*Director-General, TESDA*

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**PROF. LETICIA BARBARA GUTIEREZ**  
*Director, BFAD*

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**LUIS M. CATIBAYAN**  
*Officer-In-Charge, BIS*

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**ERLINDA F. ARCELLANA**  
*Director, BOI*

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**JESUS L. MOTOOMUL**  
*Director, BTRCP/BPS*

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**JAIME LASARO L. OLMOS**  
*Assistant Director/Caretaker  
BRTCP*

REPUBLIC OF THE PHILIPPINES        }  
QUEZON CITY                                }        S.S.

Before me on the \_\_\_\_\_ day of \_\_\_\_\_ 2003 personally appeared **ELISEA G. GOZUN** with CTC No. \_\_\_\_\_ issued on \_\_\_\_\_ at \_\_\_\_\_, **PATRICIA A. STO. TOMAS** with CTC No. \_\_\_\_\_ issued on \_\_\_\_\_ at \_\_\_\_\_, **LEANDRO T. MENDOZA** with CTC No. \_\_\_\_\_ issued on \_\_\_\_\_ at \_\_\_\_\_, **MANUEL M. DAYRIT** with CTC No. \_\_\_\_\_ issued on \_\_\_\_\_ at \_\_\_\_\_, and **MANUEL A. ROXAS, II** with CTC No. \_\_\_\_\_ issued on \_\_\_\_\_ at \_\_\_\_\_, known to me to be the same persons who executed the foregoing undertaking and acknowledging to me that the same is of their own free act and will.

WITNESS MY HAND AND SEAL.

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