

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



23 MAR 14 A9:38

SENATE  
S. No. 1992

RECEIVED BY:

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Introduced by Senator Loren B. Legarda

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AN ACT  
PROMOTING A LOW CARBON ECONOMY, ESTABLISHING FOR THIS  
PURPOSE AND EMISSION TRADING SYSTEM AND IMPLEMENTATION  
MECHANISM TO ACHIEVE NATIONAL CLIMATE TARGETS

EXPLANATORY NOTE

The climate crisis is increasingly proving to be complex and daunting as we experience ourselves the wrath of global warming. It is not an understatement that increasing amounts of carbon dioxide and other greenhouse gases are heating up the earth's climate and that inaction could be catastrophic.

According to the Intergovernmental Panel on Climate Change (IPCC), human activities are estimated to have caused approximately 1.0°C of global warming above pre-industrial levels, with a likely range of 0.8°C to 1.2°C. Global warming will likely reach 1.5°C between 2030 and 2052, if it continues to increase at the current rate. Climate-related risks to health, livelihoods, food security, water supply, human security, and economic growth are projected to increase with global warming of 1.5°C and increase further with 2°C. Amidst this looming scenario, our economy is growing at a considerable pace. The challenge before us then is to accelerate economic growth without compromising our environment.

As part of the Philippines' commitment to the Paris Agreement on Climate Change, the country submitted its Nationally Determined Contribution (NDC) on 15 April 2021, which sets a 75-percent greenhouse gas (GHG) emission reduction and avoidance from 2020 to 2030.

The Philippines' NDC supports the country's national development objectives and priorities including transformation of its socio-economic sectors towards a climate and disaster-resilient and low carbon economy. This bill is essentially built on the principles of the NDC, and the same time encourages low carbon just transition.

The National Climate Change Action Plan (NCCAP) identified the establishment of a national system for the archiving, reporting, monitoring, and evaluation of greenhouse gas (GHG) emissions as support for better planning for climate change adaptation and mitigation actions. Other climate change programs such as the National Climate Risk Framework (NCRMF) and Climate Change Expenditure Tagging (CCET) were also established.

Upon the recommendation of the NDC Steering Committee and in consultation with the industrial sector, the Department of Environment and Natural Resources (DENR) shall set an annual cap on the GHG emissions of entities. To cushion the impact of a cap, this bill allows trading of credits. Entities with excess GHG emissions may buy allowances from the market, while those with less GHG emissions may sell their allowances to the market. This trading mechanism allows for a pseudo-financial market with the additional benefit of maintaining the target emissions in the economy.

The NDC espouses market and non-market-based approaches under the United Nations Framework Convention on Climate Change (UNFCCC) to achieve low carbon outcomes. The emissions trading system is included as a market mechanism.

Undoubtedly, the above system would accelerate the reduction of GHG emissions, encourage the use of low carbon technologies, and ensure benefits to consumers from trading in allowances.

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

  
**LOREN LEGARDA**

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*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 "Low Carbon Economy  
2 Act of 2023."

3 Sec. 2. *Declaration of Policy.* - It is the policy of the State to promote sustainable  
4 development and adherence to the internationally agreed frameworks for mitigation  
5 of climate change and decreased vulnerability to its impacts. Towards this end, there  
6 is a need to maximize the contribution of the industrial and commercial sectors in  
7 reducing greenhouse gas emissions (GHG) and minimize the adverse effects of  
8 climate change through the establishment of a policy environment for technological  
9 development and transfer, capacity building, sustainable finance supporting just  
10 transition towards low carbon economy, including the configuration of a nationally-  
11 appropriate market-driven system of tradable GHG allowances, among other options,  
12 to optimize the country's carbon goal-based transformation. The participation of  
13 LGUs, academe, non-government stakeholders, especially champions in critical  
14 industries for just transition, banking, and financial institutions, civil society, and the  
15 development partners shall be ensured.

16 State-of-the-art and emerging low carbon technologies suitable for the  
17 Philippine conditions, especially those that will increase the livelihoods and

1 productivity of the sectors concerned, and that will usher in just transition in all GHG-  
2 emitting socio-economic sectors with an emphasis on the energy and transport sector,  
3 including those that will impact to building resilience and investments at the most  
4 vulnerable communities, shall be supported under the Means of Implementation  
5 under the Paris Agreement. Bilateral and multilateral approaches shall be optimized  
6 in ensuring accelerated flow of support to the country under this Act.

