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REPUBLIC OF THE PHILIPPINES)
First Regular Session)



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SENATE

S. No. 621

RECEIVED BY: _____

Introduced by Senator Loren B. Legarda

**AN ACT
TO PROMOTE A CIRCULAR ECONOMY**

EXPLANATORY NOTE

Amid the multiple climate change shocks and the COVID-19 pandemic, the country is facing unprecedented challenges to achieve resilience and meet the 2030 Sustainable Development Agenda. The pandemic caused socio-economic stresses which impinge on the sustainable development goals.

Akin to the climate crisis, the COVID-19 pandemic not only exposed the vulnerability of economies and communities but also brought out opportunities for a green recovery through the adoption of a sustainable, inclusive, resilient, low-carbon, low-polluting, nature-positive, and circular economy-based pathway for society, one that can withstand future shocks coming from climate change, natural and manmade disasters, and other global challenges¹. Our economy must leapfrog to a cleaner future, merging environmental sustainability with the long-time objective of socio-economic development without following the trajectories of developed countries that resulted in massive environmental degradation.

Toward this goal, the principles and strategies of circular economy and sustainable consumption and production (SCP) serve as guideposts for policy and

¹GEF's Response to COVID-19, 16 May 2020.

decision-makers. A circular economy implies using and reusing resources already in the economy more efficiently to minimize losses and rely less on extracting natural resources.

The National Economic and Development Authority (NEDA) is developing the National Action Plan for SCP, with the goal for Filipinos to “produce and consume green goods and services to accelerate the shift towards sustainable and climate-smart practices and lifestyles” and the expected outcome of internalized and integrated social and environmental impacts of economic activities in the market system.

This bill seeks to pave the way for the development of green markets by instituting measures that promote the circular economy, sustainable consumption, and production by improving reuse, recycling, and reducing plastic consumption; promote the use of permaculture as a design tool for urban and rural development; and foster a just, inclusive, and sustainable green recovery from the pandemic.

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

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




LOREN LEGARDA

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**AN ACT
TO PROMOTE A CIRCULAR ECONOMY**

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

1 Section 1. *Title.* – This Act shall be known as the “Philippine Circular Economy
2 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
9 change and its impacts, and restoring natural ecosystems, in line with national
10 development priorities and capacities. Towards this end, the State shall prevent and
11 reduce the impact of certain plastic products, particularly marine litter, on the
12 environment, and human health, as well as promote the transition to a circular
13 economy with innovative and sustainable business models, products, and materials.

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

16 a) *Alternative delivery systems* shall refer to sustainable eco-friendly
17 apparatuses or processes for storing and dispensing different retail items,
18 goods, and consumer products;

- 1 b) *Assimilating capacity assessment* shall refer to an assessment of the
2 assimilative capacity of a certain ecosystem, which is the ability to
3 accommodate a particular activity or rate of an activity (usually pertaining
4 to waste and residuals-producing activities such as the discharge of
5 contaminants), without unacceptable impact;
- 6 c) *Biocapacity assessment* shall refer to an assessment of the biocapacity which
7 is the ability of biologically productive ecosystems to provide the resources
8 and services used by humanity;
- 9 d) *Business enterprises* shall refer to establishments engaged in the production,
10 manufacturing, processing, repacking, assembly, or sale of goods and/or
11 services, including service-oriented enterprises. It shall include self-
12 employed or own-account workers, micro, small and medium enterprises
13 (MSMEs) and community-based business enterprises;
- 14 e) *Capacity assessment* shall refer to the generic term for the following sub-
15 classifications: carrying capacity assessment, biocapacity assessment and
16 assimilating capacity assessment. The assessments shall focus on ecosystem
17 and environment-related systems of interest;
- 18 f) *Carrying capacity assessment* shall refer to an assessment of the carrying
19 capacity of a certain ecosystem, which is the maximum number of people,
20 or individuals of a particular species, that a given area of the environment
21 can sustain without causing environmental, economic or socio-cultural
22 stress or damage;
- 23 g) *Circular economy* shall refer to a system approach wherein products are
24 designed for durability, reuse and recyclability, and materials for new
25 products come from old products. It minimizes waste and maximizes the
26 use of natural resources;
- 27 h) *Collection* shall refer to the act of gathering and/or removal of solid waste
28 from a source or from a communal storage point and/or facility;
- 29 i) *Consumer* shall refer to a natural person who is a purchaser, lessee, recipient
30 or prospective purchaser, lessor or recipient of consumer products, services
31 or credit, pursuant to the defined terms under Republic Act No. 7394 or the
32 Consumer Act of the Philippines;

