



MEMORANDUM

FOR : **The Directors**
Legal Affairs Service
Policy and Planning Service
Climate Change Service
Knowledge and Information Systems Service

All Bureau Directors

The Officer-in-Charge
Mines and Geosciences Bureau

FROM : **The Director**
Legislative Liaison Office

SUBJECT : **INVITATION TO A MEETING RE: SEVERAL BILLS INCLUDING SUBSTITUTE BILL TO HOUSE BILLS NUMBERED 73, 2604, 8075, AND 8117, TITLED: "AN ACT INSTITUTIONALIZING THE PHILIPPINE ECOSYSTEM AND NATURAL CAPITAL ACCOUNTING SYSTEM, MANDATING ITS USE IN POLICY AND DECISION-MAKING, DESIGNATING THE AGENCIES RESPONSIBLE FOR ITS IMPLEMENTATION, PROVIDING INSTITUTIONAL ARRANGEMENTS AMONG RESPONSIBLE AGENCIES, AND APPROPRIATING FUNDS THEREFOR" FROM THE COMMITTEE ON APPROPRIATIONS OF THE HOUSE OF REPRESENTATIVES**

DATE : 24 May 2023

In reference to the invitation letter received on 23 May 2023 at 7:26 PM, the Committee on Appropriations is inviting the Department to a meeting on **May 25, 2023 (Thursday), at 1:00 PM via Zoom videoconference** to deliberate on several measures, including Substitute Bill to House Bills Numbered 73, 2604, 8075, and 8117, titled: "AN ACT INSTITUTIONALIZING THE PHILIPPINE ECOSYSTEM AND NATURAL CAPITAL ACCOUNTING SYSTEM, MANDATING ITS USE IN POLICY AND DECISION- MAKING, DESIGNATING THE AGENCIES RESPONSIBLE FOR ITS IMPLEMENTATION, PROVIDING INSTITUTIONAL ARRANGEMENTS AMONG RESPONSIBLE AGENCIES, AND APPROPRIATING FUNDS THEREFOR"

In this regard may we invite you to attend as resource persons to the public hearing. Kindly inform us of the name/s of the representative/s from your office who will participate in the meeting so we may include him/her/them as resource person/s. Attached herewith are the invitation letter and a copy of the Substitute Bill for your reference.

Your attendance is highly encouraged.

ROMIROSE B. PADIN



Republic of the Philippines
House of Representatives
COMMITTEE ON APPROPRIATIONS
Quezon City, Metro Manila

May 22, 2023

HON. ANTONIA "TONI" YULO-LOYZAGA

Secretary
Department of Environment and Natural Resources
Visayas Avenue, Diliman, Quezon City
budget@denr.gov.ph

Dear Secretary Yulo-Loyzaga:

The Committee on Appropriations will hold a meeting via the Zoom Video Conference on Thursday, May 25, 2023 at 1:30 P.M. to deliberate on several measures, including Substitute Bill to House Bills Numbered 73, 2604, 8075, and 8117, titled: **"AN ACT INSTITUTIONALIZING THE PHILIPPINE ECOSYSTEM AND NATURAL CAPITAL ACCOUNTING SYSTEM, MANDATING ITS USE IN POLICY AND DECISION-MAKING, DESIGNATING THE AGENCIES RESPONSIBLE FOR ITS IMPLEMENTATION, PROVIDING INSTITUTIONAL ARRANGEMENTS AMONG RESPONSIBLE AGENCIES, AND APPROPRIATING FUNDS THEREFOR"**, introduced by Elpidio F. Barzaga Jr., Elizaldy S. Co, Jose Francisco "Kiko" B. Benitez, Antonio B. Legarda Jr., et al.

In this regard, may we respectfully request your participation, as a resource person, in the said meeting. Should you have any clarification and for confirmation of your attendance, please contact the Committee Secretariat at +63 939 831 5386.