7 Sustainable mobilization of financial resources, technological innovation, and  
8 capacitation of both human resources and institutions, both government and non-  
9 government, shall be a primary support mechanism under this Act.

10 *Sec. 3. Definition of Terms.* - For the purposes of this Act, the following terms are  
11 defined:

12 (a) "The Paris Agreement" shall refer to a legally binding international treaty on  
13 climate change adopted by 196 Parties at the 21st Session of the Conference of the  
14 Parties (COP 21) in Paris, on 12 December 2015 and entered into force on 4  
15 November 2016, with a goal to limit global warming to well below 2, preferably  
16 to 1.5 degrees Celsius, compared to pre-industrial levels;

17 (b) "Low Emission Development Strategy (LEDS)" shall refer to a national, high-  
18 level, comprehensive, long-term strategy, developed by domestic stakeholders,  
19 which aims at decoupling economic growth and social development from GHG  
20 growth;

21 (c) "Low Carbon Technology" shall refer to the means of equipment, methods,  
22 knowledge and other modalities for low-carbon or carbon-free;

23 (d) "Sustainable Development" shall refer to development that meets the needs of  
24 the present without compromising the ability of future generations to meet their  
25 own needs;

26 (e) "Just Transition" shall refer to maximizing the social and economic opportunities  
27 of climate action, while minimizing and carefully managing any social disruption,  
28 political and social risks – through effective social dialogue among all groups  
29 impacted, and respect for fundamental labor principles and rights;

30 (f) "Common but Differentiated Responsibilities and Respective Capabilities  
31 (CBDRRC)" shall refer to the principle recognizing that each country vary in  
32 terms of contributions to global environmental degradation, and acknowledging

1 that developed countries should bear primary responsibilities in the international  
2 pursuit of sustainable development, including the pressures put by their societies  
3 to the environment, their command on technologies and financial resources, and  
4 their contribution to the largest proportion of historical and current GHG  
5 emissions;

6 (g) "Climate Justice" shall refer to the allocation of burdens and benefits among  
7 individuals, nations and generations;

8 (h) "Net Zero Economy" shall refer to the means of cutting greenhouse gas emissions  
9 to as close to zero as possible, with any remaining emissions re-absorbed from the  
10 atmosphere, by oceans and forests for instance;

11 (i) "Carbon Dioxide Equivalent" shall refer to the quantity of carbon dioxide that  
12 makes the same contribution to global warming as a given amount of greenhouse  
13 gas, taking into account the global warming potentials published by the  
14 Intergovernmental Panel on Climate Change;

15 (j) "Greenhouse Gas (GHG)" shall refer to the following gases covered under the  
16 2006 Intergovernmental Panel on Climate Change (IPCC) guidelines: carbon  
17 dioxide, methane, nitrous oxide, hydrofluorocarbons, perfluorocarbons, sulfur  
18 hexafluoride, or any other anthropogenically-emitted gas that is estimated by the  
19 Philippine Greenhouse Gas Inventory Management and Reporting System  
20 (PGHGIMRS) agencies to contribute to global warming;

21 (k) "Covered Sector" shall refer to the industry and commercial sectors and/or, to  
22 sectors as may be determined appropriate by the oversight body;

23 (l) "Levels of GHG Inventory" shall refer to different levels as prescribe by the  
24 DENR-EMB such as global, national, community, sectoral, entity, product, facility  
25 and projects; and

26 (m) "Sector/s" shall refer to the sectors prescribed under the IPCC guidelines used  
27 as basis for the Philippine Nationally Determined Contribution (NDC), including:  
28 agriculture, forestry and other land use, waste, industrial processes and product  
29 use (IPPU), energy, and transport.