- 1 j) *Ecological footprint* shall refer to human demand/activity on the biosphere,
2 the extent to which the regenerative capacity of the planet is being used by
3 human activities, and related methods of assessing or computing the same.
- 4 k) *Incentives* shall refer to incentives provided for under RA No. 9520 otherwise
5 known as the Philippine Cooperative Code of 2008, RA No. 9178 otherwise
6 known as the Barangay Micro-Business Enterprise Act of 2002, RA No. 9501
7 otherwise known as the Magna Carta for Micro, Small and Medium
8 Enterprises, Executive Order No. 226 otherwise known as the Omnibus
9 Investment Code of 1987, RA No. 10771 otherwise known as the Green Jobs
10 Act of 2016 or incentives as defined by the local government unit through
11 an ordinance specifically for the purpose of this Act, where applicable;
- 12 l) *Natural Capital Accounting and Valuation or Environment and Natural Resource*
13 *Accounting and Valuation* shall refer to a process that provides a systematic
14 way to measure and report on stocks and flows of natural capital,
15 recognizing the environment as an asset that must be maintained and
16 managed;
- 17 m) *Permaculture* shall refer to an innovative framework for creating sustainable
18 ways of living. It is a practical method of developing ecologically
19 harmonious, efficient, and productive systems. The application of
20 permaculture principles enables households, communities, and businesses
21 to creatively re-design their environment with less energy and resources;
- 22 n) *Producer* shall also refer to a manufacturer which has been defined under
23 RA No. 7394 as "any person who manufactures, assembles, or processes
24 consumer products, except that if the goods are manufactured, assembled
25 or processed for another person who attaches his own brand name to the
26 consumer products, the latter shall be deemed the manufacturer. In case of
27 imported products, the manufacturer's representative or, in his absence,
28 the importer, shall be deemed the manufacturer";
- 29 o) *Recovery or Resources recovery* shall refer to the collection, extraction or
30 recovery of recyclable materials from the waste stream for the purpose of
31 recycling, generating energy or producing a product suitable for beneficial
32 use;

- 1 p) *Recycling* shall refer to the treatment of used or waste materials through a
2 process of making them suitable for beneficial use and for other purposes,
3 and includes any process by which solid waste materials are transformed
4 into new products in such a manner that the original product may lose their
5 identity, and which may be used as raw materials for the production of
6 other goods or services;
- 7 q) *Single-use plastics* shall refer to plastic products which are not conceived,
8 designed and placed on the market to accomplish, within its life
9 span/cycle, multiple usage or rotations such as being returned to the
10 producer for refill or reused for the same purpose for which it was
11 conceived. These include, but are not limited to, items such as grocery bags,
12 food packaging films and bags, straws, stirrers, containers,
13 styrofoam/styros, cups, sachets and plastic cutlery;
- 14 r) *Sustainable Consumption and Production (SCP)* shall refer to the use of
15 services and related products, which respond to basic needs and bring a
16 better quality of life while minimizing the use of natural resources and toxic
17 materials as well as the emissions of waste and pollutants over the life cycle
18 of the service or product so as not to jeopardize the needs of further
19 generations.
- 20 s) *Source reduction* refers to the reduction of solid waste before it enters the
21 solid waste stream by methods such as product design, materials
22 substitution, materials reuse, and packaging restrictions.

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

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

1 In pursuing the circular economy, the following value creation principles, which
2 underpin the transition from a value chain to a value circle perspective, shall be
3 adhered to²:

- 4 a. The "*inner circle*" refers to minimizing comparative materials use vis-à-
5 vis the linear production system. The tighter the circle, i.e. the less a
6 product has to be changed in reuse, refurbishment, and
7 remanufacturing and the faster it returns to use, the higher the potential
8 savings on the shares of material, labor, energy, and capital still
9 embedded in the product, and the associated externalities (such as
10 greenhouse gas emissions, water, and toxicity).
- 11 b. The "*circling longer*" refers to maximizing the number of consecutive
12 cycles (be it repair, reuse, or full remanufacturing) and/or the time in
13 each cycle. Each prolonged cycle avoids the material, energy and labor
14 of creating a new product or component;
- 15 c. The "*cascaded use*" refers to diversifying reuse across the value chain or
16 transforming materials across product categories to offset the need for
17 virgin material inputs;
- 18 d. The "*pure inputs*" postulates that uncontaminated material streams
19 increase collection and redistribution efficiency while maintaining
20 quality, particularly of technical materials, which in turn extends
21 product longevity and thus increases material productivity.
- 22 e. The utmost need to remove the use of toxic chemicals and hazardous
23 substances in the production of goods and products. The elimination of
24 toxicity in the production line will protect workers' health and
25 guarantee safe and clean recycling processes throughout the product's
26 lifecycle; and
- 27 f. All products are designed to avoid waste leakage into the oceans and
28 environment and must meet the guaranteed minimum number of
29 recycling cycles per material.

