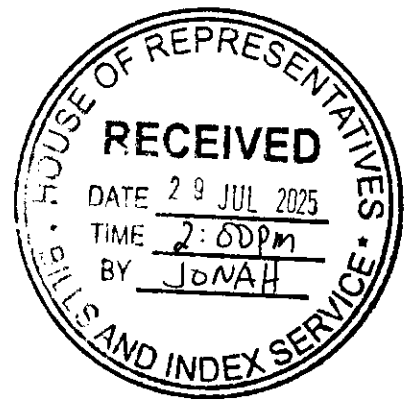


TWENTIETH CONGRESS OF THE)
REPUBLIC OF THE PHILIPPINES)
First Regular Session)



HOUSE OF REPRESENTATIVES

House Bill No. 2479

Introduced by Hon. Antonio B. Legarda, Jr.

AN ACT

ESTABLISHING A COMPREHENSIVE FRAMEWORK FOR CIRCULAR ECONOMY IN THE PHILIPPINES, PROVIDING MECHANISMS FOR WASTE MINIMIZATION, EXTENDED PRODUCER RESPONSIBILITY, CIRCULAR PROCUREMENT, AND COMMUNITY PARTICIPATION IN SUSTAINABLE RESOURCE USE

EXPLANATORY NOTE

The Philippines is facing a compounding resource and pollution crisis. Every day, the country generates an estimated 61,000 metric tons of solid waste—a total of over 21 million metric tons annually.¹ This includes an overwhelming number of plastic sachets (163 million), shopping bags (48 million), and thin-film bags (45 million) daily.² In 2019, the Philippines accounted for 36.38% of global ocean plastic leakage, the highest of any country.³

These figures expose not only the scale of our environmental challenges, but also the urgent need for systemic transformation in how we extract, use, and discard materials. The prevailing linear economy—take, make, dispose—is no longer viable. It depletes resources, worsens inequality, burdens local governments, and imposes massive environmental and economic costs.

¹ Retrieved on 07 July 2025, from Ernesto M. Pernia, *Waste management for renewable energy*, https://ppp.gov.ph/in_the_news/waste-management-for-renewable-energy/, <https://opinion.inquirer.net/157304/waste-management-for-renewable-energy>

² Retrieved on 07 July 2025, from Ateneo de Manila University – News, "Refill Revolution Returns Ateneo," <https://www.ateneo.edu/news/2025/03/11/refill-revolution-returns-ateneo>

³ Retrieved on 07 July 2025, from earth.org, "How Did the Philippines Become the World's Biggest Ocean Plastic Polluter?," <https://earth.org/philippines-plastic/>

An estimated 78% of the material value of plastics—nearly US\$890 million annually—is lost due to low recovery rates.⁴ Meanwhile, the economic cost of plastic pollution to the Philippines—factoring in impacts on health, tourism, and fisheries—is valued at over US\$1.2 billion per year.⁵

To reverse this trajectory, this bill proposes a comprehensive legal framework for a circular economy—one that keeps materials in use for as long as possible, regenerates natural systems, and redefines growth away from waste and pollution. Globally, this transition holds transformative potential. The UNDP estimates US\$4.5 trillion in global economic benefits by 2030 from circular models.⁶ The ILO forecasts up to 8 million new jobs worldwide,⁷ while Southeast Asia alone could generate 6.6 million circular economy jobs by 2030 with the right policies.⁸

While the Philippines has foundational policies in place—such as Republic Act No. 9003 (Ecological Solid Waste Management Act of 2000) and Republic Act No. 11898 (Extended Producer Responsibility Act of 2022)—implementation remains fragmented and inadequate. As of early 2025:

1. Only 11,625 Materials Recovery Facilities (MRFs) serve 42,011 barangays (just 27.7% coverage),
2. Only 237 sanitary landfills are operational for 1,634 LGUs,⁹ and

⁴ Retrieved on 07 July 2025, from World Bank, *Market Study for the Philippines: Plastics Circularity Opportunities and Barriers*, <https://www.worldbank.org/en/country/philippines/publication/market-study-for-philippines-plastics-circularity-opportunities-and-barriers-report-landing-page>

⁵ Retrieved on 07 July 2025, from Climate Impacts Tracker, *Plastic Pollution in the Philippines*, <https://www.climateimpactstracker.com/plastic-pollution-in-the-philippines/>

⁶ Retrieved on 07 July 2025, from UNDP Climate Promise, “Transitioning to a circular economy: The future we cannot afford to delay,” <https://climatepromise.undp.org/news-and-stories/transitioning-circular-economy-future-we-cannot-afford-delay>

⁷ Retrieved on 07 July 2025, from International Labour Organization, “Global South circular economy could generate millions of job opportunities,” <https://www.ilo.org/resource/news/global-south-circular-economy-could-generate-millions-job-opportunities>

