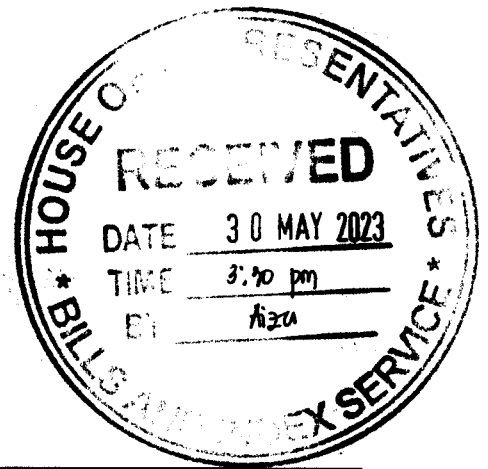


Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City, Metro Manila

NINETEENTH CONGRESS
First Regular Session

House Bill No. **8453**



**INTRODUCED BY REPRESENTATIVES RALPH WENDEL P. TULFO
AND JOCELYN P. TULFO**

**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**

EXPLANATORY NOTE

Granted that the country's natural resources are not finite and climate change is a present ecological threat, damage to the natural environment and loss of biodiversity also pose a comparable risk.

In order to protect our limited resources and continue to benefit from them for generations to come, it is essential for us to measure and evaluate the country's natural resources and ecosystems in economic terms. Valuing and accounting for the services and benefits provided by nature – such as clean air and water, biodiversity, climate regulation, and soil fertility – enable us to comprehend the price we pay when we allow for its destruction.

By quantifying the benefits we derive from nature and tracking changes over time, we can assess the impact of our conservation measures, ecosystem restoration programs, and other policy interventions. This information then allows for ensuring that policies deliver tangible environmental outcomes and societal benefits.

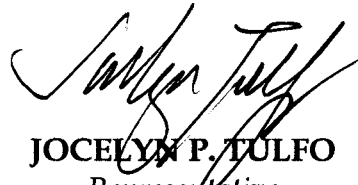
By expressing the benefits of nature in economic terms, it facilitates communication between different stakeholders and enhances dialogue and collaboration, fostering a shared understanding of the need to protect and sustainably manage natural capital.

By valuing our natural capital, we protect it for the benefit of future Filipino generations by making more informed choices, transitioning to a more sustainable economy, and managing risks associated with environmental degradation and resource depletion.

In view of the foregoing, the urgent passing of this bill is earnestly sought.



RALPH WENDEL P. TULFO
Representative
2nd District of Quezon City



JOCELYN P. TULFO
Representative
ACT-CIS Partylist

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HOUSE OF REPRESENTATIVES
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1 **AN ACT INSTITUTIONALIZING THE PHILIPPINE ECOSYSTEM AND NATURAL**
2 **CAPITAL ACCOUNTING SYSTEM (PENCAS), MANDATING ITS USE IN POLICY**
3 **AND DECISION-MAKING, DESIGNATING THE AGENCIES RESPONSIBLE FOR ITS**
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5 **RESPONSIBLE AGENCIES, APPROPRIATING FUNDS THEREFORE AND FOR**
6 **OTHER PURPOSES**

7
8 *Be it enacted by the Senate and the House of Representatives of the Philippines in Congress assembled:*

9
10 **SECTION 1. *Short Title.*** – This Act shall be known as the “Philippine Ecosystem and Natural
11 Capital Accounting System (PENCAS) Law”.

