



HOUSE OF REPRESENTATIVES

H. No. 8443

BY REPRESENTATIVES BARZAGA, CO (E.), DALIPE, BENITEZ, LEGARDA, VILLAFUERTE (L.R.), VILLAFUERTE (M.L.), HORIBATA, YAMSUAN, VILLANUEVA, ROMUALDO, REGENCIA, AMATONG, BORDADO, HAGEDORN, TULFO (R.W.), MANGAOANG, OLIVAREZ, GARCIA (D.), ALBA, SUAN, PLEYTO, ESPARES, MANQUIZ, PASCUAL, ZUBIRI, FLORES, RAMA, RECTO, RIVERA, QUIMBO, PALMA, DAZA, COLADA, VIOLAGO, NAVA, ZAMORA (M.C.), DUJALI, ESPINA, LIMKAICHONG, CAMPOS, DEL MAR, VARGAS-ALFONSO, CAJAYON-UY, CARI, CUARESMA, CABREDO, CUA, BONGALON, ARENAS, FUENTEBELLA, YAP (ERIC), BERNOS, VERGARA, ADVINCULA, GARDIOLA, PANCHO, BASCUG, PLAZA, TAN (J.), SALI, CRUZ (R.), CRUZ (A.), BALINDONG, EUDELA, ANG, TULFO (J.), CARDEMA, VERZOSA, CHATTO, FORTES, FRESNEDI, DIONISIO, TALLADO, YAP (C.), HERNANDEZ, ABALOS, BOSITA, MARCOLETA, ROQUE AND TAMBUNTING, PER COMMITTEE REPORT NO. 641

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 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 (RA)
7 No. 10625, otherwise known as the "Philippine Statistical Act of 2013",
8 which mandates the compilation of national accounts, including
9 environmental accounts, 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) *Ecosystem accounting* refers to a coherent framework for integrating
30 measures of ecosystems and flows of services from them with measures of
31 economic and other human activity;
- 32 (c) *Ecosystem services* refer to the benefits supplied by the functions of
33 ecosystems and received by humanity;

1 (d) *Natural capital* refers to the stock of renewable and non-renewable
2 resources, including plants, animals, air, water, soils, and minerals, that
3 provide a flow of benefits to people. It also includes ecosystem services such
4 as air and water filtration, flood protection, carbon sequestration,
5 pollination of crops, and habitats for wildlife;

6 (e) *Natural Capital Accounting (NCA)* refers to an accounting framework that
7 provides a systematic way of measuring and reporting on stocks and flows
8 of natural capital. NCA covers accounting for individual environmental
9 assets or natural resources, both biotic and abiotic such as water, minerals,
10 energy, timber, and fish, as well as accounting for ecosystem assets,
11 biodiversity, and ecosystem services; and

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

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

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

26 **SEC. 5. *Objectives of the PENCAS.*** – The PENCAS shall have the
27 following major objectives:

28 (a) Establish a system for the collection, compilation, and development of
29 natural capital accounts in the government as a tool for development
30 planning and programming, policy analysis, and decision-making;

31 (b) Serve as a comprehensive data framework in the generation of natural
32 capital statistics and accounts towards their progressive integration in
33 macroeconomic indicators; and

- 1 (c) Provide tools and measures that contribute to the protection, conservation,
2 and restoration of ecosystems.

3 **SEC. 6. *Institutional Arrangement for the Implementation of***
4 ***PENCAS.*** – To ensure the effective implementation of PENCAS, the following
5 bodies shall be tapped:

6 (a) The Philippine Statistics Authority (PSA) Board shall oversee the
7 implementation of PENCAS.

8 (b) The Interagency Committee on Environment and Natural Resources
9 Statistics (IACENRS), established under Section 10 of RA 10625, shall
10 assist the PSA in addressing agency and sectoral concerns that may arise
11 in the development of the natural capital accounts, particularly on the
12 (i) techniques and methodologies in generating ENR statistics, (ii) areas of
13 duplication, discrepancies, and gaps, and (iii) workable schemes for the
14 improvement of data systems of accounts including production,
15 dissemination and archiving of data and information.