## 30 ARTICLE 2

### 31 Philippine Greenhouse Gas Inventory Management and Reporting System 32 (PGHGIMRS)

1           Sec. 4. *Institutionalization of the PGHGIMRS.* - The PGHGIMRS under Executive  
2 Order (EO) No. 174, s. 2014 is hereby institutionalized, to facilitate the GHG inventory  
3 management and reporting system in relevant government agencies to enable the  
4 country to transition towards a climate-resilient pathway for sustainable  
5 development.

6           Sec. 5. *Implementing Agency.* - The Climate Change Commission (CCC) shall be  
7 the overall lead in the implementation of the PGHGIMRS. It shall be responsible to :

- 8       a. Provide direction and guidance in the accounting and reporting of GHG  
9       emissions from identified key source sectors in order to develop and maintain  
10       centralized, comprehensive, and integrated data on GHGs in all levels of  
11       inventory particularly community-level and entity-level;
- 12       b. Develop a system for the archiving, reporting, monitoring, and evaluating  
13       GHG inventories in all key levels; and
- 14       c. Provide and facilitate continuous capacity building initiatives in the conduct of  
15       GHG inventories to ensure the application of updated methodologies.

16           GHG data analytics generated under this measure shall be a reference for the  
17 successive enhancement of the NDCs, especially in identifying policies and measures  
18 that could be pursued economy-wide, respecting sectoral challenges and  
19 opportunities for transformation, including human resources and cost or capital  
20 requirements appropriate for government and non-government and industry  
21 stakeholders.

22           Sec. 6. *Sectoral Agencies.* - The following shall be the lead sectoral agencies for  
23 the GHG inventories:

- 24       a. Department of Agriculture (DA) and the Philippine Statistics Authority (PSA)  
25       for the agriculture Sector;
- 26       b. Department of Energy (DOE) for the energy sector;
- 27       c. Department of Environment and Natural Resources (DENR) for the waste,  
28       industrial processes, and the forestry and other land-use sectors; and
- 29       d. Department of Transportation (DOTr) for the transport sector.

30           The Department of Science and Technology (DOST), Department of Health  
31 (DOH), Department of Public Works and Highways (DPWH), and Department of

1 Tourism (DOT) shall also be considered in ensuring close collaboration of the sectors  
2 concerned in informing transformative options under the NDC.

3 The CCC shall invite the concerned local government units (LGUs), academe,  
4 and private and public institutions to participate, complement, and assist in the  
5 implementation of the PGHGIMRS and this Act.

6 The PSA may assist other lead agencies in the conduct of the sectoral GHG  
7 inventories.

8 The Department of the Interior and Local Government (DILG), as an oversight  
9 agency for local governments, shall ensure the compliance of local governments  
10 through:

- 11 i. Issuance of guidelines for accounting community-scale GHG  
12 emissions, managing community-scale GHG inventories, and  
13 mainstreaming the results and findings thereof in the Comprehensive  
14 Development Plan (CDP) and subsequent programming processes, in  
15 coordination with the CCC;
- 16 ii. Provision of continuous capacity building to local governments related  
17 to the foregoing;
- 18 iii. Incorporation in the Seal of Good Local Government mechanism of the  
19 compliance of local governments; and
- 20 iv. Monitoring of the compliance of local governments

21 The DENR, Department of Trade and Industry (DTI), and Securities and  
22 Exchange Commission (SEC) shall serve as oversight agencies in ensuring the  
23 compliance of entities in the preparation and management of entity-level greenhouse  
24 gas inventories, the reporting of mitigation measures addressing the results and  
25 findings of the foregoing, and monitoring and reporting thereof through the issuance  
26 of relevant policies and guidelines, and continuous capacity building.

27 *Sec. 7. Responsibilities of the Lead Agencies for National GHG Inventories.* The lead  
28 agencies shall be responsible for the following:

- 29 a. Conduct, document, archive, and monitor sector-specific GHG inventories;
- 30 b. Report sector-specific GHG inventories/emissions to the CCC based on the  
31 agreed reporting scheme; and

1 c. Perform such other functions as may be necessary for the implementation of  
2 this Act.

3 Sec. 8. *Reports.* - The CCC shall submit to the President and to both Houses of  
4 Congress an annual report on the status of the implementation of the PGHGIMRS.  
5 The PGHGIMRS shall prepare a report or a technical annex to the Biennial  
6 Transparency Report on the National GHG Inventory of certain inventory year/s in  
7 accordance with the timeline identified during the inventory planning stage under the  
8 Section 2 of Rule II of the Adopted Implementing Rules and Regulations of the EO 174  
9 s. 2014.