30 Sec. 5. *Product or Process Design*. – Any entity or individual engaging in the

²<https://reports.weforum.org/toward-the-circular-economy-accelerating-the-scale-up-across-global-supply-chains/>

1 design of process, equipment, product, and packing material shall, in accordance with
2 the requirements of reducing resource consumption and waste generation, give
3 priority to choosing designs and materials that are easy to be recovered, dismantled,
4 and degraded, nontoxic and harmless or with low toxic or harm, in addition to
5 complying to the mandatory requirements as prescribed in relevant industry
6 standards.

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

12 Sec. 6. *Innovation in Products and Services*. – Innovation contemplated in this Act
13 shall include the following, among others³:

- 14 a. *Mobile technology* which enables universal and low-cost access to data and
15 applications and reduces the need for physical resources;
- 16 b. *Machine-to-Machine (M2M) Communication* being used in factory control
17 systems and vehicle telematics enabling critical mass to mainstream M2M
18 use as wireless network coverage expands worldwide;
- 19 c. *Cloud Computing/Dematerialization* which enables the replacement of
20 “something physical” with a digital alternative transforming data and
21 service industries and services;
- 22 d. *Social technology* which reduces the cost of setting up sharing platforms as it
23 allows tapping into existing networks and receiving consumer feedback;
- 24 e. *Big Data Analytics* that, consistent with the circular economy, enables
25 organizations to generate revenues from product use instead of sales;
- 26 f. *Modular Design Technology* which revolutionizes not only how products
27 function but also the length and nature of customers’ relationships with
28 those products such that when a modularly designed product breaks, only
29 the defective part is replaced or repaired extending its overall product
30 lifecycle;

³ Achieving a Circular Economy. How the Private Sector is Reimagining the Future of Business. US Chamber of Commerce Foundation (2015)

- 1 g. *Advanced Recycling Technology* which recognizes that recycling has benefited
2 from innovation and returns on circular economy investments;
- 3 h. *Life and Material Sciences Technology* which leads to new circular *material*
4 input options at scale and enables altering of outputs so they can be used as
5 inputs;
- 6 i. *Trace and Return Systems* which supports circular business models by
7 making it more cost-effective to collect used products in order to service,
8 repair, recover, reuse, refurbish, or recycle them; and
- 9 j. *3-D Printing* which facilitates repairing and creates opportunities for
10 circular inputs that are biodegradable or infinitely recyclable.

11 *Sec. 7. Role of National Government Agencies and Stakeholders. -*

12 a. The National Economic and Development Authority (NEDA) shall
13 formulate and regularly update the Philippine Action Plan for Sustainable
14 Consumption and Production (PAP4SCP). It shall be the anchor plan to
15 mainstream the circular economy in the development activities of various
16 stakeholders in the country and ensure its impact on sustainable
17 development. As such, the NEDA shall lead in the implementation of this
18 Act.

19 b. The Department of Environment and Natural Resources (DENR) and
20 Philippine Statistics Authority (PSA) shall formulate the National Natural
21 Capital Accounting or Environment and Natural Resource Accounting and
22 Capacity Assessment Plan (NCACAP). The Plan will institutionalize a
23 comprehensive system for accounting, valuing, and assessing the quality
24 and integrity of the rich natural capital of the country, and shall serve as a
25 basis for the policy, technical and technological, administrative, and
26 market-based interventions promoting the principles of circular economy,
27 complementing the PAP4SCP.

28 The NCACAP shall enable the following programs and activities, among
29 others:

- 30 1. Development of localized methodology for accounting and valuation of
31 capital resources covered in the value chain of goods and services
32 contemplated in this Act;

- 1 2. Development of implementing guidelines and methodology on capacity
2 assessments;
- 3 3. Development of standards and indicators for calculating ecological
4 footprints;
- 5 4. Development of circularity indicators and adequate metrics to assess
6 performance in the context of a circular economy;
- 7 5. Development of guidelines on damage compensation;
- 8 6. Design of finance modalities for payment for ecosystem services (PES)
9 and user-fee system;
- 10 7. Implementing actual NCA and capacity assessment interventions;
- 11 8. Conduct of valuation of losses and damages for ecosystems;
- 12 9. Development of Data Transparency Arrangements and Reporting
13 Systems;
- 14 10. Development of Information and Communications Technology (ICT)
15 infrastructure/system/platform to support the implementation of the
16 NCA and capacity assessment programs.