⁸ Retrieved on 07 July 2025, from Xueling Lee, Chris Addy, Roger Thompson, and Rose Farah, *Promoting Equitable and Inclusive Green Job Growth in Southeast Asia*, The Bridgespan Group, <https://www.bridgespan.org/getmedia/9ab68ac6-6baa-47d6-a2c3-9f0dd3e786f5/promoting-equitable-inclusive-green-job-growth-in-southeast-asia-2023.pdf>

⁹ Retrieved on 07 July 2025, from Philippine Institute for Development Studies, “Waste management is a collective responsibility: contribute your share for a healthier environment,” <https://www.pids.gov.ph/details/news/in-the-news/waste-management-is-a-collective-responsibility-contribute-your-share-for-a-healthier-environment#:~:text=Despite%20the%20mandates%20of%20Republic,the%20financial%20and%20technical%20aspects.>

3. Waste segregation and EPR compliance remain weak, particularly for small and medium enterprises.

This bill addresses these gaps through a whole-of-government, whole-of-economy approach. Its key features include:

1. Philippine Circular Economy Roadmap - Anchored in measurable goals, transition pathways, and localization strategies.
2. Circular Economy Inter-Agency Council (CE-IAC) - Ensures cross-sectoral policy alignment across environment, finance, industry, and development agendas.
3. Circular Economy Incentive Code - Harmonizes fiscal and non-fiscal incentives with the Department of Finance and Board of Investments, supporting enterprises, cooperatives, LGUs, and circular innovation.
4. Innovation Sandboxes - Regulatory flexibility zones for real-world testing of circular models, such as refill/reuse platforms, reverse logistics, and biomaterials.
5. Local Circular Economy Action Plans - Embedded in Local Development Councils via advisory subcommittees, ensuring bottom-up implementation and community participation.
6. SUP Transition Mandate - Requires a national plan within one (1) year and a full five-year phase-out of non-recyclable, non-compostable single-use plastics, aligned with local capacity and industry readiness.

The bill also builds upon existing frameworks:

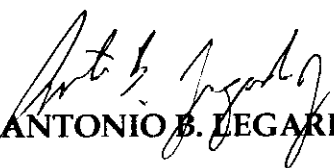
1. The Philippine Development Plan (PDP) 2023–2028 identifies circularity as key to inclusive and climate-resilient growth;
2. The National Climate Change Action Plan (NCCAP) cites circularity as a resilience measure; and
3. The Philippine Ecosystem and Natural Capital Accounting System (PENCAS) Act of 2024 provides the data infrastructure to track resource flows and inform adaptive strategies.

The circular transition is not just an environmental imperative—it is an economic opportunity and a social contract. It can reduce inequality, empower local

industries, and create resilient livelihoods – especially in sectors like recycling, repair, manufacturing, and sustainable packaging.

The Philippines can transform from one of the world’s leading plastic polluters into a regional pioneer in circular economy innovation. But to do so, we must act decisively – with coherence, ambition, and long-term vision.

In line with the policy espoused by its original proponent, Senator Loren Legarda, this bill is being introduced as a counterpart measure. In view of the foregoing, the immediate passage of this measure is earnestly sought.


HON. ANTONIO B. LEGARDA, JR.

TWENTIETH CONGRESS OF THE)
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AN ACT
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PROCUREMENT, AND COMMUNITY PARTICIPATION IN SUSTAINABLE
RESOURCE USE

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

1 Section 1. *Short Title.* – This Act shall be known as the “Philippine Circular
2 Economy Promotion Act.”

3 Sec. 2. *Declaration of Policy.* – It is the policy of the State to protect and advance
4 the right of the people to a balanced and healthful ecology in accord with the rhythm
5 and harmony of nature and promote sustainable development. In line with the 2030
6 Sustainable Development Agenda, the Philippines adopts the goals of making cities
7 and human settlements inclusive, resilient, and sustainable; ensuring sustainable
8 production and consumption patterns; taking urgent action to combat climate change
9 and its impacts; and restoring natural ecosystems, in line with national development
10 priorities and capacities.

11 Towards this end, the State shall prevent and reduce the impact of certain
12 plastic products, particularly marine litter, on the environment and human health, as
13 well as promote the transition to a circular economy with innovative and sustainable
14 business models, products, and materials.

