

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

10 JUL 13 1970

SENATE

S.B. No. 1359

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Introduced by Senator Loren Legarda

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#### EXPLANATORY NOTE

This bill seeks to institutionalize a Philippine Economic Environmental and Natural Resources Accounting (PEENRA) System to reflect environmental inputs and outputs in the determination of national income accounts.

The national income accounts are important indicators for determining the level of development of a country. Conventional national income accounting systems measure economic performance by determining the value of goods and services produced in a country and aggregating them to come up with indicators of economic development such as the Gross National Product (GNP) and Gross Domestic Product (GDP). The goods and services that are included in this accounting system are those that have been "marketed", the prices of which have been the basis for estimating the value that are then included in computing economic indicators. This methodology thus reflects the goods and services produced, sold and bought in the economy.

However, the conventional methodology for computing national income accounts has its shortcomings. In the process of producing marketed goods and services, the natural environment generates goods and services that are utilized but are not valued. Consumption benefits of amenities provided by the natural environment, waste disposal services and pollution are part of producing marketed commodities but are not valued (positively or negatively) and reflected in national income accounting.

Indicators and standards generated by the national income accounting system are considered vital information for economic management and policymaking. They serve as basis for socio economic planning, formulation of development programs, and policy analysis in aid of legislation, among others. Thus, it is important that the national income accounts reflect a more accurate state of development and economic performance of the country. It should incorporate both environmental and non-environmental economic inputs and outputs for policymakers to make responsive, relevant and effective laws, plans and programs necessary for national development.

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

  
LOREN LEGARDA  
Senator

SENATE

S.B. No. 1359

OFFICE OF THE SECRETARY

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Introduced by Senator Loren Legarda

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AN ACT  
INSTITUTIONALIZING THE ENVIRONMENTAL AND NATURAL  
RESOURCES ACCOUNTING SYSTEM, DESIGNATING THE AGENCIES  
RESPONSIBLE FOR ITS IMPLEMENTATION, PROVIDING INSTITUTIONAL  
ARRANGEMENTS AMONG RESPONSIBLE AGENCIES AND  
APPROPRIATING FUNDS THEREOF AND FOR OTHER PURPOSES

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

1           **SECTION 1. Title.** This Act shall be known as the “**Philippine Economic**  
2 **Environmental and Natural Resources Accounting Act of 2010.**”

3

4           **SECTION 2. Statement of Policy.** It is hereby declared a policy of the State  
5 to:

6 (a) Develop a comprehensive information system and accounting framework  
7 that will take into consideration the role of both natural and environmental  
8 resources and their impact on the country’s economy;

9 (b) Include and institutionalize environmental and natural resources accounting  
10 as part of the national income accounting system;

11 (c) Provide indicators to facilitate the integration of environmental and economic  
12 concerns in national development planning and policy making; and

13 (d) Establish and improve inter-agency coordination for the purpose of linking  
14 economic and environmental information and efficient data gathering among  
15 concerned agencies.

16

17           **SECTION 3. Philippine Economic Environmental and Natural Resources**  
18 **Accounting (PEENRA) System.** A Philippine Economic Environmental and Natural  
19 Resources Accounting (PEENRA) System is hereby institutionalized within the  
20 government bureaucracy. The PEENRA System shall be based on the existing  
21 environmental accounting frameworks theoretically correct and accepted as

1 evaluated by international environmental accounting experts. Among others, the  
2 PEENRA framework shall include accounting for environmental quality and waste  
3 disposal services, depreciation of natural capital, and environmental damages.

4  
5 **SECTION 4. *Objectives of the PEENRA System.*** The PEENRA shall  
6 supplement the current System of National Accounts and shall have the following  
7 major functions:

- 8 a) To support economic-environmental policy development;
- 9 b) To generate environmentally-modified national income accounts; and
- 10 c) To serve as a comprehensive data framework in the generation of economic-  
11 environmental statistics.

12  
13 **SECTION 5. *Involvement of Government Agencies.*** The following agencies  
14 shall be involved in the establishment and institutionalization of the PEENRA  
15 System:

- 16 a) Department of Environment and Natural Resources (DENR);
- 17 b) National Statistical Coordination Board (NSCB);
- 18 c) National Economic and Development Authority (NEDA);
- 19 d) Department of Agriculture (DA);
- 20 e) Department of Energy (DOE); and
- 21 f) Other agencies, as necessary.

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23 **SECTION 6. *Creation of PEENRA Units.*** PEENRA units shall be created  
24 within the organizational structure of the DENR, the NSCB, the NEDA, the DOE  
25 and the DA. The functions of each of these units are provided in the following  
26 sections. PEENRA units shall be created in other agencies as necessary.

27 The Head of the PEENRA Units should at least be a Division Chief level or  
28 higher. The Department Head shall designate personnel component for the units  
29 and/or PEENRA Unit Head.