17 The DENR and the PSA shall lead the formulation and implementation
18 of the NCACAP within one (1) year upon effectivity of this Act, in
19 consultation with national government agencies concerned, including the
20 Department of Information and Communications Technology (DICT),
21 Philippine Council for Sustainable Development (PCSD), National
22 Economic and Development Authority (NEDA), Department of Finance
23 (DOF), Department of Tourism, (DOT) and Department of Agriculture
24 (DA), Office of Civil Defense (OCD), Climate Change Commission (CCC),
25 and relevant stakeholders.

- 26 c. The DOF shall identify incentives and market interventions to promote and
27 facilitate the mainstreaming of the circular economy principles and
28 practices consistent with the harmonization of incentives under existing
29 laws.
- 30 d. The DTI, in coordination with the DILG, shall lead in developing standards
31 for circular economy design on a product or process.

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

6 *Sec. 8. Single-use Plastic Phase-Out and Source Reduction and Waste Minimization*
7 *through Polluters Pay Principle / Extended Producer Responsibility Schemes.* – The
8 phase-out of single-use plastics by all business enterprises to consumers shall be in
9 full force and in effect three (3) years from the effectivity of the Act. A phase-out and
10 transition plan shall be formulated within one (1) year from the effectivity of this Act,
11 and shall be led by the DENR through the National Solid Waste Management
12 Commission (NSWMC), in coordination with DTI, DOST, DILG, DOF, Department
13 of Labor and Employment (DOLE), NEDA, and CCC and other government agencies
14 concerned, and non-government stakeholders, as may be necessary.

15 The phase-out and transition plan shall include, but are not limited to, the
16 following components:

- 17 a. Single-use Plastic Production and Consumption Reduction Program, including
18 phase-out;
- 19 b. Extended Producer Responsibility Schemes for business enterprises and plastic
20 producers;
- 21 c. Greener Plastic Product Standards for plastic products that are made of
22 compostable materials, do not produce microplastics, and can degrade
23 naturally in the environment;
- 24 d. Research and Technology Development for Alternatives to Single-use Plastics
25 Products;
- 26 e. Regulatory Instruments and Fiscal and Non-Fiscal Rewards and Incentives for
27 Producers and Consumers;
- 28 f. Collection, Recovery, and Recycling Plan for local governments and business
29 enterprises;
- 30 g. Just transition plan for displaced workers in affected industries and ensure
31 their access to livelihood support programs and other available green job
32 opportunities;

- 1 h. Support to business enterprises adopting Zero Waste business models, refills
2 and alternative delivery systems, and producing sustainably sourced
3 alternatives to SUP products;
- 4 i. Awareness-raising and other Information, Education, and Communication
5 Strategies for business enterprises, producers, and consumers.

6 The Plan shall adopt a phased-transition approach towards phasing out plastic,
7 recognizing the rippling effects of the phase-out on the economy, including the shift
8 of business models of plastic producers and the livelihood opportunities for workers
9 of plastic producers.

10 *Sec. 9. Circular Public Procurement Program.* — All departments, bureaus, offices,
11 and agencies of the government shall establish their respective Circular Public
12 Procurement Programs, which shall take into account circular economy standards
13 and set annual target accomplishments through a phased approach. All agencies
14 shall submit their respective Circular Public Procurement Program to the
15 Government Procurement Policy Board (GPPB) within six (6) months from the
16 effectivity of this Act. The GPPB shall in turn submit an annual report to the Congress
17 of the Philippines on the compliance of agencies.

18 The GPPB, in coordination with the DBM, DTI, and Commission on Audit (COA),
19 within thirty (30) days from the effectivity of this Act, shall issue the necessary
20 guidelines to accelerate the optimal use of government resources through the
21 procurement of public goods and services adhering to the circular economy and
22 sustainable consumption and production, subject to development and accountability
23 measures as may be appropriate and promulgated under the said joint implementing
24 rules.

25 The GPPB shall develop and provide a capacity-building program for agencies to
26 develop circular public procurement professionals and experts.

27 The Public-Private Partnership Center and the Bureau of Product Standards of
28 the DTI, among others, shall ensure that the procurement for vital government
29 infrastructure and enforcement of standards in the sale of products in the Philippines
30 shall adhere to the principles under this Act.