10 Sec. 9. *National GHG Inventory.* - The PGHGIMRS shall endeavor to use the 2019  
11 Refinement of the 2006 IPCC Guidelines for National Greenhouse Gas Inventories,  
12 with consideration to the national circumstances of the country, including applicable  
13 flexibilities accorded to Non-Annex I Country Parties of the Paris Agreement, which  
14 includes the Philippines.

### 15 ARTICLE 3

#### 16 Nationally Determined Contribution (NDC)

17 Sec. 10. *Components of the Philippine NDC.* - The NDC serves as the long-term,  
18 multi-decadal roadmap on GHG mitigation and climate-resilience of the Philippines,  
19 with a goal to achieve a balance between anthropogenic emissions by sources and  
20 removals by sinks of greenhouse gasses in the second half of this century, on the basis  
21 of equity, and in the context of sustainable development and efforts to eradicate  
22 poverty, in observance of the fundamental consideration of climate change adaptation  
23 as the core strategy of the Philippines on climate action.

24 Pursuant to the Philippines' commitment under the Paris Agreement, the  
25 Government shall prepare, communicate and maintain successive NDCs . It shall  
26 communicate an NDC to the UNFCCC every five (5) years.

27 The NDC shall include, but not be limited to, the following components:

- 28 a) GHG emissions avoidance measures and mitigation potential;
- 29 b) Mitigation co-benefits in adaptation, sustainable development, and  
30 poverty reduction;
- 31 c) Means of implementation such as through finance, capacity building,  
32 technology transfer and development;



1 d) Gaps and needs; and

2 e) System for monitoring, evaluation, and reporting to enable participation of  
3 relevant stakeholders to address challenges and meet the objectives of  
4 inclusive just transition.

5 It must endeavor to indicate the Philippines' strategic directions and measures  
6 to build resilience and balance the investments and opportunities for just transition,  
7 by leveraging on the capacity of local governance units to transform the socio-  
8 economic conditions of the people, up to the smallest units of governance, through  
9 the Means of the Implementation espoused under the Paris Agreement.

10 Sec. 11. *The NDC Steering Committee.* - The CCC shall be the overall lead in the  
11 development, implementation, and monitoring and evaluation of the NDC, with the  
12 following agencies as members, to comprise the NDC Steering Committee:

13 a) National Economic and Development Authority (NEDA) - lead agency for the  
14 economy-wide GHG emissions modelling vis-a-vis gross domestic product  
15 (GDP) projections, integration in the Philippine Development Plan (PDP) that  
16 is spatially articulated through the National Spatial Strategy, and sectorally  
17 articulated through PDP chapters, and ensuring vertical coherence through  
18 Regional Development Plans and corresponding regional development  
19 strategies;

20 b) Department of Agriculture (DA) - lead agency for the agriculture sector;

21 c) Department of Energy (DOE) - lead agency for the energy sector;

22 d) Department of Environment and Natural Resources (DENR) - lead agency for  
23 the waste, industrial processes and product use (IPPU) and forestry and other  
24 land use (FOLU), in coordination with Department of Human Settlements and  
25 Urban Development (DHSUD);

26 e) Department of Transportation (DOTr) - lead agency for the transport sector;

27 f) Department of Foreign Affairs (DFA) - lead agency to facilitate, along with the  
28 CCC, coordinating with the development partners viable, country-driven,  
29 needs-based technical assistance, as may be recommended by agencies  
30 concerned, consistent with the PDP and other investment and resilience-related  
31 and the multi-decadal climate action planning and programming framework;

