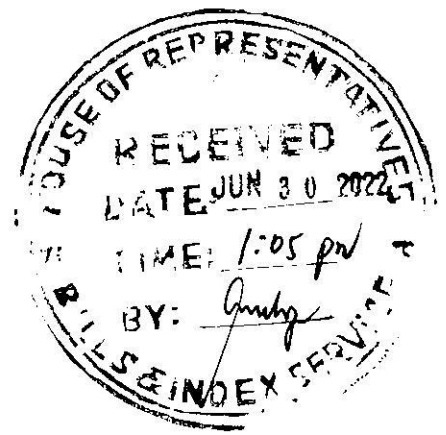


Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City

NINETEENTH CONGRESS
First Regular Session

HOUSE BILL NO. 73



Introduced by **REP. JOSE FRANCISCO "KIKO" B. BENITEZ, Ph.D.**

EXPLANATORY NOTE

The existential threat of climate change and environmental collapse calls for a change in how we view Nature.

As we extract more and more of our natural resources to satisfy the appetite for food, water and energy of our growing population, we are damaging our environment, destroying habitats of hundreds of species. Nature simply cannot keep up with our demands – it is becoming slow to regenerate and replenish itself.

Hence, we need to realize that human civilization – our life – is inextricably linked to Nature. We rely on the abundance of the soil, of the seas – and if the trees and the corals disappear, so are clean air, water, and fish that sustain us.

We must recognize that natural resources and ecosystems are an integral, inseparable part of our patrimony and heritage, of our destiny.

We must therefore determine the value of our natural assets to understand how high the cost is when we allow for its destruction. The long-term impact of environmental damage on our economy and social order must appear in our developmental models so that we prevent worse ecological disaster and the corresponding disruptions to our food systems and water security, and the social unrest that come with poverty, vulnerability and desperation.

It is said that we cannot manage what we cannot measure. It thus becomes urgent to account for the ecosystem services – the benefits that nature provides to humanity, from carbon sequestration and climate regulation to groundwater recharge and air purification – and the costs of the disruption of the life-supporting and life-sustaining natural cycles.

Not all natural resources are renewable – some are finite. Timber from our forests, fish from our seas, copper from our mines – they are not “endless” nor are they “free”.

We must “value” our natural capital – protect it for the benefit of future generations. After all, we are not masters of the earth, but stewards of nature.

In view of the foregoing, the approval of this measure is earnestly sought.


JOSE FRANCISCO "KIKO" B. BENITEZ, Ph.D.

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Introduced by **REP. JOSE FRANCISCO “KIKO” B. BENITEZ, Ph.D.**

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

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

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

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

- (a) Recognize natural ecosystems as an integral part of our patrimony and heritage;
- (b) Protect and promote ecological balance, and advance the right of the people to live in harmony with nature;
- (c) Adhere to the United Nations System of Environmental-Economic Accounting that measures and monitors the dynamic interaction and intersections of the environment, the economy and society;
- (d) Develop a comprehensive information system and accounting framework that will take into consideration the role of our natural capital, consisting of both environmental and natural resources, and its impact on the country’s economy;
- (e) Integrate natural capital accounting into the national income accounting system, strengthening and building on Republic Act No. 10625 on environmental accounts and statistics;
- (f) Identify indicators that will facilitate the integration of environmental and natural resource concerns in national development planning and policy making, in allocation of budgets, and in designating statistics that will be produced regularly for an identified period of analysis;

- (g) Establish and improve inter-agency coordination for the purpose of linking economic and environmental and natural resource information and efficient data management among concerned agencies and their partner institutions and establish an office to guide such coordination; and,
- (h) Understand nature's pricelessness, its intrinsic value, and its interdependencies in the implementation of the foregoing policies to consider that nature and ecosystems have inherent right to exist, with an end in view of recognizing legal rights that serve to protect endangered ecosystems and applying the precautionary principle, especially when economic values cannot be estimated.