The Zoom Meeting ID and Passcode are as follows:

Meeting ID : 990 7789 3162
Passcode : APPRO2023

Attached is the electronic copy of the Substitute Bill for your reference.

Thank you.

Very truly yours,


REP. ELIZALDY S. CO
Chairperson

Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City

NINETEENTH CONGRESS
First Regular Session

HOUSE BILL NO. _____
(In substitution of House Bills No. 73, 2604, 8075, and 8117)

Introduced by
Representatives Elpidio F. Barzaga Jr., Elizaldy S. Co,
Jose Francisco “Kiko” B. Benitez, Antonio B. Legarda Jr., Luis Raymund
“LRay” F. Villafuerte, Tsuyoshi Anthony G. Horibata, Brian Raymund
Yamsuan and Eduardo “Bro. Eddie” C. Villanueva

AN ACT
INSTITUTIONALIZING THE PHILIPPINE ECOSYSTEM AND
NATURAL CAPITAL ACCOUNTING SYSTEM, MANDATING ITS
USE IN POLICY AND DECISION-MAKING, DESIGNATING THE
AGENCIES RESPONSIBLE FOR ITS IMPLEMENTATION,
PROVIDING INSTITUTIONAL ARRANGEMENTS AMONG
RESPONSIBLE AGENCIES, AND APPROPRIATING FUNDS
THEREFOR

*Be it enacted by the Senate and the House of Representatives of the
Philippines in Congress assembled:*

1 **SECTION 1. *Short Title.*** – This Act shall be known as the “Philippine
2 Ecosystem and Natural Capital Accounting System (PENCAS) Act”.

3 **SEC. 2. *Declaration of Policy.*** It is hereby declared the policy of the State
4 to:

- 5 a. Recognize natural ecosystems as an integral part of our patrimony and
6 heritage;
- 7 b. Protect and promote ecological balance and resilience, and advance the
8 right of the people to live in harmony with nature;
- 9 c. Adhere to internationally accepted System of Environmental-Economic
10 Accounting that measures and monitors the dynamic interaction and
11 intersections of the environment, the economy and society;

- 1 d. Develop a comprehensive information system and accounting framework
2 that will take into consideration the role of our natural capital, consisting
3 of both environmental and natural resources, and its impact on the
4 country's economy;
- 5 e. Compile and progressively integrate natural capital accounts in
6 macroeconomic indicators, strengthening and building on Republic Act No.
7 10625, or the Philippine Statistical Act of 2013, which mandates the
8 compilation of national accounts, including environmental accounts,
9 statistics, and indicators;
- 10 f. Provide indicators that will facilitate the integration of environmental and
11 natural resource concerns in national development planning and
12 policymaking at the national and subnational levels, in the allocation of
13 budgets, and in designating statistics that will be produced regularly for an
14 identified period of analysis;
- 15 g. Establish and improve interagency coordination for the purpose of linking
16 economic and environmental and natural resource information as well as
17 efficient data management among concerned agencies and their partner
18 institutions and establish an office to guide such coordination; and
- 19 h. Understand nature's pricelessness, its intrinsic value, and its
20 interdependencies in the implementation of the foregoing policies to
21 consider that nature and ecosystems have inherent rights to exist, with an
22 end view of recognizing legal rights that serve to protect endangered
23 ecosystems and applying the precautionary principle, especially when
24 economic values cannot be estimated;

25 **SEC. 3. *Definition of Terms.*** – As used in this Act:

- 26 a. *Ecosystem* refers to all living things in a given area, as well as their
27 interactions with each other, and with their non-living environments
28 (weather, earth, sun, soil, climate, atmosphere);
- 29 b. *Natural capital* refers to the stock of renewable and non-renewable
30 resources, including plants, animals, air, water, soils, and minerals, that
31 provide a flow of benefits to people. It also includes ecosystem services such

1 as air and water filtration, flood protection, carbon sequestration,
2 pollination of crops, and habitats for wildlife;