- 1 g) Department of Finance (DOF), to coordinate on matters concerning fiscal  
2 policies related to climate change and monitor and report measures on climate  
3 finance, including recommendations on matters related to receiving donations  
4 and/or grants by the CCC under RA 10174;
- 5 h) Department of Budget and Management (DBM), to ensure annual  
6 appropriations for implementation of unconditional PAMs;
- 7 i) Department of Labor and Employment (DOLE), to ensure that the provisions  
8 of this Act are aligned with the Green Jobs Act;
- 9 j) Department of Science and Technology (DOST), to facilitate innovation options  
10 through technology development and transfer appropriate to the conditions of  
11 the subnational units and relevant stakeholders, linking said initiative towards  
12 enhancing human capital development in coordination with industries, higher  
13 education institutions, LGUs, among others;
- 14 k) Department of the Interior and Local Government (DILG), to facilitate  
15 coordination with the various subnational governance units to ensure they  
16 contribute to the continuing enhancement and implementation of the NDCs,  
17 especially on informing transformative options for investment and resilience  
18 building purposes, consistent with local development opportunities and  
19 priorities, as may be incorporated in their respective CDPs, Annual Investment  
20 Plans (AIPs), and Local Climate Change Action Plan (LCCAPs);
- 21 l) Department of Health (DOH), to lead in the determination of low-carbon  
22 investments, efficient transformation of the health sector consistent with  
23 energy just transition and sustainable consumption and production, and health  
24 co-benefits measurement of climate mitigation in other sectors;
- 25 m) Department of Public Works and Highways (DPWH), to integrate the policies  
26 and measures under the Build-Build-Build Program, and ensure the  
27 mainstreaming of policies and regulations on infrastructure component of the  
28 NDC for implementation industry-wide and by the LGUs, in coordination with  
29 the DILG;
- 30 n) Department of Tourism (DOT), to consider nature-based solutions in  
31 developing, promoting, and monitoring tourism enterprises consistent with  
32 whole of ecosystem approaches, creation of green jobs, and sustainable

1 consumption and production that benefit the various LGUs, for inclusive and  
2 responsible, climate-aligned tourism sector;

- 3 o) Department of Human Settlements and Urban Development (DHSUD), to  
4 effectively and efficiently link local investment and transformation through the  
5 NDC alignment with the various local plans under its jurisdiction, to ensure  
6 integrated low carbon development and sustainable development options  
7 under the New Urban Agenda, especially the vulnerable communities;
- 8 p) The Department of Trade and Industry (DTI), together with the Board of  
9 Investments (BOI), to ensure investment opportunities of the local industries,  
10 especially the micro, small, and medium enterprises (MSMEs), are considered  
11 in the just transition mechanism under the NDC; and
- 12 q) The Education Sector, namely the Department of Education (DepEd) and  
13 Commission on Higher Education (CHED), to ensure the proper information,  
14 education, and communication (IEC), contribute to research development,  
15 extension, and innovation and assist in the implementation of this Act.

16 The Members of the CCC Advisory Board and the National Panel of Technical  
17 Experts (NPTE) under Republic Act No. 9729, as amended, and other government  
18 agencies and stakeholders in the areas of coastal resources, health, agriculture, water,  
19 forestry, biodiversity, environment, ecosystem, energy, education, tourism, trade,  
20 infrastructure, and settlement, among others, shall participate in the development and  
21 implementation of the NDC.

22 To ensure alignment among development plans and climate change strategies,  
23 the NEDA and CCC shall be responsible for harmonizing and ensuring the  
24 complementation of NDC with national and local development planning instruments.  
25 The NEDA shall integrate the NDC into the Philippine Development Plan. The CCC  
26 and DILG shall assist LGUs in the integration of the NDC in the LCCAPs ,  
27 Local Development Plans (LDPs), and Comprehensive Land Use Plans (CLUP).

28 The NDC Steering Committee shall formulate the NDC policies and measures  
29 based on the best available science and in keeping with robust development and  
30 transformative aspirations of the country, consistent with national circumstances.

31 The CCC, along with the national government agencies (NGAs) concerned,  
32 shall establish a local NDC Steering Committee to jumpstart and sustain local-based

1 transformative strategies in alignment with the NDC, subject to the issuance of policy  
2 guidance following multi-sectoral consultation, especially with the Regional  
3 Development Councils (RDCs) under the supervision of the NEDA.

4 Specifically, the RDCs shall be considered points of convergence for low carbon  
5 development at the regional or subnational levels that inform pathways for  
6 transformation, including optimization of investment options, as may be aligned with  
7 physical and socio-economic challenges due to climate change impacts.