15 Sec. 3. *Definition of Terms.* – For purposes of this Act, the following terms are
16 defined:

- 1 a) *Alternative delivery systems* shall refer to sustainable eco-friendly
2 apparatuses or processes for storing and dispensing different retail
3 items, goods, and consumer products;
- 4 b) *Assimilating capacity assessment* shall refer to an assessment of the
5 assimilative capacity of a certain ecosystem, which is the ability to
6 accommodate a particular activity or rate of an activity (usually
7 pertaining to waste and residuals-producing activities such as the
8 discharge of contaminants), without unacceptable impact;
- 9 c) *Biocapacity assessment* shall refer to an assessment of the biocapacity,
10 which is the ability of biologically productive ecosystems to provide the
11 resources and services used by humanity;
- 12 d) *Business enterprises* shall refer to establishments engaged in the
13 production, manufacturing, processing, repacking, assembly, or sale of
14 goods and/or services, including service-oriented enterprises. It shall
15 include self-employed or own-account workers, micro, small and
16 medium enterprises (MSMEs), and community-based business
17 enterprises;
- 18 e) *Capacity assessment* shall refer to the generic term for the following sub-
19 classifications: carrying capacity assessment, biocapacity assessment,
20 and assimilating capacity assessment. The assessments shall focus on
21 ecosystem and environment-related systems of interest;
- 22 f) *Carrying capacity assessment* shall refer to an assessment of the carrying
23 capacity of a certain ecosystem, which is the maximum number of
24 people, or individuals of a particular species, that a given area of the
25 environment can sustain without causing environmental, economic or
26 socio-cultural stress or damage;
- 27 g) *Circular economy* shall refer to a system approach wherein products are
28 designed for durability, reuse, and recyclability, and materials for new
29 products come from old products. It minimizes waste and maximizes
30 the use of natural resources;
- 31 h) *Collection* shall refer to the act of gathering and/or removal of solid
32 waste from a source or from a communal storage point and/or facility;

- 1 i) *Consumer* shall refer to a natural person who is a purchaser, lessee,
2 recipient or prospective purchaser, lessor or recipient of consumer
3 products, services or credit, pursuant to the defined terms under
4 Republic Act No. 7394 or the Consumer Act of the Philippines;
- 5 j) *Ecological footprint* shall refer to human demand/activity on the
6 biosphere, the extent to which the regenerative capacity of the planet is
7 being used by human activities, and related methods of assessing or
8 computing the same;
- 9 k) *Incentives* shall refer to incentives provided for under RA No. 9520
10 otherwise known as the Philippine Cooperative Code of 2008, RA No.
11 9178 otherwise known as the Barangay Micro-Business Enterprise Act
12 of 2002, RA No. 9501 otherwise known as the Magna Carta for Micro,
13 Small and Medium Enterprises, Executive Order No. 226 otherwise
14 known as the Omnibus Investment Code of 1987, RA No. 10771
15 otherwise known as the Green Jobs Act of 2016 or incentives as defined
16 by the local government unit through an ordinance specifically for the
17 purpose of this Act, where applicable;
- 18 l) *National Solid Waste Management Commission (NSWMC)* refers to the
19 inter-agency body created under RA No. 9003 responsible for solid
20 waste management policymaking, coordination, and oversight;
- 21 m) *Natural Capital Accounting and Valuation or Environment and Natural*
22 *Resource Accounting and Valuation* shall refer to a process that provides a
23 systematic way to measure and report on stocks and flows of natural
24 capital, recognizing the environment as an asset that must be
25 maintained and managed;
- 26 n) *Permaculture* shall refer to an innovative framework for creating
27 sustainable ways of living. It is a practical method of developing
28 ecologically harmonious, efficient, and productive systems. The
29 application of permaculture principles enables households,
30 communities, and businesses to creatively re-design their environment
31 with less energy and resources;

- 1 o) *Producer* shall also refer to a manufacturer which has been defined under
2 RA No. 7394 as “any person who manufactures, assembles, or processes
3 consumer products, except that if the goods are manufactured,
4 assembled or processed for another person who attaches his own brand
5 name to the consumer products, the latter shall be deemed the
6 manufacturer. In case of imported products, the manufacturer’s
7 representative or, in his absence, the importer, shall be deemed the
8 manufacturer”;
- 9 p) *Recovery or Resources recovery* shall refer to the collection, extraction or
10 recovery of recyclable materials from the waste stream for the purpose
11 of recycling, generating energy or producing a product suitable for
12 beneficial use;
- 13 q) *Recycling* shall refer to the treatment of used or waste materials through
14 a process of making them suitable for beneficial use and for other
15 purposes, and includes any process by which solid waste materials are
16 transformed into new products in such a manner that the original
17 product may lose their identity, and which may be used as raw materials
18 for the production of other goods or services;
- 19 r) *Single-use plastics* shall refer to plastic products which are not conceived,
20 designed and placed on the market to accomplish, within its life
21 span/cycle, multiple usage or rotations such as being returned to the
22 producer for refill or reused for the same purpose for which it was
23 conceived. These include, but are not limited to, items such as grocery
24 bags, food packaging films and bags, straws, stirrers, containers,
25 styrofoam/styros, cups, sachets and plastic cutlery;
- 26 s) *Sustainable Consumption and Production (SCP)* shall refer to the use of
27 services and related products, which respond to basic needs and bring a
28 better quality of life while minimizing the use of natural resources and
29 toxic materials as well as the emissions of waste and pollutants over the
30 life cycle of the service or product so as not to jeopardize the needs of
31 further generations; and

- 1 t) *Source reduction* refers to the reduction of solid waste before it enters the
2 solid waste stream by methods such as product design, materials
3 substitution, materials reuse, and packaging restrictions.