3 c. *Natural Capital Accounting (NCA)* refers to an effort to use an accounting
4 framework to provide a systematic way of measuring and reporting on
5 stocks and flows of natural capital. NCA covers accounting for individual
6 environmental assets or natural resources, both biotic and abiotic such as
7 water, minerals, energy, timber, and fish, as well as accounting for
8 ecosystem assets, biodiversity, and ecosystem services;

9 d. *Ecosystem Accounting* refers to a coherent framework for integrating
10 measures of ecosystems and flows of services from them with measures of
11 economic and other human activity;

12 e. *Ecosystem services* refer to the benefits supplied by the functions of
13 ecosystems and received by humanity; and

14 f. *The System of Environmental-Economic Accounting (SEEA)* refers to a
15 framework that integrates both economic and environmental data to
16 provide a more comprehensive and multipurpose view of the
17 interrelationships among the economy, the environment and ecosystems,
18 and the stocks and changes in stocks of natural assets, as they bring
19 benefits to humanity.

20 **SEC. 4. *Philippine Environmental and Natural Capital Accounting***

21 **System.** – The Philippine Ecosystem and Natural Capital Accounting System
22 (PENCAS) is hereby institutionalized within the government bureaucracy. The
23 PENCAS shall be based on internationally accepted environmental-economic
24 accounting frameworks. The PENCAS framework shall include, among others, a
25 list of the officially designated statistics on the depletion, degradation, and
26 restoration of natural capital; environmental protection expenditures; pollution
27 and quality of land, air and water; environmental damages; and genuine savings.

28 **SEC. 5. *Objectives of the PENCAS.*** – The PENCAS shall have the
29 following major functions:

30 a. Establish a system for the collection, compilation, and development of
31 natural capital accounts in the government as a tool for development
32 planning and programming, policy analysis, and decision-making;

- b. Serve as a comprehensive data framework in the generation of natural capital statistics and accounts towards their progressive integration in macroeconomic indicators; and
- c. Provide tools and measures that contribute to the protection, conservation, and restoration of ecosystems.

SEC. 6. *Institutional arrangement for the implementation of PENCAS* – To ensure the effective implementation of PENCAS, the following bodies shall be tapped:

- a. Philippine Statistics Authority (PSA) Board shall oversee the implementation of PENCAS.
- b. Interagency Committee on Environment and Natural Resources Statistics (IACENRS), established under Section 10 of RA 10625, shall assist the PSA in addressing agency and sectoral concerns that may arise in the development of the natural capital accounts, particularly on the (i) techniques and methodologies in generating ENR statistics, (ii) areas of duplication, discrepancies, and gaps, and (iii) workable schemes for the improvement of data systems of accounts including production, dissemination and archiving of data and information.

The IACENRS shall provide support in ensuring that data requirements for NCA are being generated by all concerned agencies. It shall adopt, implement, and update an NCA roadmap that will (i) guide short-, medium-, and long-term activities for natural capital accounts development; and (ii) prioritize areas for budget support and monitoring and evaluation of NCA implementation in the country.

- c. Technical Working Group (TWG) on NCA shall be established under the IACENRS. The TWG shall consist of the PSA as lead accounts compiler, Department of Environment and Natural Resources (DENR) as main data producer, and the National Economic and Development Authority (NEDA). The PSA shall serve as Chair and Secretariat of the TWG, which shall perform the following roles and responsibilities:

- i. Provide immediate support to achieve the priority activities across all components of the NCA Roadmap such as securing budgetary or

