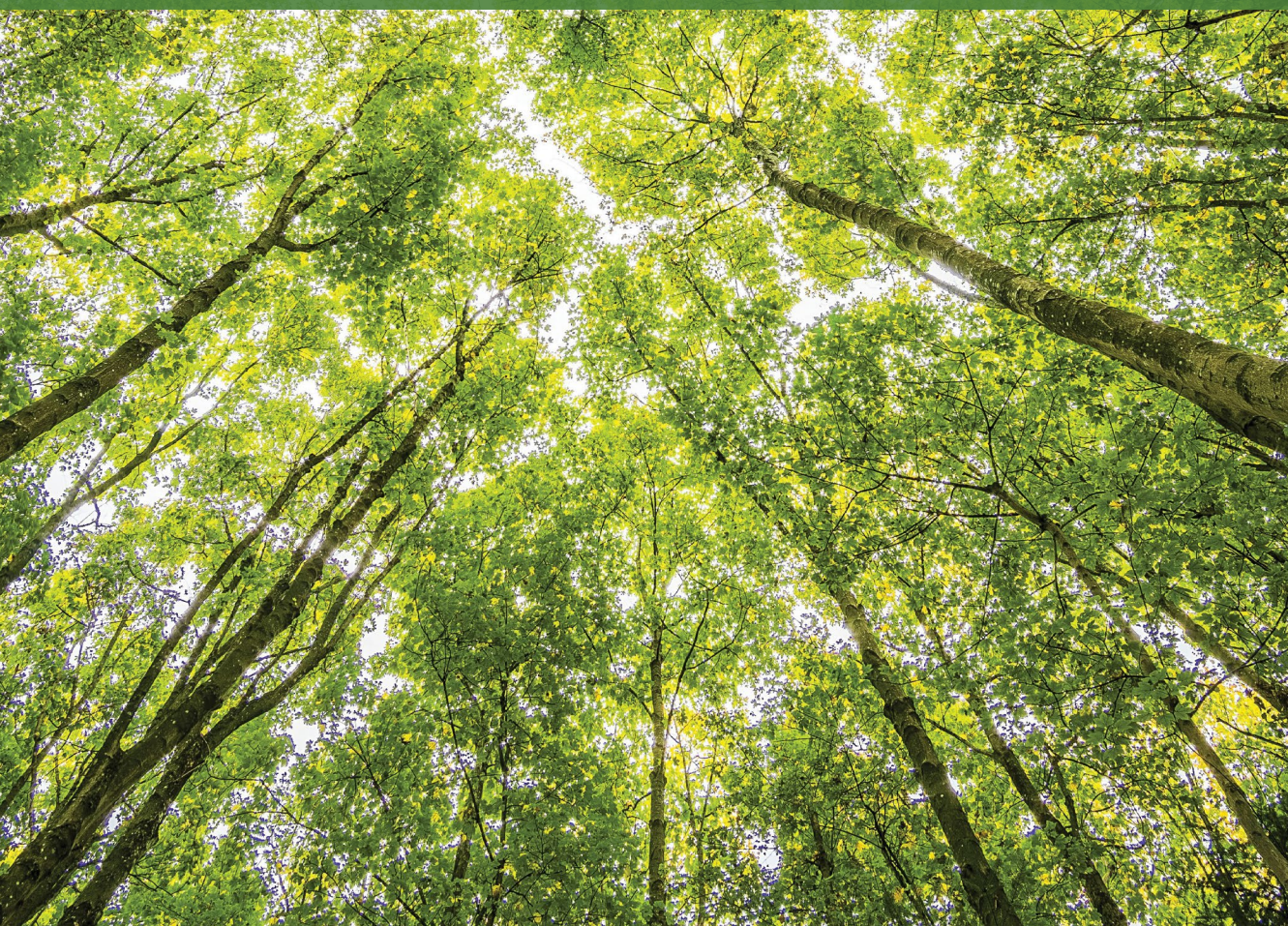
EUROPEAN CHAMBER OF COMMERCE
OF THE PHILIPPINES

SUSTAINABILITY WHITEBOOK 2025



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ABOUT ECCP

The European Chamber of Commerce of the Philippines (ECCP) is a service-oriented and multilateral organisation that represents the interests of European businesses and individuals operating in the Philippines. It aims to promote trade and investment between Europe and the Philippines, facilitate networking and collaboration among its close to more than 850 members, and advocate for policies that support a conducive business environment.

At its core, the ECCP serves as a platform for dialogues and collaboration, bringing together businesses, government officials, policymakers, and other stakeholders. Through various activities such as networking events, business forums, seminars, and conferences, the Chamber creates opportunities for knowledge sharing, relationship building, and the exploration of potential partnerships. The ECCP provides a wide range of services to its members, including assistance in navigating regulatory frameworks, market research and intelligence, business matchmaking, and advisory services. By offering these resources, the Chamber helps its members navigate the complexities of doing business in both the Philippine and European markets more effectively.

As the Chamber of Choice, the ECCP is committed to be the voice of the European business community in the Philippines.

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Message from the ECCP President

Sustainability is no longer a choice—it is the driving force behind economic resilience, business competitiveness, and environmental responsibility. As industries transition toward a greener future, the European Chamber of Commerce of the Philippines (ECCP) is leading the way, working with policymakers, businesses, and investors to build a more sustainable and inclusive economy.

The Europe-Philippines partnership plays a pivotal role in advancing clean technology, green finance, renewable energy, circular economy, and sustainable infrastructure. With the European Green Deal's 2050 climate neutrality goal setting a bold benchmark, the Philippines is accelerating its own sustainability roadmap. However, progress demands decisive leadership, strategic investments, and policy reforms that empower industries to thrive in an evolving global economy.

Paulo Duarte
ECCP President

At ECCP, we go beyond advocacy—we drive solutions. Through our annual Sustainability Whitebook, we assess the state of sustainability in the Philippines, identify key challenges, and present actionable strategies. Developed through the collective expertise of ECCP's sector committees, industry leaders, member companies, and global partners, this Whitebook brings together decades of experience and best practices to provide actionable insights on **Clean and Green Energy, Digitalisation for Sustainability, Green Buildings, Waste and Water Resource Management, and Circular Economy**—critical areas shaping the country's sustainable future.

For policymakers, we urge progressive policies that incentivize sustainability, remove barriers, and accelerate green investments.

For businesses, we challenge you to embed sustainability into your core strategy to drive innovation and long-term growth.

For investors, we invite you to explore the opportunities of the green economy, ensuring both impact and profitability.

The time for discussion has passed. Now is the time for action. ECCP is committed to connecting stakeholders, driving change, and building a more sustainable, resilient, and competitive Philippines.

On behalf of the European Chamber of Commerce of the Philippines, we extend our sincere gratitude to all contributors for their insights and dedication. The engagement of the European-Philippine business community is more critical than ever in achieving the Global Goals and fostering a sustainable future for all.