SEC. 3. *Definition of Terms.* – for purposes of this Act, the following terms are hereby defined as follows:

- (a) Ecosystem refers to a complex community of living organisms, their physical environment, and all their interrelationships in a particular unit of space, and the biotic and abiotic components are linked together through nutrient cycles and energy flows;
- (b) Natural capital refers to the concept of nature as a stock that provides a flow of benefits to people and the economy. Natural capital consists of the stocks of natural assets, both biotic and abiotic components, and renewable and non-renewable natural resources. It includes air, water, soil, minerals, forests, coral reefs, seagrass beds, and all living things. It is from this natural capital that humans derive a wide range of goods and services, which make human life and civilization possible;
- (c) Ecosystem services refers to the flows of benefits which people gain from natural ecosystems. Food, water, energy, or climate regulation are examples of ecosystem services. These provide people everywhere with the means for healthy lives and underpin all economic activity;
- (d) United Nations System of Environment-Economic Accounting System (UN SEEA) refers to the framework that integrates economic and environmental data to provide a more comprehensive and multipurpose view of the interrelationships between the economy and the environment and the stocks and changes in stocks of environmental assets, as they bring benefits to humanity.

SEC. 4. *Philippine Ecosystem and Natural Capital Accounting System.* – A system of environmental-economic accounting is hereby institutionalized to be called the Philippine Ecosystem and Natural Capital Accounting System, hereafter referred to as PENCAS.

PENCAS shall be established based on existing environmental accounting systems that are covered by the UN SEEA and are theoretically correct and accepted as evaluated based on international standards.

PENCAS shall provide an exhaustive list of statistics that represent the state of our natural resources and ecosystems, including the costs of air, solid waste, and marine pollution and damage to the environment due to human activities in our terrestrial and maritime domains, and environmental protection expenditures.

SEC. 5. Objectives of the PENCAS. – The PENCAS shall supplement the current System of National Accounts and shall perform the following functions:

- (a) Guide the collection, generation, analysis and presentation of environmental statistics and data;
- (b) Inform economic-environmental policy development and decision-making;
- (c) Generate the Philippine counterpart of the UN SEEA satellite accounts covering both the Central Framework and the Ecosystem Accounts;
- (d) Contribute to efforts to protect, conserve and restore ecosystems and habitats, especially the ones in critical danger, in line with our commitment to fulfill the objectives and targets of key multilateral environmental agreements, including the United Nations Decade of Ecological Restoration, and the 2030 Agenda for Sustainable Development.

SEC. 6. Involvement of Government Agencies. – The following departments and offices under or attached to them shall be involved in the establishment and institutionalization of the PENCAS:

- (a) National Economic and Development Authority (NEDA);
- (b) Department of Environment and Natural Resources (denr);
- (c) Department of Science and technology (DOST);
- (d) Department of Agriculture (DA);
- (e) Department of Energy (DOE);
- (f) Department of Transportation (DOTr);
- (g) Department of Trade and Industry (DTI);
- (h) Department of Tourism (DOT);
- (i) Department of Public Works and Highways (DPWH);
- (j) Department of Human Settlements and Urban Development (DHSUD);
- (k) Department of Health (DOH);
- (l) Department of Interior and Local Government (DILG);
- (m) Philippine Statistics Authority (PSA)
- (n) and other agencies, as necessary.

SEC. 7. Participation of Specific Bureaus Within the Agencies. – The following offices shall contribute to the collection, generation, analysis and presentation of statistics and data requirements of the PENCAS:

- (a) All bureaus of the DENR, including the National Mapping and Resource Information Authority;
- (b) National Water Regulatory Board;
- (c) Bureau of Fisheries and Aquatic Resources;
- (d) Bureau of Soils and Water Management;
- (e) National Renewable Energy Board;
- (f) Research and development institutes, and science and technology services of the DOST;
- (g) Philippine Coconut Authority;
- (h) Philippine Fisheries Development Authority;
- (i) Philippine Rice Research Institute;
- (j) National Irrigation Administration;

- (k) Philippine Atmospheric, Geophysical and Astronomical Services Administration; and,
- (l) Philippine Institute of Volcanology and Seismology;

SEC. 8. *Creation of the PENCAS Units.* – PENCAS units shall be created within the organizational structure of the departments identified under Sec. 6 of this Act.