- 1 financial and technical support and collaborating with development
2 partners for project preparation and implementation;
- 3 ii. Serve as a forum for discussion and resolution of issues and concerns
4 in the compilation, processing, and dissemination of natural capital
5 and ecosystem statistics and accounts and other related indicators in
6 terms of accuracy, completeness, timeliness, and relevance;
- 7 iii. Review and recommend enhancements on the concepts, techniques,
8 and methodologies used in the collection, processing, and reporting
9 of natural capital and ecosystem statistics and accounts to ensure
10 conformity with the prescribed statistical standards and
11 classification system;
- 12 iv. Identify and recommend statistical measures, strategies, and policies
13 for the improvement of natural capital and ecosystem statistics and
14 accounts to IACENRS;
- 15 v. Recommend improvements in the methodology of compiling natural
16 capital and ecosystem statistics and accounts and formulate
17 measures to ensure that the data requirements of the same are being
18 generated and addressed by all concerned agencies;
- 19 vi. Prioritize outputs that will address the more urgent statistical
20 requirements in the Philippine Statistical Development Program,
21 including those required to monitor/measure the accomplishment of
22 relevant chapters of the Philippine Development Plan and its Results
23 Matrices; and
- 24 vii. Update the PSA Board and the IACENRS on developments in
25 natural capital and ecosystem statistics and accounts.

26 **SEC. 7. *Specific functions of national and local governments on***
27 ***PENCAS.*** – The following agencies shall have the following specific roles and
28 responsibilities in the implementation of this Act:

- 29 a. The PSA shall have the overall responsibility for the institutionalization
30 and progressive implementation of PENCAS following the SEEA
31 framework. It shall develop and maintain the compilation of natural capital
32 accounts as well as the environmental and ecosystem accounts at the

1 national and, as necessary, at the sub-national levels. It shall coordinate
2 with and provide technical support to interagency committees, task forces,
3 technical working groups, national government agencies, and local
4 government units (LGUs), in the generation, compilation, and use of
5 environmental accounts, statistics, and indicators. In coordination with the
6 concerned agencies, it shall designate the required environment and
7 economic statistics in the agencies and bureaus responsible for generating
8 data.

9 To perform such functions, the PSA shall create a service to be
10 referred to as the Environment and Natural Resource Accounts Service
11 (ENRAS) under the Sectoral Statistics Office of the PSA which will be
12 headed by an Assistant National Statistician (ANS) with the rank of
13 Director IV (Salary Grade 28). The ENRAS shall consist of three divisions
14 namely: (a) Environment and Natural Resources Accounts Division; (b)
15 Ecosystem Accounts Division; and (c) Subnational Environment, Natural
16 Resources, and Ecosystem Accounts Division. For each of the PSA Regional
17 Offices, a division shall be created to be called Regional Environmental
18 Accounts Division, which shall be headed by a Division Chief (Salary Grade
19 24). The ENRAS shall be supported by staff through the creation of new
20 plantilla positions at the Central Office and Regional Offices of the PSA.

- 21 b. The DENR shall be responsible for providing NCA data to PSA. The DENR
22 shall ensure the participation of its concerned offices, bureaus and attached
23 agencies. It shall spearhead the setting up of site-specific ecosystem
24 accounts.

25 The DENR, in line with its mandate, shall continue to uphold and
26 convey that the natural environment and biodiversity and the multitude of
27 ecosystem services that nature provides are opportunities, benefits or assets
28 as opposed to being merely a backdrop to absorb impacts. It shall
29 communicate and instill to all stakeholders that nature's invisibility has
30 caused massive destruction to natural resources and that this is primarily
31 due to the undervaluation of the services and benefits that ecosystems
32 provide to people. DENR shall ensure the wide availability of tools, methods

1 and skills that can support the consideration of ecosystem services and
2 ensure the inclusion of such in the development of the Implementing Rules
3 and Regulations (IRR), further including in such rules accounting for
4 activities that may degrade natural capital.

5 To perform the foregoing functions, the DENR shall be strengthened
6 through the creation of new plantilla items and augmentation of its budget.