Accelerating the Philippines' Progress on Sustainable Development: A Call to Partnership for Economic and Social Transformation

by The National Economic and Development Authority (NEDA)

While the Philippines has shown marked recovery from the pandemic, the country continues to face multi-faceted issues such as poverty, inequality, poor health outcomes, and environmental degradation. This is due to the long-standing institutional gaps that hinder the transformative change necessary to uplift the lives of Filipinos.

The 2030 Agenda and its 17 Sustainable Development Goals (SDGs) is a global plan adopted by United Nations member states in 2015 to create a better and more sustainable future. The Philippines has fully embraced these goals, integrating them into the Philippine Development Plan (PDP) and the Regional Development Plans (RDPs) to drive progress. But beyond 2030, the bigger picture for Filipinos is AmBisyon Natin 2040 – a matatag, maginhawa, at panatag na buhay ("strongly-rooted, comfortable, and secure life") for all.

With only five years remaining until 2030, it is more critical than ever to rally the nation and its partners towards the most strategic and impactful actions to address these sectoral and systemic issues. The PDP 2023-2028, the current administration's medium-term development plan for social and economic transformation, aims to steer the economy back towards a high-growth path where progress is inclusive and where equal opportunities are provided to all Filipinos. With the SDGs mainstreamed in the PDP strategies and results framework, we aim to accelerate progress especially on the goals where we are lagging behind and create a future where every Filipino can thrive.

Harnessing Partnerships and Innovation for SDG Implementation

To operationalize the country's socioeconomic agenda, the PDP 2023-2028 identifies six cross-cutting strategies: (1) digital transformation; (2) enhanced connectivity; (3) servicification; (4) a dynamic innovation ecosystem; (5) public-private partnerships; and (6) greater collaboration between the national and local government as partners in the development process.

We highlight partnerships because every segment of society plays a crucial role in the

transformative journey towards the future we want – from the national and local governments to the private sector, civil society, and individual citizens. Beyond these crucial partnerships, the Philippines' approach to achieving sustainable and inclusive development is also characterized by localization efforts and the harnessing of innovation and futures thinking to truly transform the way we do things.

Among the Philippine government's innovative efforts is the use of statistical developments that enable data-driven actions to attain the SDGs. National and regional government units are now guided by the SDG Pace of Progress – a tool that measures how far we've come since 2015, and how likely we will meet our targets by 2030. The Philippine Statistics Authority (PSA) has also developed the SDG Data Platform to automate SDG data compilation for the PSA's SDG Watch. Following through on the PDP 2023-2028's thrust on digital transformation, this platform reduces the reporting burden on agencies as data input will be real-time and online.

The Philippines' Progress on SDG Implementation

The 2023 Pace of Progress gives us encouraging news: the country has made progress in nine SDGs since 2015. Notably, four of them were considered regressing in the 2022 Pace of Progress. Here are some of the key achievements in the nine SDGs in the past two years, which are also discussed in detail in the Philippine Development Report (PDR) 2024[1]:

- **Eradicating Poverty and Hunger (SDGs 1 & 2)**. In 2023, the country saw a reduction in overall poverty incidence, food insecurity, and prevalence of stunting and obesity in children under five years old. These achievements bring the country closer to its goal of eradicating poverty and hunger and will be advanced further through the strengthened implementation of flagship programs such as the Pantawid Pamilyang Pilipino Program (4Ps), the Pambansang Pabahay Para sa Pilipino (4PH) Program, and broad sectoral plans such as the Philippine Plan of Action for Nutrition 2023-2028.

- **Quality Education (SDG 4)**. The Philippine education sector showed improvements in terms of elementary students' proficiency levels, secondary teacher licensure passing rates, global competitiveness of higher education institutions, and skills certification rate. These resulted from the implementation of programs that address learning gaps, improve the accessibility and availability of learning resources, enhance the competencies of teachers, and strengthen enterprise-based education and training programs.

- **Clean Water and Sanitation (SDG 6)**. The government continues to take targeted steps to improve the country's water security. The implementation of the Integrated Water Resources Management Plan has enhanced collaboration among water sector agencies, advanced key policy reforms, and supported capacity-building activities. Access to safe water supply will also be further improved once major regional projects in the water supply and sanitation subsector are completed. Several projects are underway, such as the Bulacan Bulk Water Supply Project Stage 3, Laguna Lake East Bay Water Treatment Plan Phases 1 and 2, and New Centennial Water Source – Kaliwa Dam Project.

- **Affordable and Clean Energy (SDG 7)**. The modernization of the country's transmission infrastructure continues to ensure the seamless integration of renewable energy (RE) capacities. The country likewise removed foreign-ownership limitations on RE facilities, encouraging more foreign investments in the energy sector. As of October 30, 2024, a total of 57 wind energy service contracts have been awarded to 22 wholly foreign-owned companies.

- **Decent Work and Economic Growth (SDG 8)**. Driven by the implementation of policies and programs geared towards economic and social transformation, the Philippines continues to be one of the fastest growing economies in the region and the world. The Philippine economy grew by 5.6 percent in 2024, outpacing the projected growth (4.7%) of the Southeast Asian region for 2024.

1 The PDR is an annual report on the progress in implementing the PDP and in attaining the targets set in the Plan.

Programs on unemployment were bolstered across implementing agencies. But beyond just generating employment, the Philippine government endeavors to create quality and green jobs, with special emphasis on ensuring workers' welfare, competitiveness, and security in the labor sector.

President Ferdinand R. Marcos, Jr. signed Republic Act No. 11962 or the *Trabaho Para sa Bayan (TPB)* Act on September 27, 2023. The law mandates the formulation of the country's comprehensive labor market development plan which creates a cohesive and strategic framework to improve job opportunities and skills of the workforce. NEDA is currently finalizing the TBP plan which is expected to be launched to the public in April 2025.

- **Responsible Consumption and Production (SDG 12)**. The implementation of the Philippine Action Plan for Sustainable Consumption and Production (PAP4SCP), which promotes sustainable practices across sectors in the country, led to significant gains under this Goal. The Asia and the Pacific SDG Progress Report 2023 even highlighted the Philippines' significant progress in SDG 12, which surpassed the regional average in Asia Pacific since 2015.

- **Life Below Water (SDG 14)**. The Philippines remains on track in achieving its targets for SDG 14. The country currently monitors only one indicator under this Goal – the conservation of coastal areas. On the seascape front, the government's Coastal and Marine Ecosystems Management Program continues to enhance the management of the country's 3.14 million-hectare marine protected areas. The recent enactment of RA 11995 or the Philippine Ecosystem and Natural Capital Accounting System (PENCAS) Law likewise marks a pivotal step in creating the enabling framework for the nationwide implementation of the Natural Capital Accounts.