31 *Sec. 10. Integration of Permaculture Principles and Practices.* - National
32 Government agencies (NGAs), government-owned and controlled corporations

1 (GOCCs), state universities and colleges (SUCs), and local government units (LGUs)
2 shall integrate permaculture principles and practices in their respective programs,
3 services, projects, and operations.

4 The Department of Education (DepEd) shall integrate permaculture education
5 into the primary and secondary education curricula, which shall include basic
6 permaculture concepts and principles, sustainable mobility, agrobiodiversity, saving
7 seeds, establishing a home, school, and community food gardens, and ecological solid
8 waste management, among others.

9 The Department of the Interior and Local Government (DILG) - Local
10 Government Academy shall facilitate the development and provision of a training
11 program for LGUs on implementing permaculture practices.

12 The Technical Education and Skills Development Authority (TESDA) shall
13 offer technical-vocational skills training programs and certificate courses on
14 permaculture design and practices geared toward the acquisition of practical skills
15 and employment and entrepreneurship opportunities.

16 Sec. 11. *Incentives and Reward for the Public Sector.* - The DBM, in coordination
17 with national government agencies concerned, shall institute an incentives and
18 rewards system for NGAs, GOCCs, SUCs, and LGUs for choices in products, services,
19 operations, and public works that adhere to the circular economy standards. The
20 incentives and rewards system shall include the utilization of 25% of the savings
21 generated from such measures for the payment of additional performance incentives.

22 Sec. 12. *Capacity-building for Government and Sectors.* - National government
23 agencies shall promote and invest in capacity building for their institutions and
24 stakeholders to enhance their technical, institutional, and implementation capacities
25 to design, implement, and monitor circular economy programs and projects,
26 including circular public procurement.

27 The DOLE, TESDA, DICT, and DENR, among other NGAs, shall extend
28 technical assistance to their respective sectors and stakeholders in building their
29 capacities to contribute to the implementation of this Act.

30 Sec. 13. *Strategic Communications Plan.* - The Philippine Information Agency
31 (PIA) shall formulate and implement a strategic communications plan for sustainable
32 consumption and production.

1 This Plan shall build on the existing plans and programs of the government,
2 including among others, RA No. 9512 or the "National Environmental Awareness and
3 Education Act of 2008."

4 Sec. 14. *Mainstreaming Circular Economy in the National Government Budget.* - The
5 DBM shall undertake the formulation of the annual national budget in a way that
6 ensures the alignment of the allocation of funds with the circular economy and
7 sustainable consumption and production standards and practices.

8 Sec. 15. *Monitoring.* - The PCSD shall oversee the implementation of this Act
9 and ensure that all provisions, plans, and programs are formulated and implemented
10 within the timelines set forth in this Act. It shall convene regularly, enjoin other
11 relevant stakeholders, as it deems necessary, and establish a monitoring and
12 evaluation system to track the progress of the implementation of this Act. The PCSD
13 shall determine whether existing regulations hamper circular economic activities or
14 resource efficiency and propose interventions such as lifting existing restrictions or
15 setting positive legal frameworks.

16 Sec. 16. *Citizen Participation and Community Mobilization.* - The State shall take
17 measures to enable citizen participation and community mobilization towards the
18 effective implementation of this Act. In all strategies, plans, and programs, citizen
19 participation must be ensured, and massive awareness-building shall be conducted
20 in local government units (LGUs) to localize and inform communities on the
21 strategies.

22 Sec. 17. *Appropriations.* - The amount necessary for the initial implementation
23 of this Act shall be taken from existing allocations of the agencies concerned.
24 Thereafter such sums as shall be necessary to carry out the provisions of this Act shall
25 be included in the annual General Appropriations Act.

26 Sec. 18. *Implementing Rules and Regulations.* - The NEDA, in coordination with
27 the DENR, DTI, DOST, DICT, DOF, CCC, and PCSD, among other government
28 agencies, shall issue implementing rules and regulations, within six (6) months after
29 the effectivity of the law. Failure to issue rules and regulations shall not in any
30 manner affect the executory provisions of the Act.

31 Sec. 19. *Separability Clause.* - If for any reason any section or provision of this
32 Act is declared by the Court as unconstitutional or invalid, the other sections or

1 provisions thereof shall not be affected thereby.

2 Sec. 20. *Effectivity.* - This Act shall take effect fifteen (15) days after its complete
3 publication in the Official Gazette or in two (2) newspapers of general circulation.

Approved,