30  
31 **SECTION 7. *Functions of the Department of Environment and Natural  
32 Resources PEENRA Unit.*** The PEENRA Unit at the DENR shall:

- 33 a) Develop and compile sectoral resource and environmental accounts and  
34 study and formulate viable approaches and methodologies in coordination  
35 with NSCB;

- 1 b) Conduct studies and research in support of policy development related to  
2 PEENRA;
- 3 c) Ensure that environmental considerations are integrated in their policy,  
4 project planning and implementation based on PEENRA results; and
- 5 d) Provide environmental and natural resources data and strengthen its  
6 statistical capabilities for PEENRA.
- 7

8 **SECTION 8. *Functions of the National Statistical Coordination Board***

9 ***PEENRA Unit.*** The PEENRA Unit at the NSCB shall:

- 10 a) Compile the PEENRA accounts, and study and formulate viable approaches  
11 and methodologies for the PEENRA;
- 12 b) Explore ways and means to modify and improve current environmental and  
13 economic statistics, in coordination with the concerned data producing  
14 agencies as well as data users;
- 15 c) Serve as repository of all PEENRA-related data and materials through the  
16 National Statistical Information Center that the NSCB ha established.
- 17

18 **SECTION 9. *Functions of the National Economic and Development***

19 ***Authority PEENRA Unit.*** The PENRA Unit at NEDA shall:

- 20 a) Coordinate the conduct of consultations, orientations, and training seminars  
21 for the members of the Philippine Council for Sustainable Development  
22 (PCSD) and other concerned institutions or units;
- 23 b) Coordinate the conduct of studies and research in support of policy  
24 development related to PEENRA;
- 25 c) Establish mechanism for integration of environmental considerations in  
26 planning, policy, project development and implementation based on  
27 PEENRA results;
- 28 d) Formulate and update indicators on the economy-environment interactions  
29 and sustainable development indices;
- 30 e) Provide technical and secretariat services to the inter-Agency Committee and  
31 Task Forces which the PEENRA Steering Committee may create for the  
32 coordinated functioning of the date-generating agencies; and
- 33 f) Act as the secretariat of the PEENRA Steering Committee.
- 34

35 **SECTION 10. *Functions of the Department of Agriculture PEENRA Unit.*** The

36 PEENRA Unit at DA shall:

- 1 a) Develop and apply resource account for the agriculture, livestock and fishery
- 2 sectors and formulate viable data development approaches and
- 3 methodologies in coordination with the NSCB;
- 4 b) Conduct studies and research in support of policy development related to
- 5 PEENRA in its respective sectors; and
- 6 c) Ensure that environmental considerations are integrated in their policy,
- 7 project planning and implementation based on PEENRA results.

8 The above PEENRA Units shall closely coordinate to ensure  
9 consistency/complementary of activities in support of PEENRA system. Other  
10 agencies that will provide inputs to and adopt the PEENRA system may establish  
11 their own PEENRA units as necessary.

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13 **SECTION 11. *Functions of the Department of Energy PEENRA Unit.*** The  
14 PEENRA Unit at the DOE shall:

- 15 a) Develop and compile resource accounts for the energy sector and study and
- 16 formulate viable approaches and methodologies in coordination with NSCB;
- 17 b) Conduct studies and researches in support of policy development related to
- 18 PEENRA in its respective sectors; and
- 19 c) Ensure that governmental considerations are integrated in their policy,
- 20 project planning and implementation based on PEENRA results.

21  
22 **SECTION 12. *Data Support.*** The NSCB, in coordination with the involved  
23 agencies, shall designate the required environment and economic statistics in the  
24 agencies/bureaus that shall be responsible for generating such data.

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26 **SECTION 13. *Creation of PEENRA Steering Committee (PEENRA-SC).*** A  
27 Steering Committee on PEENRA is hereby created which shall initially include in  
28 addition to the agencies listed in Sec. 6, the following:

- 29 a) The National Statistics Office (NSO); and
- 30 b) The Department of Trade and Industry (DTI).

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32 **SECTION 14. *Functions and Compositions of the PEENRA-SC.*** The  
33 PEENRA-SC shall provide directions for the coordinated functioning of the  
34 PEENRA Units. It shall create ad-hoc or a permanent inter-agency committees and  
35 task forces who will support the data and technical requirements of the PEENRA  
36 Units. Designated Undersecretary level officials shall represent the member agencies

1 for DENR, DTI, NSO, DA and the NSCB. There will also be representatives from the  
2 non-government sector to include one (1) representative each from the academe,  
3 NGO/PO, business and labor sectors; the Secretary of the Socio-Economic Planning  
4 and NEDA Director-General, as the Chairman of the PCSD, shall act as the  
5 Chairman of the PEENRA-SC.

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7 **SECTION 15. *Staffing Pattern for PEENRA Units.*** The staffing pattern of  
8 each PEENRA Unit shall conform to the existing position allocation and  
9 classification system adopted by the Department of Budget and Management. The  
10 agencies concerned shall as much as practicable utilize existing qualified employees  
11 for their respective PEENRA Units. In case however unavailability of qualified  
12 employees, the concerned agency shall be allowed to hire new recruits in accordance  
13 with existing provisions of laws.

14  
15 **SECTION 16. *Funding.*** The funding PEENRA activities, including hiding of  
16 personnel, shall be included in the budget preparation of each agency to be  
17 incorporated in the annual general appropriations act under separate fund items.

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19 **SECTION 17. *Implementing Rules.*** The PEENRA-SC is hereby directed to  
20 prepare and adopt guidelines to implement the specific provisions of this Act.

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22 **SECTION 18. *Effectivity Clause.*** This Act shall take effect fifteen (15) days  
23 after its complete publication in the Official Gazette or in at least two (2) national  
24 newspapers of general circulation, whichever comes earlier.

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26 Approved,