4 Sec. 4. *Scope.* – This Act shall apply to producers and consumers involved in
5 value chains of all goods, products, services, and processes contributing to the
6 Philippine economy, and to the mechanisms facilitating the policy, regulatory, and
7 advocacy measures to promote, implement, monitor, and evaluate the strategies on
8 circular economy, complementing thereby the goals and targets of sustainable
9 consumption and production.

10 The activities contemplated in this Act cover the interplay between the public
11 and private sectors, as well as national, subnational, regional, and global stakeholders,
12 taking into consideration the trajectories under the better normal or green recovery
13 directions consistent with the national economy and planet-people-nature nexus.

14 In pursuing the circular economy, the following value creation principles,
15 which underpin the transition from a value chain to a value circle perspective, shall
16 be adhered to:

- 17 a) The “inner circle” refers to minimizing comparative materials use vis-a-
18 vis the linear production system. The tighter the circle, i.e., the less a
19 product has to be changed in reuse, refurbishment, and
20 remanufacturing and the faster it returns to use, the higher the potential
21 savings on the shares of material, labor, energy, and capital still
22 embedded in the product, and the associated externalities (such as
23 greenhouse gas emissions, water, and toxicity);
- 24 b) The “circling longer” refers to maximizing the number of consecutive
25 cycles (be it repair, reuse, or full remanufacturing) and/or the time in
26 each cycle. Each prolonged cycle avoids the material, energy, and labor
27 of creating a new product or component;
- 28 c) The “cascaded use” refers to diversifying reuse across the value chain or
29 transforming materials across product categories to offset the need for
30 virgin material inputs;
- 31 d) The “pure inputs” postulates that uncontaminated material streams
32 increase collection and redistribution efficiency while maintaining

1 quality, particularly of technical materials, which in turn extends
2 product longevity and thus increases material productivity;

3 e) The utmost need to remove the use of toxic chemicals and hazardous
4 substances in the production of goods and products. The elimination of
5 toxicity in the production line will protect workers' health and
6 guarantee safe and clean recycling processes throughout the product's
7 lifecycle; and

8 f) All products are designed to avoid waste leakage into the oceans and
9 environment and must meet the guaranteed minimum number of
10 recycling cycles per material.

11 Sec. 5. *Product or Process Design.* – Any entity or individual engaging in the
12 design of process, equipment, product, and packing material shall, in accordance with
13 the requirements of reducing resource consumption and waste generation, give
14 priority to choosing designs and materials that are easy to be recovered, dismantled,
15 and degraded; non-toxic or of low toxicity, with minimal environmental and health
16 risks, in addition to complying with the mandatory requirements as prescribed in
17 relevant industry standards.

18 With respect to electric and electronic products that may pollute the
19 environment in the processes of dismantling and handling, toxic and harmful
20 substances as defined by law or treaty may not be used in the design. The design of
21 product packing shall be subject to standards for product packing to avoid wasting
22 resources and polluting the environment due to overpacking.

23 Sec. 6. *Innovation in Products and Services.* – Innovation contemplated in this Act
24 shall include the following, among others:

25 a) Mobile technology which enables universal and low-cost access to data
26 and applications and reduces the need for physical resources;

27 b) Machine-to-Machine (M2M) Communication used in factory control
28 systems and vehicle telematics, enabling critical mass to mainstream
29 M2M use as wireless network coverage expands worldwide;

30 c) Cloud Computing/Dematerialization, which enables the replacement of
31 "something physical" with a digital alternative, transforming data and
32 service industries;

- d) Social technology which reduces the cost of setting up sharing platforms by tapping into existing networks and facilitating consumer feedback;
- e) Big Data Analytics that, consistent with the circular economy, enables organizations to generate revenues from product use instead of sales;
- f) Modular Design Technology which revolutionizes product functionality and extends product lifecycles by allowing only defective parts to be replaced or repaired;
- g) Advanced Recycling Technology which enhances recycling efficiency and returns on circular economy investments;
- h) Life and Material Sciences Technology which creates circular material input options at scale and enables outputs to be reused as inputs;
- i) Trace and Return Systems which support circular business models by making product collection for reuse, repair, recovery, refurbishment, or recycling more cost-effective; and
- j) 3-D Printing which facilitates repair and creates opportunities for circular inputs that are biodegradable or infinitely recyclable.

Sec. 7. Role of National Government Agencies and Stakeholders. –

- a) The Department of Economy, Planning, and Development (DEPDev) shall formulate and regularly update the Philippine Action Plan for Sustainable Consumption and Production (PAP4SCP), which shall serve as the anchor plan for mainstreaming the circular economy in development activities and ensuring its contribution to sustainable development. DEPDev shall lead in the implementation of this Act; and
- b) The Department of Environment and Natural Resources (DENR) and Philippine Statistics Authority (PSA) shall formulate the National Natural Capital Accounting or Environment and Natural Resource Accounting and Capacity Assessment Plan (NCACAP). The Plan shall institutionalize a comprehensive system for accounting, valuing, and assessing the quality and integrity of the country's natural capital, and support policy, technical, technological, administrative, and market-based interventions.