- **Life on Land (SDG 15)**. The country has seen consistent gains from flagship programs for conserving and protecting the environment and natural resources. These flagship programs include the Enhanced National Greening Program which facilitated the maintenance and protection of approximately 64,000 hectares of established plantations on denuded lands. Meanwhile, the Forest Protection Program significantly reduced illegal logging hotspot municipalities by 37.5 percent.

Closing the Gaps: Priority Areas for Reversing Negative Trends

While the country has achieved significant gains, some challenges remain in a number of areas. A reversal of trends is needed in SDGs 3 (Good Health and Well-being), 9 (Industry, Innovation and Infrastructure), 11 (Sustainable Cities and Communities), and 13 (Climate Action).

To address the gaps in these areas, the national government is determined to fully implement landmark laws and policies such as the Universal Health Care Act and the National Innovation Agenda, accelerate the completion of Infrastructure Flagship Projects, pursue localization of the SDGs down to the city and municipality level, and drive the transition towards a low-carbon and climate-resilient economy.

While accomplishments are also reported in SDGs 5 (Gender Equality), 10 (Reduced Inequalities), 16 (Peace, Justice and Strong Institutions), and 17 (Partnerships for the Goals), more work can still be done to develop indicators to measure these goals. This will help us accurately determine our track to achieving the 2030 targets. Relatedly, the country needs to further strengthen SDG monitoring and reporting in the Philippines, both at the national and local levels.

Pushing Forward: Accelerating SDG Achievement

While the country's progress on a number of goals has been commendable, we are still a long way from achieving the 2030 targets. To accelerate our progress, the Philippine government is undertaking various efforts:

- **International resource mobilization**. The Philippine government will continue to actively engage with multinational and bilateral development partners towards cooperation and resource sharing for SDG implementation. The government will advocate for greater accessibility of international financing facilities and ODA by developing economies for strategic financing of SDG initiatives.

- **Expanded inclusivity and participation**. Given the gains from pursuing partnerships in advancing development, the country will continue and expand the engagement of various stakeholders by leveraging the Stakeholders' Chamber under the Development Budget Coordinating Committee (DBCC) Subcommittee on the SDGs. Future calls

for membership inclusion to the Chamber will focus on encouraging representatives from the most vulnerable and marginalized sectors.

National-level monitoring and reporting. Having just been launched in 2024, the SDG Data Platform is still in its early stages. To enhance monitoring and reporting on the SDG indicators at the national level, the Philippine government will pursue the full implementation and utilization of this platform in the remaining years leading to 2030. Given current data gaps, the Philippine government will likewise continue scoping and methodological studies to improve and increase statistical data to paint a more comprehensive picture of the SDG progress in the country.

- **Local-level monitoring and reporting**. Local reviews on SDG implementation are crucial in accelerating our progress. We recognize that actions at the local level have more direct and immediate impact on most lagging communities. The national government will pursue greater linkages between the national and local reviews on the SDGs, and the full implementation of the Community-based Monitoring System to improve the availability of local-level data.

- **Fortifying environmental resilience**. The Philippine government will further intensify ecosystem protection, rehabilitation, restoration, and management. We will pursue the implementation of innovative strategies, in partnership with the private sector and civil society, to fortify the resilience of our environment and natural resources to future multi-dimensional shocks. The government will likewise strengthen national and local convergence in averting, reducing, and addressing the impacts of climate change.

A Call to Partnership: European Businesses in the Philippines and Their Role in Social and Economic Transformation and Advancing the SDGs

Europe is a leader in universal health and social protection, sustainability, and climate action. Globally, policymakers have identified clean energy transition initiatives as crucial in meeting decarbonization commitments, with countries in the European Union leading the efforts in renewable energy production, electric vehicle adoption, and energy efficiency. These are all areas where the Philippines needs accelerated progress, and we look to the good practices set by the European region on these fronts.

Recent legislative and regulatory reforms, such as the amendments to the Public Service Act and Foreign Investments Act, as well as the liberalization of the renewable energy sector, are expected to bolster foreign direct investment and drive job creation in critical sectors like transport, energy, and technology over the next two years. We hope to see more investments from the European private sector in these sectors which are crucial to the Philippines' growth and competitiveness.

The ECCP itself has been a valued partner of the Philippines in advancing reforms to improve ease of doing business in the country, encourage investments, and accelerate sustainable development. We look forward to continued partnership with the Chamber on the government's focus areas in the PDP and the 2030 Agenda.

The path forward towards achieving the medium-term goals in the PDP, the 2030 Agenda, and the AmBisyon Natin 2040 cannot be taken by the government alone. The private sector is important in this endeavor. We encourage our partners in the European business and industry sector to continuously invest and engage actively in the country's efforts for social and economic transformation and inclusive growth. Together, we can make a better world – one with a sustainable future where no one is left behind.