8 Parallel effort shall be the formation of local counterparts for scientific and  
9 technological advice to said Sub-National Steering Committees to be comprised of the  
10 members of the NPTE and field units of the DOST, subject to the issuance of policy  
11 guidance by the CCC and DOST, especially with regard to engaging the Higher  
12 Education Institutions (HEIs) /State Universities and Colleges (SUCs) through  
13 CHED.

14 The CCC should formulate and implement robust communication and  
15 advocacy strategies, in coordination with relevant government and non-government  
16 stakeholders, across levels of governance, to ensure that the low carbon development  
17 directions are communicated effectively to inspire convergence at the broadest scope  
18 possible, up to the smallest unit of governance.

19 *Sec. 12. Allocation of funds.* - The aforementioned agencies shall allocate from  
20 their annual appropriations adequate funds for the implementation of their mandates,  
21 including training and capacity building, under this Act, subject to support under the  
22 mechanism of the Means of Implementation of the Paris Agreement.

23 *Sec. 13. Annual Report on the NDC Implementation.* - The CCC and NDC Steering  
24 Committee shall submit to the President and to both Houses of Congress, not later  
25 than 30 March of every year following the effectivity of this Act, a progress report on  
26 the implementation of the NDC, and recommend legislation, where applicable and  
27 necessary.

#### 28 ARTICLE 4

#### 29 Local Climate Change Action Plan (LCCAP) Quality Assessment Review System

30 *Sec. 14. LCCAP.* - Pursuant to Section 14 of RA 9729, the LGUs are the frontline  
31 agencies in the formulation, planning, and implementation of LCCAPs in their  
32 respective areas consistent with the Local Government Code, the National Strategic

1 Framework on Climate Change (NSFCC), and the National Climate Change Action  
2 Plan (NCCAP).

3 The LCCAP shall describe strategic policy measures of the LGUs to  
4 reduce/avoid greenhouse gas emission (mitigation actions) and increase the  
5 community's resilience (adaptation actions) to the negative impacts of climate change.

6 Further, the LCCAP shall indicate the transformative opportunities present in  
7 LGUs towards green or low emission technological capacity building innovations that  
8 will support long-term low emission industrial development, livelihoods, ecosystems  
9 and environment, and well-being of the people, especially those most exposed to  
10 climate hazards. The modification of baseline information consistent with the best  
11 available science shall be pursued to inform the investment planning and  
12 programming aligned with the multi-decadal climate considerations, especially the  
13 location of human settlements and vital infrastructure programs of the government,  
14 including those pursued through public-private partnerships (PPP) approach.

15 The LGUs and HEIs concerned shall be supported in the development  
16 and review of the LCCAPs, as priority impacts under this Act are those attributed to  
17 holistic and inclusive mobilization of resources and opportunities of the LGUs, with  
18 concomitant connection to building resilience for sustainable development up to the  
19 smallest units of governance.

20 *Sec. 15. Establishment of a LCCAP Quality Assessment Review System (QAR).* - The  
21 CCC together with the DILG shall formulate and institutionalize the LCCAP QAR and  
22 establish a means of implementation and institutionalization for both agencies.

23 The LCCAP QAR process would provide an opportunity to provide a feedback  
24 mechanism to LGUs to improve on their LCCAP ensuring its responsiveness to local  
25 hazards and risks, and be able to shift towards resilience, and socio-economic  
26 transformation through low carbon and sustainable pathways.

27 The CCC together with DILG, shall formulate and disseminate a mechanism or  
28 instrument of quality assurance, after due consultation with relevant stakeholders.  
29 Further, the CCC and DILG shall identify relevant NGAs, SUCs and HEIs, and  
30 other stakeholders, which shall conduct and implement the quality assurance  
31 mechanism that may be established.

