

Republic of the Philippines
HOUSE OF REPRESENTATIVES
Constitution Hills
Quezon City



SEVENTEENTH CONGRESS
First Regular Session

House Bill No. **4604**

Introduced by: Rep. Josephine Y. Ramirez Sato

EXPLANATORY NOTE

The Philippines is one of seventeen (17) "megadiverse countries" which together host 70-80% of the world's life forms and is believed to harbor more diversity of life than any other country on earth on a per hectare basis. However, the country's biological diversity ("biodiversity") faces serious threats and concrete actions are needed to be implemented to ensure its continued existence, as well as those of the numerous services and benefits provided by healthy and well-functioning ecosystems.

Article II, Section 16 of the Constitution declares that it is the duty of the State to "*protect and advance the right of the people to a balanced and healthful ecology in accord with the rhythm and harmony of nature.*" Biodiversity conservation results in healthy and well-functioning ecosystems, which also contribute to climate change mitigation as well as to disaster, risk reduction and mitigation.

The country's framework and roadmap to conserving biodiversity is detailed in the updated Philippine Biodiversity Strategy and Action Plan (PBSAP) 2015-2028 adopted in 2015. A product of multi-sectoral and multi-stakeholder participatory consultations, the PBSAP identifies specific program interventions, targets and indicators, including the estimated costs for the activities needed to protect and conserve Philippine biodiversity.

The total cost of implementing the PBSAP 2015-2028 is estimated to range from US\$7.4 billion to US\$8.6 billion while the projected appropriations of the government agencies for the cost of activities is only US\$ 1.5 billion, resulting in a financial gap of approximately eighty per cent (80%).¹ Given this significant deficit, all potential and feasible sources of financing must be tapped to help bridge this finance gap and fully carry out the PBSAP for the benefit of all.

¹ Biodiversity Finance Initiative ("BIOFIN") project of the United Nations Development Programme (UNDP)

In this regard, government income from energy resource development presents a viable source to support the implementation of the PBSAP. One in particular is the now PhP183 billion² Special Fund created under Section 8 of Presidential Decree No. 901³ composed of the royalties, rentals, production share on service contracts and similar payments to the government for the exploration, development and exploitation of energy resources. The Special Fund is more popularly known through one of its components, the "Malampaya fund," which consists of the government share from the Malampaya Deepwater Gas-to-Power Project under Service Contract No. 38.

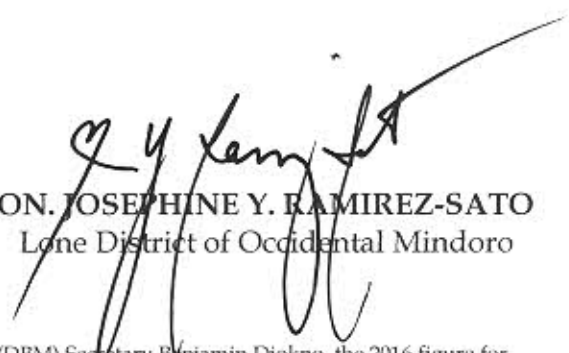
Biodiversity conservation is an inherent component of energy development in view of the State policy to *"to rationalize, integrate, and coordinate the various programs of the Government towards self-sufficiency and enhanced productivity in power and energy without sacrificing ecological concerns."*⁴

Even with proper environmental impact mitigation measures in place, energy resource exploration and development activities can have a lasting adverse effect on the surrounding ecosystems, landscapes and seascapes. Also, pollution from the use of non-renewable energy resources directly affects wildlife and their habitats. Greenhouse gas emissions from the use of non-renewable energy resources likewise contribute to climate change, which, in turn, drives and aggravates biodiversity loss.

Indeed, there is a nexus between energy resource development and biodiversity. Government income derived from the exploration and use of energy resources in the Philippines should contribute to bridging the biodiversity conservation finance gap.

The use of Special Fund should also be used to address energy needs of remote and isolated communities, especially in island provinces, who continue to be without electricity or are underserved, in order to help spur local and regional development. Where viable and appropriate, the use of renewable energy resources should be prioritized.

In view of the foregoing, the immediate passage of this bill is earnestly sought.



HON. JOSEPHINE Y. RAMIREZ-SATO
Lone District of Occidental Mindoro

² According to Department of Budget and Management (DBM) Secretary Benjamin Diokno, the 2016 figure for

³ "CREATING AN ENERGY DEVELOPMENT BOARD, DEFINING ITS POWERS AND FUNCTIONS, PROVIDING FUNDS, THEREFOR, AND FOR OTHER PURPOSES"

⁴ Republic Act No. 7638 "Department of Energy Act of 1992" (9 December 1992), Section 2(b).

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AN ACT AUTHORIZING THE USE OF THE SPECIAL FUND COMPOSED OF THE GOVERNMENT SHARE FROM THE EXPLORATION, DEVELOPMENT AND EXPLOITATION OF ENERGY RESOURCES FOR RENEWABLE ENERGY DEVELOPMENT AND BIODIVERSITY CONSERVATION ACTIVITIES, AMENDING FOR THE PURPOSE SECTION 8 OF PRESIDENTIAL DECREE NO. 910 ENTITLED "CREATING AN ENERGY DEVELOPMENT BOARD, DEFINING ITS POWERS AND FUNCTIONS, PROVIDING FUNDS, THEREFOR, AND FOR OTHER PURPOSES" AND SPECIFYING THE USE OF THE SPECIAL FUND FOR BIODIVERSITY CONSERVATION, AND FOR OTHER PURPOSES."

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

Section 1. - Section 8 of Presidential Decree No. 910 is hereby amended to read as follows:

"SECTION 8. Appropriations. — The sum of Five Million Pesos out of any available funds from the National Treasury is hereby appropriated and authorized to be released for the organization of the Board and its initial operations. Henceforth, funds sufficient to fully carry out the functions and objectives of the Board shall be appropriated every fiscal year in the General Appropriations Act.

All fees, revenues and receipts of the Board from any and all sources including receipts from service contracts and agreements such as application and processing fees, signature bonus, discovery bonus, production bonus; all money collected from concessionaires, representing unspent work obligations, fines and penalties under the Petroleum Act of 1949; as well as the government share representing royalties, rentals, production share on service contracts and similar payments on the

exploration, development and exploitation of energy resources, shall form part of a Special Fund to be used to finance energy resource development and exploitation programs and projects of the government, **RENEWABLE ENERGY DEVELOPMENT FOR REMOTE AND ISOLATED COMMUNITIES ESPECIALLY IN ISLAND PROVINCES, AND FOR BIODIVERSITY CONSERVATION ACTIVITIES** [~~such other purposes as may be hereafter directed by the President~~]."

Section 2. *Implementing Rules and Regulations.* - The Department of Energy, in coordination with the Department of Environment and Natural Resources and other concerned government agencies and members of the civil society, shall, within six (6) months from the effectivity of this Act, promulgate the necessary rules and regulations for the enforcement of the provisions of this Act.

Section 3. *Repealing Clause.* - All laws, decrees, executive orders, rules and regulations or parts thereof inconsistent with or contrary to the provisions of this Act are hereby repealed or modified accordingly.

Section 4. *Separability Clause.* - If any part or provision of this Act is held unconstitutional or invalid, other parts or provisions hereof which are not affected shall continue to remain in full force and effect.

Section 5. *Effectivity Clause.* - This Act shall take effect fifteen (15) days following completion of its publication in at least two (2) newspapers of general circulation.

Approved,