1 The NCACAP shall enable the following programs and activities:

- 2 1. Development of localized methodology for accounting and
3 valuation of capital resources;
- 4 2. Development of implementing guidelines and methodology on
5 capacity assessments;
- 6 3. Development of standards and indicators for calculating
7 ecological footprints;
- 8 4. Development of circularity indicators and adequate metrics to
9 assess circular economy performance;
- 10 5. Development of guidelines on damage compensation;
- 11 6. Design of finance modalities for payment for ecosystem services
12 (PES) and user-fee systems;
- 13 7. Implementation of natural capital accounting and capacity
14 assessment interventions;
- 15 8. Conduct of ecosystem loss and damage valuations;
- 16 9. Development of data transparency arrangements and reporting
17 systems; and
- 18 10. Development of ICT infrastructure/platforms to support NCA
19 and capacity assessment programs.

20 The DENR and PSA shall lead the formulation and implementation of
21 the NCACAP within one (1) year from the effectivity of this Act, in
22 consultation with concerned agencies including DICT, DEPDev,
23 Department of Finance (DOF), Department of Agriculture (DA), Office
24 of Civil Defense (OCD), Climate Change Commission (CCC), and
25 relevant stakeholders.

- 26 c) The DOF shall identify incentives and market interventions to
27 mainstream circular economy principles, in line with harmonized
28 incentives under existing laws;
- 29 d) The DTI, in coordination with the Department of the Interior and Local
30 Government (DILG), shall lead in developing standards for circular
31 economy product or process design; and

1 e) Non-government organizations, civil society organizations, and
2 academe working in marine ecosystems, healthcare, forest conservation,
3 mining, and sustainable agriculture shall be consulted by DEPDev,
4 DENR, and PSA in the formulation of PAP4SCP and NCACAP.

5 The implementation of the NCACAP under this Act shall be aligned with the
6 standards, institutional arrangements, and reporting mechanisms established under
7 Republic Act No. 11995 or the PENCAS Act. All relevant data, indicators, and
8 ecosystem accounts shall be consistent with those generated by the Philippine
9 Statistics Authority pursuant to the PENCAS Act.

10 Sec. 8. *Creation of the Circular Economy Inter-Agency Council.* — There is hereby
11 created a Circular Economy Inter-Agency Council (CE-IAC) to serve as the primary
12 coordinating and oversight body for the implementation of this Act. It shall harmonize
13 strategies, resolve conflicts among implementing agencies, monitor compliance, and
14 ensure alignment with national development goals.

15 The CE-IAC shall be composed of the following:

- 16 1) Chairperson: Secretary of DEPDev
- 17 2) Co-Chairs: Secretaries of the DENR, DTI, and DOF
- 18 3) Members:
 - 19 a) DOST
 - 20 b) DA
 - 21 c) DepEd
 - 22 d) TESDA
 - 23 e) DILG
 - 24 f) DICT
 - 25 g) CCC
 - 26 h) NSWMC
 - 27 i) PSA
 - 28 j) OCD
 - 29 k) Two (2) representatives from the private sector, to be appointed
30 by the Council

1 l) Two (2) representatives from civil society organizations (CSOs)
2 working on sustainable development, ecological governance, or
3 waste management

4 m) One (1) representative from local government units (LGUs),
5 nominated through the League of Provinces of the Philippines

6 The CE-IAC shall meet at least bi-annually and may convene special sessions
7 as necessary. It may create technical working groups (TWGs) or task forces to carry
8 out specific functions, including monitoring, technical assessments, or conflict
9 resolution.

10 The CE-IAC shall be supported by the Economic Development Committee of
11 the DEPDev as its permanent Secretariat, which shall coordinate documentation,
12 stakeholder engagement, and inter-agency follow-through.

13 The CE-IAC shall submit an annual Circular Economy Progress Report to the
14 President and to both Houses of Congress, through the Committee on Sustainable
15 Development Goals, Innovation, and Futures Thinking of the Senate and the
16 Committee on Ecology of the House of Representatives. The report shall include: (a)
17 updates on implementation milestones, (b) metrics on waste reduction and circularity
18 performance, (c) identified challenges, and (d) policy and legislative
19 recommendations to further advance the goals of this Act.

20 *Sec. 9. Single-use Plastic Phase-Out and Extended Producer Responsibility Measures*
21 - The phase-out of single-use plastics (SUPs) by business enterprises shall take full
22 effect five (5) years after the effectivity of this Act.

23 A transition plan shall be formulated within one (1) year after the effectivity of
24 this Act, led by the DENR through the NSWMC, in coordination with DTI, DOST,
25 DILG, DOF, DOLE, DEPDev, CCC, and other stakeholders.

26 The phase-out and transition plan shall include:

- 27 a. SUP Production and Consumption Reduction Program;
- 28 b. Extended Producer Responsibility Schemes;
- 29 c. Greener Plastic Product Standards;
- 30 d. R&D for Alternatives to SUP Products;
- 31 e. Regulatory Instruments and Incentives for Producers and Consumers;
- 32 f. Collection, Recovery, and Recycling Plan;

- g. Just Transition Plan for displaced workers;
- h. Support to businesses adopting zero-waste and sustainable delivery systems;
- i. Awareness-raising and Information, Education, and Communication (IEC) strategies.