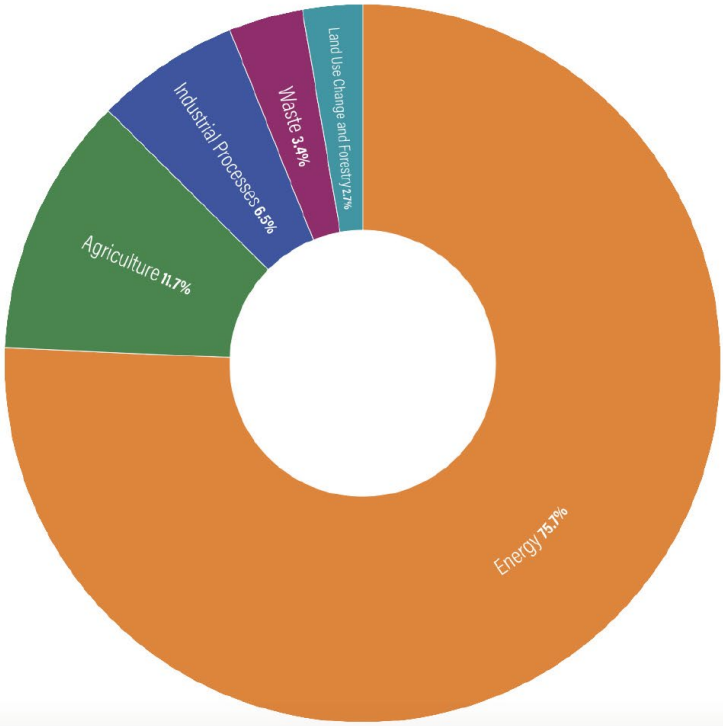
CLEAN AND GREEN ENERGY

CLEAN AND GREEN ENERGY

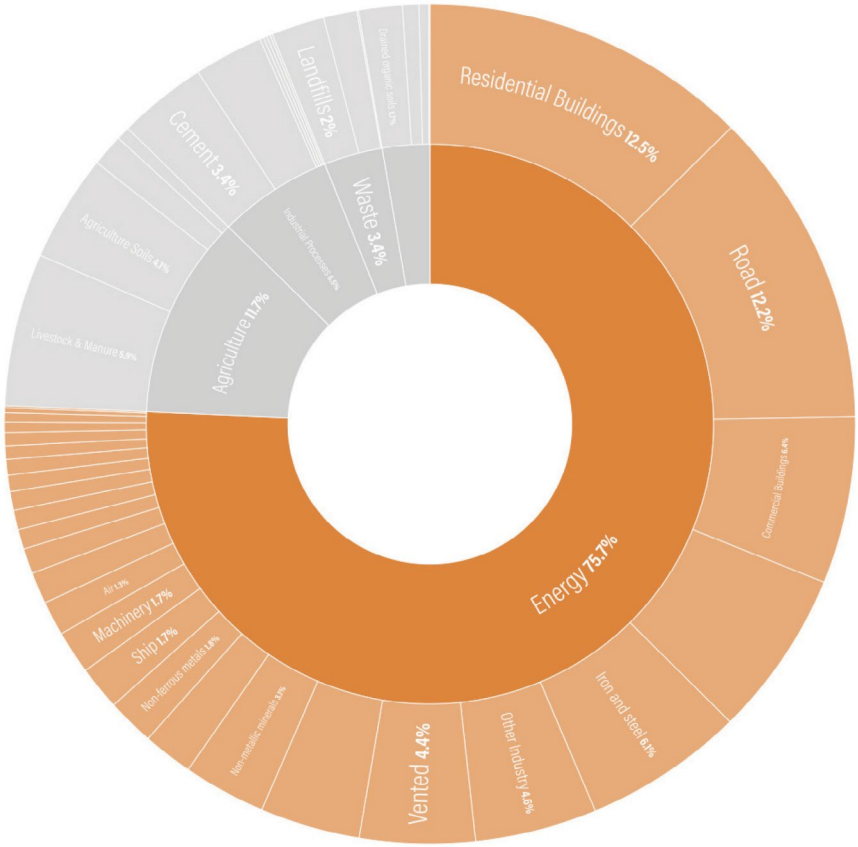
OVERVIEW

Reliable and sustainable energy is an engine for development. The global shift towards renewable energy (RE) and energy efficiency (EE) is crucial for sustaining economic progress and tackling environmental issues. However, energy markets continue to be impacted by disruptions due to geopolitical tensions across the globe. Likewise, countries continue to be vulnerable against rising global temperatures, diminishing water sources, and frequent volatile weather conditions. In response, the United Nations (UN) World Meteorological Organization (WMO) has recommended doubling the supply of clean energy electricity by 2030 to help address and reduce global temperature rise.[1] At the UN Climate Change Conference or COP28 held in late 2023, nearly 200 countries made a commitment to phasing out fossil fuels and moving towards clean and green energy. The global stocktake and these pledges mark a significant advancement in the transition away from fossil fuels and ensure that the objectives of the Paris Agreement remain attainable.[2]

Global greenhouse gas emissions by sector and end use, 2021



1 WMO. (2022). 2022 State of Climate Services: Energy. Retrieved from https://library.wmo.int/idurl/4/58116.
2 UN Climate Change. (2023, December 13). COP28 Agreement Signals "Beginning of the End" of the Fossil Fuel Era. Retrieved from https://unfccc.int/news/cop28-agreement-signals-beginning-of-the-end-of-the-fossil-fuel-era.



Note: Sourced from Climate Watch (2021).

Decarbonization efforts are critical, as the energy sector accounts for approximately 75% of global greenhouse gas emissions. Sustainable Development Goal 7 on Affordable and Clean Energy aims to "ensure access to affordable, reliable, sustainable, and modern energy for all."[3] Despite drops in wind and bioenergy sources, Asia led, among other regions, in 2022 in terms of generation of renewable electricity with 3,749 terawatt hours, a 9.3% rise attributable to developments in solar and hydropower. The growth in renewable capacity over the last 23 years has been substantial, reaching a peak of 473 gigawatt (GW) in 2023. Whereas non-renewable capacity has either stayed unchanged or minimized, continuing below 80 GW yearly since 2019, the share of renewables in annual capacity additions has been increasing, reaching 85.5% in 2023.[4]

By establishing and defining goals, some countries have increased their commitment in recent years to energy transition and the integration of renewable sources into the energy mix.[5] The main obstacles in achieving these respective objectives include supply chain disruptions, increased inflation, unequal distribution of capital and other resources, and growing material costs. The aftermath of the COVID-19 pandemic and the rise in energy prices for the last two years have further hampered development, especially in vulnerable countries.[6]

3 WMO. (n.d.). Clean energy. Retrieved from https://wmo.int/site/frontline-of-climate-action/climate-change-mitigation/clean-energy.

4 International Renewable Energy Agency (IRENA). Renewable energy statistics 2024. Retrieved from https://www.irena.org/Publications/2024/Jul/Renewable-energy-statistics-2024.

5 Renewable Energy Policy Network For The 21st Century. (2024). Renewables 2024 Global Status Report Collection, Global Overview. Retrieved from https://www.ren21.net/gsr2024_GO_report/.