12
13 **SEC. 2. *Declaration of Policy.*** – It is hereby declared the policy of the State to:

14
15 (a) Recognize natural ecosystems as an integral part of our patrimony and heritage;

16
17 (b) Protect and promote ecological balance, and advance the right of the people to live in
18 harmony with nature;

19
20 (c) Adhere to the United Nations System of Environmental – Economic Accounting that
21 measures and monitors the dynamic interaction and intersections of the environment,
22 the economy, and the society;

23
24 (d) Develop a comprehensive information system and accounting framework that will take
25 into consideration the role of our natural capital, consisting of both environmental and
26 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, otherwise known as the “Philippine Statistical Act of 2013”, on environmental accounts and statistics;
- (f) 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
- (g) Understand nature’s pricelessness, its intrinsic value, and its interdependencies in the implementation of the foregoing policies to consider that nature and ecosystems have an 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 of 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; and

(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, hereinafter 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; and
- (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); and
- (n) other agencies, if 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 and 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 the statistical literacy of their personnel;
- (e) Prioritize the collection, generation, and analysis of environmental data to support out shift to blue and green economy; and
- (f) Institutionalize open data for independent and external research and studies.

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

- 2
- 3 (a) Conduct consultations, orientations, and capacity-building activities on the PENCAS
- 4 and its widest cascading and implementation in the entire bureaucracy, local
- 5 government units, the private sector, civil society, and other social institutions;
- 6
- 7 (b) Coordinate the conduct of studies and research in support of policy development related
- 8 to PENCAS;
- 9
- 10 (c) Formulate and update periodically indicators on economy-environment interactions,
- 11 and regenerative and sustainable development indices; and
- 12
- 13 (d) Provide technical services to (1) the development and budget coordination committee for
- 14 the integration of natural capital in macroeconomic planning and the allocation of the
- 15 national budget, (2) the investment coordination committee for the review and
- 16 evaluation of major infrastructure and development projects, in terms of sourcing of raw
- 17 materials and its attendant risks and costs, its social impact and economic benefits, and
- 18 (3) to task forces or special bodies, now existing and henceforth created, on the
- 19 environment.
- 20

21 **SEC. 11. *Role of Local Government Units.*** – Local government units shall endeavor to create

22 PENCAS accounts, according to the templates and guidelines provided for by the PSA and

23 DILG, and are encouraged to innovate and adopt measures and methods of resource valuation

24 and damage estimation according to their local contexts.

25

26 **SEC. 12. *PENCAS in the Educational System.*** – The Department of Education shall craft

27 modules in all levels and modalities of basic education to develop ecological consciousness,

28 environmental literacy, and social responsibility.

29

30 The Commission on Higher Education and the Professional Regulation Commission shall

31 likewise integrate ecological consciousness, environmental literacy, and social responsibility in

32 higher education and continuing professional education programs, and develop an

33 understanding of the impact of professions on the environment.

34

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

7
8 **SEC. 14. *Rights of Nature.*** – Nothing in this Act shall be construed to mean that nature has
9 no intrinsic value separate and distinct from its economic value, or that it loses pricelessness
10 through such valuation.

11
12 **SEC. 15. *Support to PENCAS Research and Data Management.*** – The Department of Budget
13 and Management shall give utmost consideration to the budgetary requirements for PENCAS
14 research and data management in preparing the National Expenditure Program, and ensure
15 that government spending supports sustainable development and does not compromise
16 ecological balance.

17
18 **SEC. 16. *Implementing Rules and Regulations.*** – The NEDA shall convene an inter-agency
19 working group, composed of the agencies enumerated under Sections 6 and 7 of this Act, to
20 craft the implementing rules and regulations of this Act within 120 days since the approval of
21 the same.

22
23 **SEC. 17. *Separability Clause.*** – If any provision of this Act or a portion thereof is declared
24 unconstitutional, the remainder of this Act or any provision not affected thereby shall remain
25 in full force and effect.

26
27 **SEC. 18. *Repealing Clause.*** – All laws, decrees, orders, rules and regulations or parts thereof
28 inconsistent with the provisions of this Act are hereby repealed or modified accordingly.

29
30 **SEC. 19. *Effectivity.*** – This Act shall take effect after fifteen (15) days from its publication in
31 the Official Gazette or in a newspaper of general circulation.

32
33 Approved,