The Plan shall adopt a phased approach considering economic ripple effects, business model shifts, and worker livelihood transitions.

Sec. 10. *Circular Public Procurement Program.* – All government agencies shall establish Circular Public Procurement Programs incorporating circular economy standards and set annual targets. Submissions to the Government Procurement Policy Board (GPPB) are due six (6) months from the effectivity of this Act. The GPPB shall submit annual compliance reports to Congress.

The GPPB, in coordination with the Department of Budget and Management (DBM), Department of Trade and Industry (DTI), and Commission on Audit (COA), shall issue guidelines within thirty (30) days of effectivity to promote sustainable government procurement. It shall also lead capacity-building for circular procurement professionals.

The Public-Private Partnership Center and DTI's Bureau of Product Standards shall ensure vital infrastructure procurement and product sales comply with this Act.

LGUs shall also integrate circular economy criteria in their procurement planning and may adopt localized Circular Public Procurement Programs aligned with national guidelines, subject to capacity-building support from the DILG and GPPB.

Sec. 11. *Integration of Permaculture Principles and Practices.* – NGAs, GOCCs, SUCs, and LGUs shall integrate permaculture into programs, services, and operations.

The DepEd shall integrate permaculture education into the K-12 curriculum, covering agrobiodiversity, sustainable mobility, seed saving, food gardens, and ecological waste management.

The DILG-Local Government Academy shall develop training for LGUs on permaculture.

TESDA shall offer permaculture-related skills and entrepreneurship training.

1 Permaculture integration shall be monitored as part of circularity indicators
2 under the Circular Economy Monitoring and Accountability Framework (CEMAF).

3 *Sec. 12. Local Circular Economy Action Plans and Incentives for Local Government*
4 *Units.* - All provinces, cities, and municipalities shall prepare and implement a Local
5 Circular Economy Action Plan (LCEAP) within two (2) years from the effectivity of
6 this Act. These plans shall be aligned with the PAP4SCP and shall include, at a
7 minimum:

- 8 1. Targets and timelines for waste reduction, reuse, and circular business
9 models;
- 10 2. Local ordinances supporting circular practices and the phase-out of
11 single-use plastics;
- 12 3. Partnerships with communities, MSMEs, cooperatives, and civil society;
13 and
- 14 4. Integration into the Local Development Plan and Annual Investment
15 Program (AIP).

16 The DILG, in coordination with DEPDev, DENR, and DTI, shall provide
17 capacity-building programs to assist LGUs in formulating and implementing their
18 LCEAPs. LGUs that demonstrate measurable outcomes in implementing their
19 LCEAPs may access the following incentives:

- 20 1. Priority access to circular economy project funding from the General
21 Appropriations Act and the Circular Economy Implementation Fund
22 (CEIF);
- 23 2. Eligibility for performance-based grants or awards from DILG and
24 DBM;
- 25 3. Technical and logistical support for scaling up high-impact circular
26 initiatives.

27 The DILG shall jointly monitor LGU compliance and performance, with annual
28 reporting to the CE-IAC.

29 *Sec. 13. Incentives and Rewards for the Public Sector.* - The DBM, with relevant
30 agencies, shall implement an incentives system for NGAs, GOCCs, SUCs, and LGUs
31 choosing circular economy standards. Up to 25% of savings from such measures may
32 be used for additional performance incentives.

1 Sec. 14. *Capacity-building for Government and Sectors.* – Government agencies
2 shall promote and invest in capacity building to implement circular economy
3 programs. DOLE, TESDA, DICT, and DENR shall provide technical assistance to their
4 sectors.

5 Sec. 15. *Strategic Communications Plan.* – The PIA shall lead the creation and
6 implementation of a strategic communications plan for sustainable consumption and
7 production, aligned with RA No. 9512 (National Environmental Awareness and
8 Education Act of 2008).

9 Sec. 16. *Mainstreaming Circular Economy in the National Budget.* – The DBM shall
10 align the annual national budget with circular economy goals and sustainable
11 production and consumption practices.

12 Sec. 17. *Monitoring and Evaluation Framework.* – To ensure effective
13 implementation, transparency, and continuous improvement of this Act, the
14 following shall be undertaken:

15 a) The DEPDev, in coordination with the PSA, shall develop and maintain
16 a Circular Economy Monitoring and Accountability Framework
17 (CEMAF). This framework shall:

- 18 1. Establish key performance indicators (KPIs) for circularity, waste
19 reduction, resource use, and innovation uptake;
- 20 2. Establish standardized protocols for data collection and
21 submission for all implementing agencies and LGUs;
- 22 3. Provide for independent data verification, audits, and third-party
23 assessments;
- 24 4. Align with the PAP4SCP, Natural Capital Accounting plans, and
25 SDG indicators.