6 International Energy Agency (IEA). Tracking SDG7: The Energy Progress Report, 2024. Retrieved from https://www.

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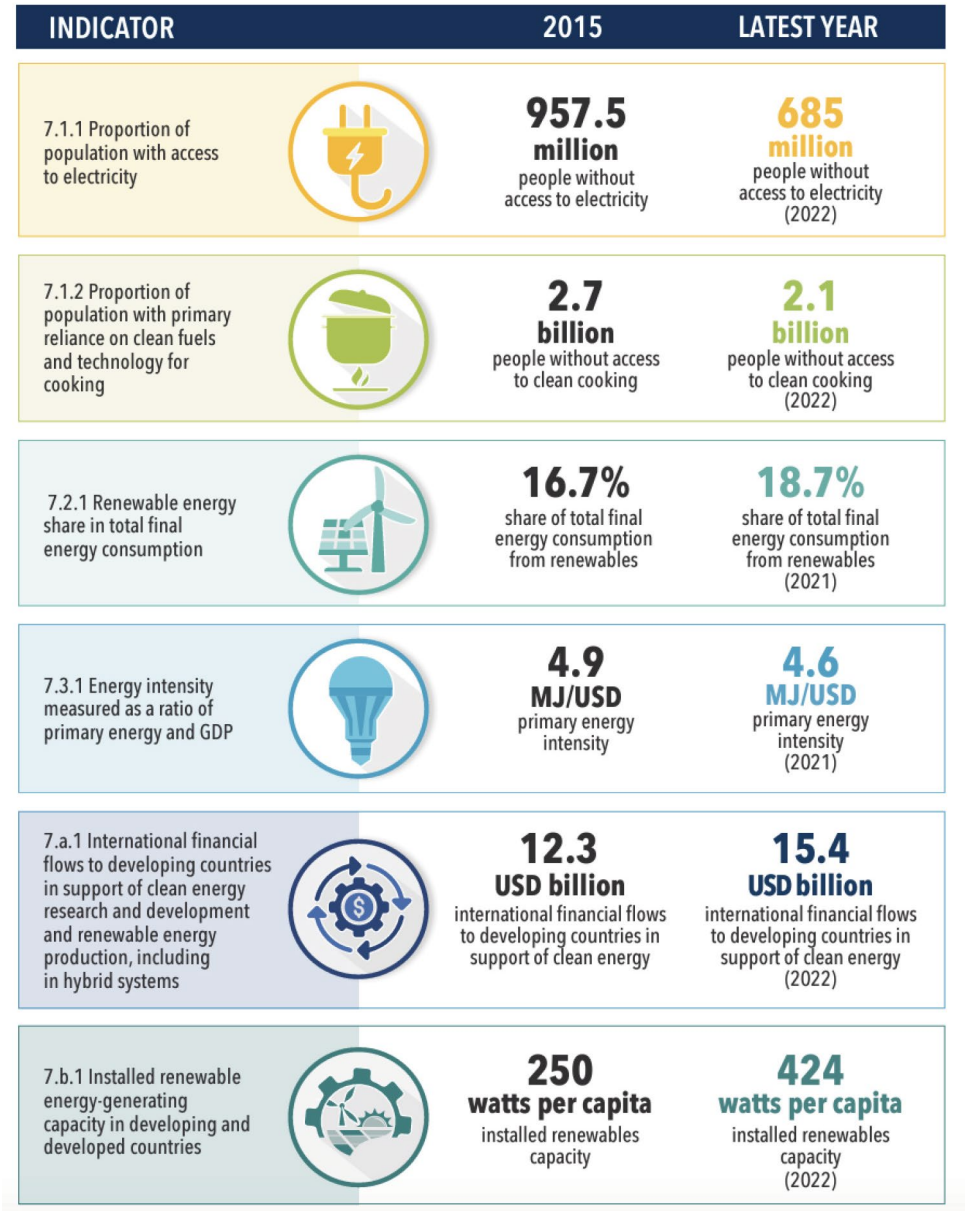


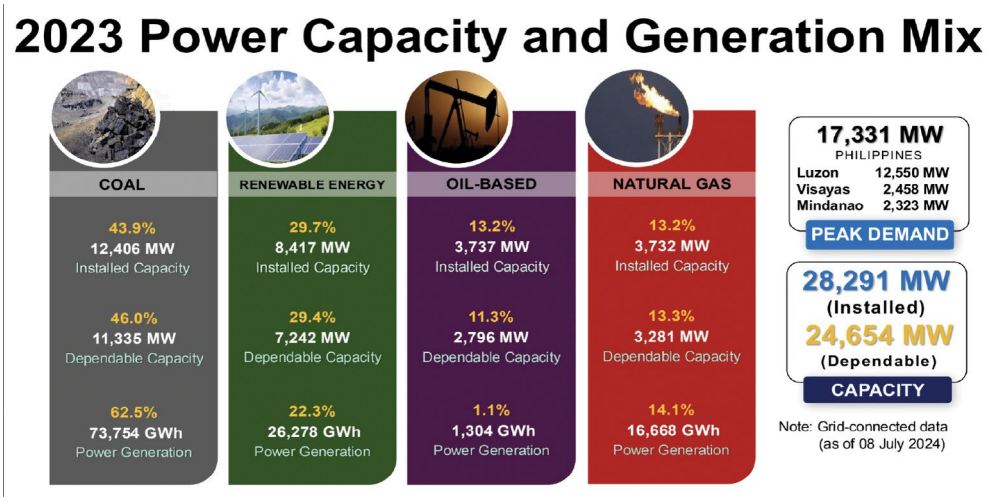
Note: Sourced from the International Energy Agency, the International Renewable Energy Agency, the United Nations, the World Bank, and the World Health Organization (2024).

iea.org/reports/tracking-sdg7-the-energy-progress-report-2024.

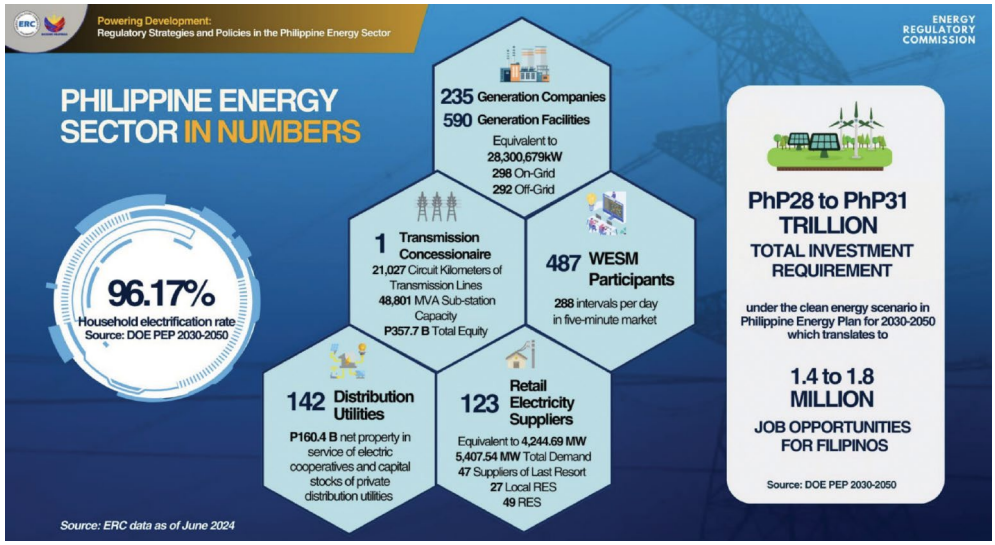
7 *Renewable Energy Policy Network For The 21st Century. (2024). Renewables 2024 Global Status Report Collection, Global Overview. Retrieved from https://www.ren21.net/gsr2024_GO_report/.*

8 *International Energy Agency (IEA). Tracking SDG7: The Energy Progress Report, 2024. Retrieved from https://www.iea.org/reports/tracking-sdg7-the-energy-progress-report-2024.*

In the local context, the Philippines faces difficulties such as rural or peripheral electrification, transmission project delays, the imminent depletion of Malampaya resources, and inflation.[9] By 2040, peak demand is predicted to increase by nearly four times. The 2023 peak demand is 17,331 megawatts.[10] In 2022, the country had 61.6 million tonnes of total oil equivalent supply for primary energy. The country is susceptible to geopolitical conflicts because it imports 50.6% of its energy needs. On another note, there was an annual rise of 1.58% in the proportion of electrified households nationwide between 2019 and 2021. As of the end of March 2024, the electrification rate for households is 93.12%.[11]



Note: Sourced from Fuentebella, Felix William[12] and Guevara, Rowena Cristina (2024).



Note: Sourced from Montañer, Sharon (2024).[13]

9 Fuentebella, F. W. (22, February 2024). Presentation for the Business-to-Business Matching to Support Energy Transition.