- 7 c. The NEDA shall ensure that NCA is included in the government's priorities
8 based on the usefulness of the accounts in policy analysis, development
9 planning, and investment programming. It shall provide strategic guidance
10 on improving uptake on policy use and application, enhancing institutional
11 capacity, and raising awareness and transparency of NCA work.
- 12 d. The Department of the Interior and Local Government (DILG) shall
13 consolidate and submit local government data and statistics to PSA and
14 DENR. It shall ensure that LGUs utilize and mainstream NCA into their
15 local policies, plans, and programs.
- 16 e. The Department of Education (DepEd) shall craft modules in all levels and
17 modalities of basic education to develop ecological consciousness,
18 environmental literacy, and social responsibility.
- 19 f. The Commission on Higher Education (CHED) and State Universities and
20 Colleges (SUCs) shall integrate ecological consciousness, environmental
21 literacy, and social responsibility in higher education curricula.
- 22 g. The Professional Regulation Commission (PRC) shall incorporate NCA
23 concepts in the continuing professional education programs and develop the
24 understanding of the impact of different professions on the environment.
- 25 h. The Department of Budget and Management (DBM) shall ensure that
26 additional budget is allocated to concerned government agencies, LGUs and
27 SUCs for the implementation of PENCAS.
- 28 i. The Department of Finance (DOF) shall integrate NCA considerations into
29 fiscal policies and regulations, and develop incentive mechanisms that will
30 drive NCA investments.

31 **SEC. 8. *Involvement of Other Stakeholders.*** – The TWG on NCA shall
32 involve other relevant agencies, private sector, and non-government organizations

1 in the implementation of PENCAS, particularly on the generation and provision
2 of NCA data as well as the use of natural capital and ecosystem accounts.

3 **SEC. 9. *Participatory Mechanisms and Citizen Remedies.*** – The
4 concerned agencies shall institute consultative mechanisms, and mass
5 collaboration measures to effectively popularize PENCAS and ensure wide
6 comprehensibility and usage of the accounts.

7 Any citizen shall have the right to information on any accounts generated
8 under this Act, to have the standing to compel the performance of any of the
9 mandates under this Act, and to seek justification from any government agency
10 that may have ignored or neglected PENCAS data in their policy or decision-
11 making. Major PENCAS accounts, results on nature’s wealth and the economic
12 value of ecosystem services shall be released along with all releases of national
13 economic data, such as GNI, GDP, and other often-released measures of the state
14 of the country’s economic health and highlight the contribution of resources and
15 ecosystems to the economy, incomes and employment.

16 **SEC. 10. *Rights of Nature.*** – Nothing in this Act shall be construed to
17 mean that nature has no intrinsic value separate and distinct from its economic
18 value, or that it loses pricelessness through such valuation.

19 **SEC. 11. *Appropriations.*** – The DBM shall apportion an initial funding
20 of One Billion Pesos (₱1,000,000,000.00) for the performance of functions required
21 herein by the PSA, DENR, and other government agencies. NCA activities shall
22 be included in the budget of concerned agencies to be incorporated in the annual
23 General Appropriations Act.

24 **SEC. 12. *Implementation.*** The PSA shall constitute an interagency
25 working group, composed of the agencies and offices enumerated under Section 6
26 and 7 of this Act, to craft and adopt the IRR within one (1) year from the effectivity
27 of this Act.

28 The relevant agencies shall integrate internationally recognized best
29 practices and methodologies as they execute and implement this Act and its IRR,
30 ensuring the progressive integration of the SEEA.

1 **SEC. 13. *Separability Clause.*** – If any provision of this Act is declared
2 unconstitutional or otherwise invalid, the validity of the other provisions shall not
3 be affected thereby.

4 **SEC. 14. *Repealing Clause.*** – All other laws, decrees, orders, rules and
5 regulations, other issuances, or parts thereof inconsistent with the provisions of
6 this Act are hereby repealed or modified accordingly.

7 **SEC. 15. *Effectivity.*** – This Act shall take effect fifteen (15) days after its
8 publication in the Official Gazette or in a newspaper of general circulation.

9 Approved,