The head of PENCAS units shall be no lower than a division chief, and shall be, as far as practicable, utilize existing employees for staffing.

SEC. 9. *Functions of PENCAS Units.* – PENCAS units created under Sec. 8 of this Act shall perform the following functions:

- (a) Develop methodologies and approaches for the collection, development and compilation of data on ecosystem service accounts, emission accounts, ocean accounts, or such other accounts relevant to the department's mandates;
- (b) Collaborate with the scientific community in conducting research and studies related to PENCAS;
- (c) Integrate sustainable development principles and practices, especially resource recovery, low-carbon development, and indigenous knowledge systems and practices, in the plans, policies and programs of their offices;
- (d) Enhance statistical literacy of their personnel;
- (e) Prioritize the collection, generation and analysis of environmental data to support our shift to blue and green economy; and,
- (f) Institutionalize open data for independent and external research and studies.

SEC. 10. *Functions of the NEDA.* – The PENCAS unit at the NEDA shall:

- (a) Conduct consultations, orientations and capacity-building activities on the PENCAS and its widest cascading and implementation in the entire bureaucracy, local government units, the private sector, civil society, and other social institutions;
- (b) Coordinate the conduct of studies and research in support of policy development related to PENCAS;
- (c) Formulate and update periodically indicators on economy-environment interactions, and regenerative and sustainable development indices; and,
- (d) Provide technical services to the (1) the development and budget coordination committee for the integration of natural capital in macroeconomic planning and the allocation of the national budget, (2) the Investment coordination committee for the review and evaluation of major infrastructure and development projects, in terms of sourcing of raw materials and its attendant risks and costs, its social impact and economic benefits; and, (3) to task forces or special bodies, now existing and henceforth created, on the environment.

SEC. 11. *Role of Local Government Units.* – Local government units shall endeavor to create PENCAS accounts, according to the templates and guidelines provided for by the PSA and DILG, and are encouraged to innovate and adopt measures and methods of resource valuation and damage estimation according to their local contexts.

SEC. 12. *PENCAS in the Educational System.* – The Department of Education shall craft modules in all levels and modalities of basic education to develop ecological consciousness, environmental literacy and social responsibility.

The Commission on Higher Education, and the Professional Regulation Commission shall likewise integrate ecological consciousness, environmental literacy and social responsibility in higher education and continuing professional education programs, and develop the understanding of the impact of professions on the environment.

SEC. 13. *Participatory Mechanisms.* – Each PENCAS unit shall institute mechanisms for the widest dissemination of the guiding principles and concepts of the PENCAS, and for feedback and crowdsourcing. Any citizen shall have the right to information on PENCAS data, and the right to seek explanation from any government agency for neglect of duties mandated by this Act. PENCAS data shall be released alongside national economic data to highlight the inextricable relationship between the environment and economic development.

SEC. 14. *Rights of Nature.* – nothing in this Act shall be construed to mean that nature has no intrinsic value separate and distinct from its economic value, or that it loses pricelessness through such valuation.

SEC. 15. *Support to PENCAS Research and Data Management.* – The Department of Budget and Management shall give utmost consideration to the budgetary requirements for PENCAS research and data management in preparing the National Expenditure Program, and ensure that government spending supports sustainable development and does not compromise ecological balance.

SEC. 16. *Implementing Rules and Regulations.* – The NEDA shall convene an inter-agency working group, composed of the agencies enumerated under Sections 6 and 7 of this Act, to craft the implementing rules and regulations of this Act within 120 days since the approval of the same.

SEC. 17. *Separability Clause.* – If any provision of this Act or a portion thereof is declared unconstitutional, the remainder of this Act or any provision not affected thereby shall remain in force and effect.

SEC. 18. *Repealing Clause.* – All laws, decrees, orders, rules and regulations or parts thereof inconsistent with the provisions of this Act are hereby repealed or modified accordingly.

SEC. 19. *Effectivity.* – This Act shall take effect after fifteen (15) days from its publication in the Official Gazette or in a newspaper of general circulation.

Approved.