10 Guevara, R.C. (2024, August 28). Policy Priorities and Initiatives Supporting Renewable Energy Integration [Powerpoint slides]. ECCP Energy Smart Forum, Makati City.

11 Gonzales, A.L. (2024, July 8). DOE: PHP72-B needed for PH total electrification. Retrieved from https://www.pna.gov.ph/articles/1228482.

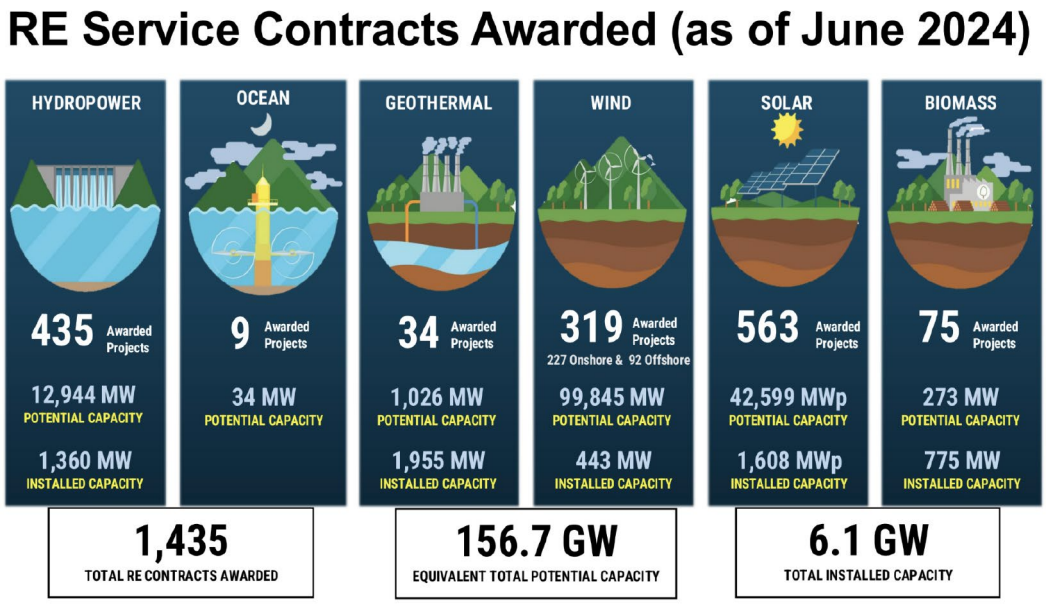
12 Fuentebella, F.W. (2024, August 28). Current Trends And Future Prospects In The Philippine Energy Sector [Powerpoint slides]. ECCP Energy Smart Forum, Makati City.

13 Montañer, S.O. (2024, August 28). Powering Development: Regulatory Strategies and Policies in the Philippine Energy

The country's latest key indicators for SDG 7 are the following:[14]

- **Access to Electricity**: 95% of the population, approximately 109.55 million people.
- **Clean Cooking Fuels and Technologies**: 59.10% of the population use clean cooking fuels and technologies.
- **RE Share**: 28% of total final energy consumption.
- **Energy Intensity**: Energy supply relative to gross domestic product at 2017 USD purchasing power parity, is 2.87 megajoules (MJ), compared to the global average of 4.6 MJ.
- **RE Capacity**: An average of 66 watts per capita.
- **International Finance Flows**: Financial flows for energy-related projects, measured at 2021 USD purchasing power parity, total USD 9.7 million.

To make significant progress on SDG 7, it is essential to invest in both RE and EE initiatives while also crafting strategies that tackle country-specific challenges. Ensuring a sustainable energy future requires advancements in technology, upgrades to infrastructure, updates to regulatory policies, and the strengthening of human capital. Granted, timelines for these initiatives could span years, taking into account permitting and bureaucratic processes as well as the construction of projects. This ambitious goal can only be achieved through a collaborative effort, involving policymakers, the private sector, international organizations, and civil society, to foster a conducive environment for the broad adoption of clean energy solutions.[15]



Note: Sourced from Guevara, Rowena Cristina (2024)

Sector [Powerpoint slides]. ECCP Energy Smart Forum, Makati City.

14 IEA, IRENA, UN, World Bank, and World Health Organization. (2024, June 12). Country Reports - Philippines. Retrieved from https://trackingsdg7.esmap.org/country/philippines.

15 IEA, IRENA, UN, World Bank, and World Health Organization. (2024, June 12). Tracking SDG 7: The Energy Progress Report. Retrieved from https://trackingsdg7.esmap.org/downloads.

WHERE ARE WE NOW?

- The Department of Energy (DOE) harmonizes the **Philippine Energy Plan (PEP) 2023-2050**[16] with the **Philippine Development Plan 2023-2028** to achieve its broader strategic goals. By aligning the PEP with development objectives, the DOE aims to enhance job creation, increase access to affordable and reliable energy, and strengthen energy resilience. The country aims to boost the share of renewable energy in power generation to 35% by 2030 and 50% by 2040.[17]

- The **National Renewable Energy Program (NREP) 2020-2040** establishes the policy framework defined by **Republic Act (RA) No. 9513 or the Renewable Energy Act of 2008**. It further reinforces pathways for clean energy transition described in the PEP.[18]

- The DOE has made continuous efforts to raise awareness on **RA No. 11285 or the Energy Efficiency and Conservation (EE&C) Act** through 71 policy issuances and strategic communication, among others.[19]

- The **National Energy Efficiency and Conservation Plan (NEECP)** and **Roadmap 2023-2050** were formally adopted via **DOE Department Circular No. 2023-05-0018.** The NEECP establishes a framework for institutionalizing EE&C in the country. Meanwhile, the Roadmap 2023-2050 outlines strategic plans for advancing EE&C across all sectors.[20]

- Pursuant to **Administrative Order No. 15**, the DOE leads the Government Energy Management Program that aims to expedite the implementation of energy conservation efforts in government agencies.