26 b) All implementing agencies and LGUs shall submit annual progress
27 reports to DEPDev and PSA, based on prescribed templates and metrics
28 under the CEMAF.

29 Results from the CEMAF shall be used to inform national and local planning,
30 investment prioritization, and performance-based budgeting.

1 Sec. 18. *Citizen Participation and Community Engagement.* - To ensure broad
2 public involvement in the implementation of this Act, the following shall be
3 undertaken:

- 4 (a) Local Circular Economy Advisory Committees shall be established by
5 all provinces, cities, and municipalities, composed of representatives
6 from civil society, community organizations, and key local sectors.
7 These Committees shall assist in planning, monitoring, and
8 recommending programs under the Local Circular Economy Action
9 Plans.

10 The Local Circular Economy Advisory Committee may be
11 constituted as a functional sub-committee or technical working group
12 under the Local Development Council, Local Special Bodies, or similar
13 mechanisms established by the LGU, to streamline implementation and
14 avoid redundancy;

- 15 (b) The CE-IAC, in coordination with the DILG, shall convene annual multi-
16 stakeholder consultations to gather public input and review progress on
17 national circular economy programs;

- 18 (c) LGUs shall integrate circular economy initiatives in their Annual
19 Investment Plans through participatory planning and budgeting
20 processes; and

- 21 (d) A public feedback mechanism, including an online portal, shall be
22 developed by the CE-IAC to enable citizens to suggest solutions, report
23 violations, and access information related to this Act.

24 Sec. 19. *Circular Economy Implementation Fund.* - To support the
25 implementation of this Act, particularly the operations of the CE-IAC and its technical
26 working groups, a Circular Economy Implementation Fund (CEIF) is hereby
27 established.

28 The Fund shall be administered by the DEPDev and sourced from the
29 following:

- 30 a. Agency savings allocated for environmental, innovation, or
31 sustainability programs;

- 1 b. Appropriations under the annual General Appropriations Act (GAA)
2 for DEPDev and CE-IAC member agencies;
- 3 c. A portion of proceeds from Extended Producer Responsibility (EPR)
4 schemes, as may be determined in the Implementing Rules and
5 Regulations (IRR);
- 6 d. Official development assistance, climate finance instruments, and
7 donations from domestic or international sources.

8 The CEIF shall be used to support capacity-building programs, technical
9 working groups, monitoring and evaluation systems, circular innovation pilots,
10 stakeholder consultations, and other operational or implementation needs as
11 determined by the CE-IAC.

12 Sec. 20. *Appropriations.* – The initial implementation of this Act shall be funded
13 from the current budgets of concerned agencies.

14 Thereafter, the necessary funds for the operations of the CE-IAC and the
15 Circular Economy Implementation Fund (CEIF) shall be included in the annual
16 General Appropriations Act.

17 Not less than three percent (3%) of the total appropriations for the
18 implementation of this Act shall be allocated exclusively for monitoring and
19 evaluation (M&E) activities, including the development and operation of the CEMAF,
20 third-party audits, and data reporting systems.

21 Sec. 21. *Implementing Rules and Regulations.* – The Implementing Rules and
22 Regulations of this Act shall be drafted jointly by DEPDev, DENR, DTI, DOF and the
23 CE-IAC. It shall ensure that all member agencies, private sector representatives, civil
24 society organizations, and LGU networks are adequately consulted during the IRR
25 development process. The IRR shall include operational details for multi-agency
26 coordination, funding mechanisms, reporting standards, and monitoring systems in
27 support of this Act. The IRR shall be issued within one hundred twenty (120) days
28 from the effectivity of this Act

29 Sec. 22. *Enforcement and Penalties.* – To ensure compliance with this Act, the
30 following shall apply:

31 Any producer, retailer, importer, service provider, or other covered entity that
32 fails to comply with the requirements of this Act, including the submission of

1 transition plans, adherence to single-use plastic phase-out schedules, or circular
2 procurement rules, may face the following:

- 3 1. Written warnings and compliance orders;
- 4 2. Fines ranging from ₱50,000 to ₱500,000, based on a matrix of severity,
5 frequency, environmental impact, and economic benefit from non-
6 compliance, as defined in the IRR;
- 7 3. Suspension or cancellation of business permits or relevant licenses;
- 8 4. Disqualification from government incentives and procurement programs;
- 9 5. Escalating penalties for repeat or willful violations.

10 Violations may be detected through the CEMAF, third-party audits, or public
11 feedback mechanisms established under this Act. Affected entities may appeal such
12 penalties through a grievance mechanism to be established in the Implementing Rules
13 and Regulations (IRR), consistent with due process requirements

14 LGUs that fail to prepare or implement their LCEAPs within the prescribed
15 period may face administrative sanctions from the DILG, including the suspension of
16 budget support or exclusion from performance-based circular economy incentives,
17 subject to due process.

18 The CE-IAC, in coordination with concerned agencies, shall issue detailed rules
19 on enforcement, appeals, and penalties within ninety (90) days from the effectivity of
20 this Act.