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

22 (c) A Technical Working Group (TWG) on NCA shall be established under the
23 IACENRS. The TWG shall consist of the PSA as lead accounts compiler,
24 Department of Environment and Natural Resources (DENR) as main data
25 producer, and the National Economic and Development Authority (NEDA).
26 The PSA shall serve as chair and shall provide secretariat support to the
27 TWG. The TWG shall perform the following roles and responsibilities:

28 (i) Provide immediate support to achieve the priority activities across
29 all components of the NCA Roadmap such as securing budgetary or
30 financial and technical support and collaborating with development
31 partners for project preparation and implementation;

32 (ii) Serve as a forum for discussion and resolution of issues and concerns
33 in the compilation, processing, and dissemination of natural capital

1 and ecosystem statistics and accounts and other related indicators in
2 terms of accuracy, completeness, timeliness, and relevance;

3 (iii) Review and recommend enhancements on the concepts, techniques,
4 and methodologies used in the collection, processing, and reporting
5 of natural capital and ecosystem statistics and accounts to ensure
6 conformity with the prescribed statistical standards and
7 classification system;

8 (iv) Identify and recommend statistical measures, strategies, and policies
9 for the improvement of natural capital and ecosystem statistics and
10 accounts to IACENRS;

11 (v) Recommend improvements in the methodology of compiling natural
12 capital and ecosystem statistics and accounts and formulate
13 measures to ensure that the data requirements of the same are being
14 generated and addressed by all concerned agencies;

15 (vi) Prioritize outputs that will address the more urgent statistical
16 requirements in the Philippine Statistical Development Program,
17 including those required to monitor and measure the
18 accomplishment of relevant chapters of the Philippine Development
19 Plan and its Results Matrices; and

20 (vii) Update the PSA Board and the IACENRS on developments in
21 natural capital and ecosystem statistics and accounts.

22 **SEC. 7. *Specific Functions of National and Local Governments on***
23 ***PENCAS.*** – The following agencies shall have the following specific roles and
24 responsibilities in the implementation of this Act:

25 (a) The PSA shall have the overall responsibility for the institutionalization
26 and progressive implementation of PENCAS following the SEEA
27 framework. It shall develop and maintain the compilation of natural capital
28 accounts as well as the environmental and ecosystem accounts at the
29 national and, as necessary, at the sub-national levels. It shall coordinate
30 with and provide technical support to interagency committees, task forces,
31 technical working groups, national government agencies, and local
32 government units (LGUs), in the generation, compilation, and use of
33 environmental accounts, statistics, and indicators. In coordination with

1 the concerned agencies, it shall designate the required environment
2 and economic statistics in the agencies and bureaus responsible for
3 generating data.

4 The PSA may create positions as may be necessary for the
5 implementation of this Act subject to the evaluation and approval of the
6 Department of Budget and Management and in compliance with the civil
7 service laws, rules, regulations and guidelines.

8 (b) The DENR shall be responsible for providing NCA data to PSA. The DENR
9 shall ensure the participation of its concerned offices, bureaus and
10 attached agencies. It shall spearhead the setting up of site-specific
11 ecosystem accounts.

12 The DENR, in line with its mandate, shall continue to uphold and
13 convey that the natural environment and biodiversity and the multitude of
14 ecosystem services that nature provides are opportunities, benefits or assets
15 as opposed to being merely a backdrop to absorb impacts. It shall
16 communicate and instill to all stakeholders the importance of the valuation
17 of ecosystems services and their benefits to people. The DENR shall ensure
18 the wide availability of tools, methods and skills that can support the
19 consideration of ecosystem services and ensure the inclusion of such in the
20 development of the implementing rules and regulations (IRR), further
21 including in such rules accounting for activities that may degrade
22 natural capital.