- **DOE Department Circular No. 2022-11-0034** amends the Implementing Rules and Regulations allowing 100% foreign ownership for exploration, development, and utilization of renewable technologies such as geothermal, biomass, solar, wind, ocean, and tidal wave.[21]

- **DOE Department Circular No. 2024-06-0018** issued the Revised Omnibus Guidelines Governing the Award and Administration of Renewable Energy Contracts and the Registration of Renewable Energy Developers. To improve the effectiveness of the process of awarding and managing contracts for renewable energy and registering developers, this amended circular combines recent regulations and prior DOE issuances.[22]

- The policy framework for the hydrogen industry is described in **DOE Department Circular No. 2024-01-0001**. It is focused on research and technological development, environmental sustainability, energy security, and access to investments and funding. Energy storage and transportation were also mentioned in this circular as important areas of concentration for

16 DOE. (n.d.). Philippine Energy Plan 2023 - 2050. Retrieved from https://doe.gov.ph/pep.
17 Fuentebella, F.W. (2024, August 28). Current Trends And Future Prospects In The Philippine Energy Sector [Powerpoint slides]. ECCP Energy Smart Forum, Makati City.
18 National Renewable Energy Board. (2021). National Renewable Energy Program 2020-2040. Retrieved from https://doe.gov.ph/sites/default/files/pdf/announcements/nrep_2020-2040.pdf?withshield=2.
19 Aquino, P.T. (2024, August 28). Updates on the implementation of EEC Act [Powerpoint slides]. ECCP Energy Smart Forum, Makati City.
20 Department of Energy. (2023, June 13). Department Circular No. DC2023-05-0018. Retrieved from https:// www.doe.gov.ph/laws-and-issuances/department-circular-no-dc2023-05-0018.
21 DOE. (2022, November 15). Department Circular No. 2022-11-0034. Retrieved from https://doe.gov.ph/sites/default/files/pdf/issuances/dc2022-11-0034.pdf.
22 DOE. (2024, June 10). Department Circular No. DC2024-06-0018. Retrieved from http://doe.gov.ph/sites/default/files/pdf/issuances/dc2024-06-0018.pdf.

the growth of the hydrogen industry.[23]

Further developments to clean and green energy include:

- The **Green Economy Programme for the Philippines (GEPP)** was launched in March 2024 by the Department of Environment and Natural Resources and the European Union (EU). One of the GEPP's primary areas of intervention is renewable energy and energy efficiency deployment.[24] In the same month, the EU, Mindanao Development Authority, Bangsamoro Autonomous Region of Muslim Mindanao, and UN Industrial Development Organization also introduced the **Renewable Energy Technology for Seaweeds Value-Added Project**, which falls under the EU's **Access to Sustainable Energy Programme**.[25]

- The Energy Regulatory Commission (ERC) released the **Resolution No. 13, Series of 2024,** or the Omnibus Rules on Consumer Choice Programs in the Retail Electricity Market. It consists of the Retail Competition and Open Access and retail aggregation programs under RA No. 9136 or the Electric Power Industry Reform Act of 2001, as well as the various programs under RA No. 9513, including the Green Energy Option Program.[26]

- **Circular No. 1185** by the Bangko Sentral ng Pilipinas has broadened the temporary measures, increasing the single borrower's limit and removing reserve requirements. These are intended to encourage banks to provide financing for qualified green or sustainable projects, including transition financing aimed at decarbonization efforts.[27]

- The Philippine Board of Investments (BOI) **Memorandum Circular No. 2023-006** has provided additional incentives to registered projects that will build their RE facilities to supply their power requirement, as well as EE&C projects. Among these incentives include income tax holiday and duty exemption on the importation of capital equipment, raw materials, spare parts or accessories.[28]

- In February 2023, the government initiated the Green Lane Program through **Executive Order No. 18** and established the One-Stop Action Center for Strategic Investments to process applications.[29] By August 2024, the BOI reported that 13 new renewable energy projects, in offshore wind and solar, valued at PHP 210.46 billion, were approved for expedited processing. This brings the total value of investments to over PHP 3.2 trillion, with many of these projects being in the energy sector.[30]

23 DOE. (2024, January 12). Department Circular No. DC2024-01-0001. Retrieved from https://doe.gov.ph/sites/default/files/pdf/issuances/DC2024-01-0001.pdf.

24 Delegation of the European Union to the Philippines. (2024, March 11). Department of Environment and Natural Resources (DENR) and the European Union Unveil New Programme on Circular Economy and Waste Prevention. Retrieved from https://www.eeas.europa.eu/delegations/philippines/department-environment-and-natural-resources-denr-and-european-union-unveil-new-programme-circular_en.

25 Delegation of the European Union to the Philippines. (2024, March 1). MinDA, BARMM, European Union, and UNIDO switch on Mindanao's first hybrid power plant. Retrieved from https://www.eeas.europa.eu/delegations/philippines/minda-barmm-european-union-and-unido-switch-mindanao%E2%80%99s-first-hybrid-power-plant_en?s=176.

26 Energy Regulatory Commission. (2024, August 14). Resolution No. 13, Series of 2024, A Resolution Adopting the Omnibus Rules for Customer Choice Programs in the Retail Market. Retrieved from https://www.erc.gov.ph/Resolutions-and-Rules/2024.

27 Bangko Sentral ng Pilipinas. (2023, December 13). Circular No. 1185 Series of 2023. Retrieved from https:// www.bsp.gov.ph/Regulations/Issuances/2023/1185.pdf.

28 Board of Investments. (2023, October 16). Memorandum Circular No. 2023-006. Retrieved from https://boi.gov.ph/wp-content/uploads/2023/10/BOI-MC-No.-2023-006-New-EE-Guideline-for-Self-Finance-Projects.pdf.

29 Monzon, A.M. (2024, September 5). P3.2T worth of investments now under govt's green lane program. Retrieved from https://business.inquirer.net/478350/p3-2t-worth-of-investments-now-under-govts-green-lane-program#ixzz8lUuXGl9T.

30 Tabile, J. I. D. (2024, September 4). Green lane-eligible projects valued at P3.2 trillion. Retrieved from https://www.bworldonline.com/economy/2024/09/04/618394/green-lane-eligible-projects-valued-at-p3-2-trillion/.

- The Philippine Sustainable Finance Taxonomy Guidelines were provided by the Securities and Exchange Commission in **Memorandum Circular No. 5, Series of 2024**. To assist stakeholders in decision-making for funding and investment, it offers a framework to evaluate the environmental and social impact of economic activities. RE applications in power generation, pumping, drying, heat and/or steam generation, and waste-to-energy (WTE) are among the potentially eligible projects for micro, small, and medium-sized enterprises.[31]

- The Inter-Agency Energy Efficiency and Conservation Committee (IAEECC) was established to assess and approve government energy efficiency projects, as well as oversee the Government Energy Efficiency Program. The Climate Change Commission has been designated as a regular advisory resource under **Resolution No. 9, Series of 2023**, to aid in the coordination and implementation of EE initiatives.[32]

- In 2024, the Anti-Red Tape Authority (ARTA) reviewed policies and regulations to accelerate the full implementation and utilization of RE. In collaboration with stakeholders from the energy sector, ARTA proposed the drafting of a Joint Memorandum Circular or an Executive Order to streamline the permitting process.[33]

- The **Renewable Energy Market (REM)**[34] began full commercial operations on 26 December 2024, serving as a structured platform for trading Renewable Energy Certificates (RECs). This mechanism enables businesses and power suppliers to comply with the Renewable Portfolio Standards (RPS) while fostering a competitive and transparent renewable energy market. By incentivizing clean energy adoption, REM directly supports the Philippines' Nationally Determined Contributions (NDCs) under the Paris Agreement, contributing to the target of reducing emissions by 75% by 2030. It also strengthens the country's path toward 35% renewable energy by 2030 and 50% by 2040, while creating new investment opportunities in the green economy.