32 **ARTICLE 5**

1 **Climate Change Expenditure Tagging (CCET)**

2 *Sec. 16. Institutionalization of the CCET as an audit tool to track climate change*  
3 *adaptation and mitigation projects and programs. - The CCET jointly administered by the*  
4 *CCC and the DBM pursuant to Joint Memorandum Circular 2015-01 at the national*  
5 *level, and with the DILG pursuant to Joint Memorandum Circular 2015-01 at the local*  
6 *level, is hereby institutionalized. All annual expenditure programs of the government*  
7 *related to low carbon development, including those designed to increase climate and*  
8 *disaster resilience, shall be tagged and reported to determine the allocative efficiency*  
9 *of domestic funds towards those ends. A mechanism for reporting allocation and*  
10 *expenditure shall be issued jointly by the CCC, DBM, the DILG, Office of Civil*  
11 *Defense (OCD), and other relevant agencies. The Commission on Audit (COA),*  
12 *subject to audit rules and regulations, shall produce timely reports on findings of*  
13 *climate expenditure audit.*

14 *Such allocation and expenses tagged shall be part of the assessment for the*  
15 *country's low carbon needs that are aligned to the NDC. Any funding gaps should be*  
16 *addressed using the climate finance mechanisms under the Paris Agreement, as may*  
17 *be pursued bilaterally or multilaterally, in coordination with the CCC, DFA, DOF,*  
18 *NEDA, DBM and other agencies concerned.*

19 *The progress of the CCET, both at the national and local levels, shall be*  
20 *reported to the Office of the President, the Senate and the House of Representatives*  
21 *by the CCC in accordance with the reportorial requirement under RA 9729, as*  
22 *amended.*

23 *The continuing capacity building for CCET shall be pursued through*  
24 *convergent approaches of all the stakeholders, especially of the non-government*  
25 *stakeholders, to contribute to identifying critical climate programs and projects that*  
26 *need to be funded, including monitoring and evaluating institutional and support*  
27 *mechanisms under the CCET.*

28 **ARTICLE 6**

29 **National Integrated Climate Change Database and Information Exchange System**  
30 **(NICCDIES)**

31 *Sec. 17. Institutionalization of the NICCDIES as a Primary platform on Climate*  
32 *Change Information. - Notwithstanding existing and related mandates of other*

1 agencies, the CCC shall issue guidelines to accelerate its utilization, including  
2 engaging agencies, academia, and the private sector to populate the data sets therein,  
3 and instituting a feedback mechanism to enhance content, access, and continuous  
4 improvement to support long-term, national driven, people and planet-centric climate  
5 governance in the country.

## 6 ARTICLE 7

### 7 Cap and Trade System

8 Sec. 18. *Emission Reduction Measures/Targets.* - Emission avoidance/reduction  
9 measures shall be geared towards equitable implementation of just transition using  
10 nationally-appropriate carbon market and non-market approaches. This shall be  
11 adopted upon the recommendation of the NDC Steering Committee, after careful  
12 study and consultation, to achieve maximum technologically-feasible and cost-  
13 effective avoidance/reduction strategies, programs, and projects to meet the carbon  
14 goal considered in this Act, with direct impact to low carbon industrial productivity  
15 and sustainable development.

16 Annual emission avoidance/reduction targets, including the sector/s and  
17 levels to be covered, shall be set for each calendar year by the President, through the  
18 recommendation of the NDC Steering Committee, with supporting investment and  
19 social safeguards roadmap, and upon consultation through multi-stakeholder, whole  
20 of government, and whole of society approaches.

21 Sec. 19. *Cap on Greenhouse Gas Emissions.* - To achieve the emission targets set  
22 pursuant to this Act, a cap shall be imposed on the GHG of the covered sector with  
23 the -

24 a) Highest GHG and

25 b) Most cost-effective opportunities to avoid/reduce emissions, to include  
26 considerations for externalities and social protection;

27 Sec. 20. *Allowances.* - The DENR, upon the recommendation of the NDC  
28 Steering Committee and further upon appropriate consultation, shall issue annually  
29 a quantity of GHG emissions allowances equivalent to the emissions allowed under  
30 the cap imposed for such year. Each allowance shall authorize the emission of one  
31 metric of carbon dioxide, or in the case of global warming pollutants other than carbon  
32 dioxide, a carbon dioxide equivalent.









1            *Sec. 37. Effectivity.* - This Act shall take effect fifteen (15) days after its complete  
2 publication in the Official Gazette or in two (2) newspapers of general circulation.

*Approved,*