23 To perform the foregoing functions, the DENR shall be strengthened
24 through the creation of new plantilla positions, subject to existing laws,
25 rules and regulations.

26 (c) The NEDA shall ensure that NCA is included in the government's priorities
27 based on the usefulness of the accounts in policy analysis, development
28 planning, and investment programming. It shall provide strategic guidance
29 on improving uptake on policy use and application, enhancing institutional
30 capacity, and raising awareness and transparency of NCA work.

31 (d) The Department of the Interior and Local Government (DILG) shall
32 consolidate and submit local government data and statistics to PSA and

1 DENR. It shall ensure that LGUs utilize and mainstream NCA into their
2 local policies, plans, and programs.

3 (e) The Department of Education (DepEd) shall craft modules in all levels and
4 modalities of basic education to develop ecological consciousness,
5 environmental literacy, and social responsibility.

6 (f) The Commission on Higher Education (CHED) and state universities and
7 colleges (SUCs) shall integrate ecological consciousness, environmental
8 literacy, and social responsibility in higher education curricula.

9 (g) The Professional Regulation Commission (PRC) shall incorporate NCA
10 concepts in the continuing professional education programs and develop the
11 understanding of the impact of different professions on the environment.

12 (h) The Department of Finance (DOF) shall integrate NCA considerations into
13 fiscal policies and regulations, and develop incentive mechanisms that will
14 drive NCA investments.

15 **SEC. 8. *Involvement of Other Stakeholders.*** – The TWG on NCA shall
16 involve other relevant agencies, private sector, and nongovernment organizations
17 in the implementation of PENCAS, particularly on the generation and provision
18 of NCA data as well as the use of natural capital and ecosystem accounts.

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

23 Any citizen shall have the right to information on any account generated
24 under this Act, to have the standing to compel the performance of any of the
25 mandates under this Act, and to seek justification from any government
26 agency that may have ignored or neglected PENCAS data in their policy or
27 decision-making. Major PENCAS accounts, results on nature's wealth and the
28 economic value of ecosystem services shall be released along with all releases of
29 national economic data, such as Gross National Income (GNI), Gross Domestic
30 Product (GDP), and other often-released measures of the state of the country's
31 economic health and highlight the contribution of resources and ecosystems to the
32 economy, incomes and employment.

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

4 **SEC. 11.** All development projects involving PENCAS, which are proposed
5 to be undertaken by the national government, national government agencies,
6 government-owned and -controlled corporations, LGUs, and private investors,
7 shall commence only upon prior approval by the NEDA in the implementation of
8 this Act. Any such project which commences without the approval of NEDA shall
9 be enjoined until after such approval is obtained.

10 **SEC. 12. *Appropriations.*** – The amount necessary for the implementation
11 of this Act shall be included in the annual General Appropriations Act.

12 **SEC. 13. *Implementing Rules and Regulations.*** – Within one (1) year
13 from the effectivity of this Act, the PSA shall constitute an interagency working
14 group, composed of the agencies and offices enumerated under Sections 6 and 7 of
15 this Act, to issue the rules and regulations necessary for the effective
16 implementation of this Act.

17 The relevant agencies shall integrate internationally recognized best
18 practices and methodologies as they execute and implement this Act and its rules
19 and regulations, ensuring the progressive integration of the SEEA.

20 **SEC. 14. *Separability Clause.*** – If any provision of this Act is declared
21 unconstitutional or otherwise invalid, the validity of the other provisions shall not
22 be affected thereby.

23 **SEC. 15. *Repealing Clause.*** – All other laws, decrees, orders, rules and
24 regulations, other issuances, or parts thereof inconsistent with the provisions of
25 this Act are hereby repealed or modified accordingly.

26 **SEC. 16. *Effectivity.*** – This Act shall take effect fifteen (15) days after its
27 publication in the *Official Gazette* or in a newspaper of general circulation.

Approved,