21 *Sec. 23. Circular Economy Regulatory Sandbox.* - To encourage innovation and
22 support the development of new business models, technologies, and systems aligned
23 with circular economy principles, a Circular Economy Regulatory Sandbox Program
24 is hereby established.

25 The sandbox shall provide a controlled environment for eligible participants to
26 test circular solutions—such as sustainable packaging, waste-to-resource platforms,
27 reverse logistics, and modular product systems—under temporary regulatory
28 relaxations or exemptions.

29 The DTI and DEPDev shall issue the implementing guidelines for the sandbox
30 within six (6) months from the effectivity of the Implementing Rules and Regulations
31 (IRR), including:

- 32 (a) Application procedures and eligibility requirements;

- (b) Criteria for sandbox participation, including environmental, economic, or social benefit;
- (c) Incentives for sandbox participants, which may include technical assistance, regulatory exemptions, fiscal or non-fiscal support, or access to pilot funding under the Circular Economy Implementation Fund (CEIF);
- (d) Mechanisms for periodic monitoring, reporting, and evaluation of sandbox initiatives;
- (e) Procedures for scaling and integrating successful sandbox outcomes into formal policy or regulation; and
- (f) A grievance and appeals mechanism for rejected or disqualified applications.

Sandbox participation shall be granted for a period of up to two (2) years, subject to periodic review. Participants must:

1. Demonstrate potential environmental, social, or economic benefit;
2. Submit monitoring data and implementation reports;
3. Comply with safety, health, and consumer protection laws.

Upon successful completion, sandbox innovations may be recommended for wider adoption, supported by formal regulatory integration, incentives, or funding under this Act or related programs.

Sec. 24. Phased Implementation. – The implementation of this Act shall be carried out in phases, as shall be defined in the Implementing Rules and Regulations (IRR), taking into account the readiness of sectors, availability and maturity of technologies, institutional and administrative capacities, and the outcomes of circular economy pilot programs, including those implemented under the regulatory sandbox mechanism.

The phased implementation schedule in the IRR shall include clear milestones, transition pathways, and indicative timelines for government agencies, LGUs, business sectors, and other stakeholders, ensuring a just and practical transition toward a circular economy.

The IRR may provide differentiated compliance periods for specific industries or local government units, particularly those in resource-constrained, geographically

isolated, or climate-vulnerable areas, provided that such differentiation shall not prejudice the attainment of national targets under this Act.

All phases shall be aligned with the PAP4SCP, the National Circular Economy Roadmap, the National Climate Change Action Plan, and the Philippine Development Plan or its successor frameworks.

The phased implementation schedule shall include, among others, the five-year transition to single-use plastic (SUP) phase-out as outlined in Section 9 of this Act.

Sec. 25. *Circular Economy Incentive Code.* – To support the transition to a circular economy, the CE-IAC, in coordination with the DOF, DTI, and other concerned agencies, shall develop a Circular Economy Incentive Code as part of the IRR of this Act.

The Incentive Code shall identify and harmonize existing fiscal and non-fiscal incentives under current laws, regulations, and programs, and provide guidelines for their effective application to circular economy enterprises, LGUs, cooperatives, startups, and innovators. It shall establish criteria for eligibility, priority sectors and technologies, application procedures, and performance monitoring mechanisms. The Incentive Code shall also include provisions for regular review, update, and rationalization of incentive instruments to ensure continued relevance and impact.

The CE-IAC shall serve as the primary harmonization and evaluation body to ensure that all incentive mechanisms under this Act are aligned with national development goals, sustainable fiscal policies, and the key performance indicators established under the CEMAF. The DOF, in coordination with the Board of Investments (BOI), shall be responsible for the technical design, cost-benefit assessment, and implementation of fiscal and non-fiscal incentives under the Circular Economy Incentive Code. All incentive proposals shall be reviewed and endorsed by the CE-IAC prior to approval to ensure policy coherence and alignment with circular economy principles.

Sec. 26. *Circular Innovation Hub.* – To accelerate the development and adoption of circular economy solutions, a Circular Innovation Hub shall be established under the DOST, in coordination with the DICT, DTI, and the DEPDev.

The Hub shall serve as a platform for supporting research, development, and innovation in circular design, materials recovery, waste reduction technologies, and

1 circular business models. It shall operate in partnership with higher education
2 institutions (HEIs), startups, MSMEs, and local governments.

3 The IRR shall define the structure, funding sources, and operational guidelines
4 of the Hub, including pilot programs, grant support, and collaborative research
5 initiatives.

6 Sec. 27. *Repealing Clause.* - All laws, decrees, executive orders, rules, and
7 regulations or parts thereof inconsistent with this Act are hereby repealed, amended,
8 or modified accordingly.

9 Sec. 28. *Separability Clause.* - If any provision of this Act is declared
10 unconstitutional, the rest shall remain valid and effective.

11 Sec. 29. *Effectivity.* - This Act shall take effect fifteen (15) days after full
12 publication in the *Official Gazette* or in two (2) newspapers of general circulation.

Approved,