31 Securities and Exchange Commission. (2024, February 23). SEC MC No. 05, series of 2024 Guidelines on the Philippine Sustainable Finance Taxonomy. Retrieved from https://www.sec.gov.ph/mc-2024/sec-mc-no-05-series-of-2024.
32 Inter-Agency Energy Efficiency and Conservation Committee. (2023). Resolution No. 9, s. 2023. Retrieved from https://www.doe.gov.ph/sites/default/files/pdf/energy_efficiency/iaeecc-resolution-no-9-s-2023.pdf.
33 Anti-Red Tape Authority. (2024, March 6). ARTA, Energy Stakeholders Mull Over Fast-Tracking Energy Security in the Philippines. Retrieved from https://arta.gov.ph/press-releases/arta-energy-stakeholders-mull-overfast-tracking-energy-security-in-ph/.
34 Department of Energy. (2024, December 23). REC trading starts 26 December 2024 with the full operationalization of REM. Retrieved from https://doe.gov.ph/press-releases/rec-trading-starts-26-december-2024-full-operationalization-rem

ECCP ADVOCACIES

Implementation of a sustainable energy mix policy and energy transition efforts

The challenges posed by climate change, vulnerabilities from human and man-made disasters, market disruptions due to geopolitical tensions, and the rising demand for energy driven by urbanization are critical factors in increasing the share of RE in the national energy mix. For the Philippines, enhancing the integration of RE while reducing dependence on fossil fuels is essential to achieving more reliable and cost-effective energy, as well as improving electricity access in remote areas. The Philippine Government has reported that energy projects are being completed and power supply is expected to grow. Competitive and efficient energy management, addressing power shortages and the underlying causes of blackouts in the regions remain as key policy areas.[35] DOE will design a policy and procedure to ensure that the smart and green grid plan is implemented efficiently.[36]

In recognition of these efforts, the ECCP commends the country's substantial progress in advancing RE adoption and supporting the development of natural gas and other emerging clean energy technologies. The Chamber appreciates the government's commitment to providing affordable and reliable energy, which involves harnessing technological innovations in RE and refining business processes to attract a wider range of companies with diverse RE portfolios to the local market. Additionally, the ECCP supports the expedited implementation of RE projects, the development of smart and green transmission systems to integrate increased RE capacity over the next 15 years, the construction of port infrastructure to facilitate marine-based RE projects, and the voluntary early decommissioning or repurposing of existing coal plants.

Increase the integration of energy flexibility and battery storage initiatives into the energy system

DOE Department Circular No. 2023-04-0008 described an enhanced Energy Storage System policy to accommodate its development for RE and grid stability. The ECCP believes that energy storage will play a critical role in enabling the country's clean energy transition initiative.[37] The DOE has also conducted the Green Energy Auction (GEA) in the last two years to push for increased utilization of the country's RE resources and attainment of energy security and reliability. The GEA program provides an additional market for RE through a competitive electronic bidding of RE capacities.[38] The fourth round or GEA-4 within Q1 of 2025 intends to cover integrated RE and energy storage systems.[39]

The Chamber encourages stakeholders to call for strengthened implementation of policies aimed at strengthening the integration of flexibility and battery storage into the energy system. The ECCP remains optimistic that this will lead to a more responsive and efficient system by improving energy management. Developing battery storage is crucial to addressing the concerns related to the production of intermittent solar and wind power. The ECCP welcomes the steps taken to further

35 Marcos Jr., F. (2024, July 22). 3rd State of the Nation Address of His Excellency Ferdinand R. Marcos Jr. President of the Philippines to the Congress of the Philippines. Presidential Communications Office. https://mirror.pco.gov.ph/presidential-speech/3rd-state-of-the-nation-address-of-his-excellency-ferdinand-r-marcos-jr-president-of-the-philippines-to-the-congress-of-the-philippines/.

36 Guevara, R.C. (2024, August 28). Policy Priorities and Initiatives Supporting Renewable Energy Integration [Powerpoint slides]. ECCP Energy Smart Forum, Makati City.

37 DOE. (2023, April 26). Department Circular No. DC2023-04-0008. Retrieved from https://doe.gov.ph/laws-and-issuances/department-circular-no-dc2023-04-0008.

38 Philippine News Agency. (2023, July 30). Next GEA to include integrated renewable energy, storage system. Retrieved from https://business.inquirer.net/472156/next-gea-to-include-integrated-renewable-energy-storage-system.

39 DOE. (2025, February 6). GEA-4 TOR set to be released this month. Retrieved from https://doe.gov.ph/press-releases/gea-4-tor-set-be-released-month.

develop these systems and looks forward to more engagements on effective implementation.

Facilitating increased foreign investments in the energy sector through advancing ease of doing business and green financing efforts

The ECCP commends the notable progress made in the approval for RE investments, highlighting the shift towards a virtual integration of procedures. This is affirmed by the approval of projects under the Green Lane Program, with a significant share coming from RE, reflecting an overall commitment to sustainable development. Efforts to strengthen the ease of doing business in the country enhances transparency and reduces bureaucratic delays. By leveraging digital tools and platforms, the ECCP lauds the transformative steps towards modernizing and accelerating the deployment of RE projects. It is crucial to continue the momentum of an attractive environment for investors and contribute to the country's long-term energy goals.[40]

To maximize the impact of recent and ongoing initiatives from the public and private sectors, the ECCP highlights the importance of streamlining regulatory processes and a robust policy toolbox to attract foreign investors. The ECCP continues to advocate for the observance of efficient, integrated, and transparent processes, supported by platforms like the Energy Virtual One-Stop Shop and the One-Stop Action Center for Strategic Investments. Additionally, the Chamber reiterates its support for further capacitating local government units to facilitate regional RE projects, particularly those involving foreign investment. By focusing on these areas, the ECCP believes the Philippines can achieve a more favorable environment for renewable energy development and investment.

Effective Implementation of the Energy Efficiency and Conservation Act

Promoting EE&C is crucial for achieving a clean and sustainable future. This approach supports the country's environmental and sustainability targets for energy by cutting greenhouse gas emissions, lowering consumption, and ensuring the responsible use of sources. The ECCP commends the extensive efforts and programs that involve diverse stakeholders—from national and local governments to various businesses—to advance the country's EE&C objectives. The ECCP also acknowledges the DOE's continuous updates to the EE&C Act and the improved communication efforts aimed at engaging a broader audience.

The ECCP highlights the crucial role of EE&C initiatives with public-private partnerships and joint ventures. For these procedures to be effectively implemented, it is essential to have coordinated policy input from various government agencies. Ongoing updates to strengthen the EE&C framework not only support sustainability goals but also drive economic growth and position the country as a leader in RE.

Enactment of Policies that Provide a Clear Framework on the Development of Waste-to-Energy Technologies

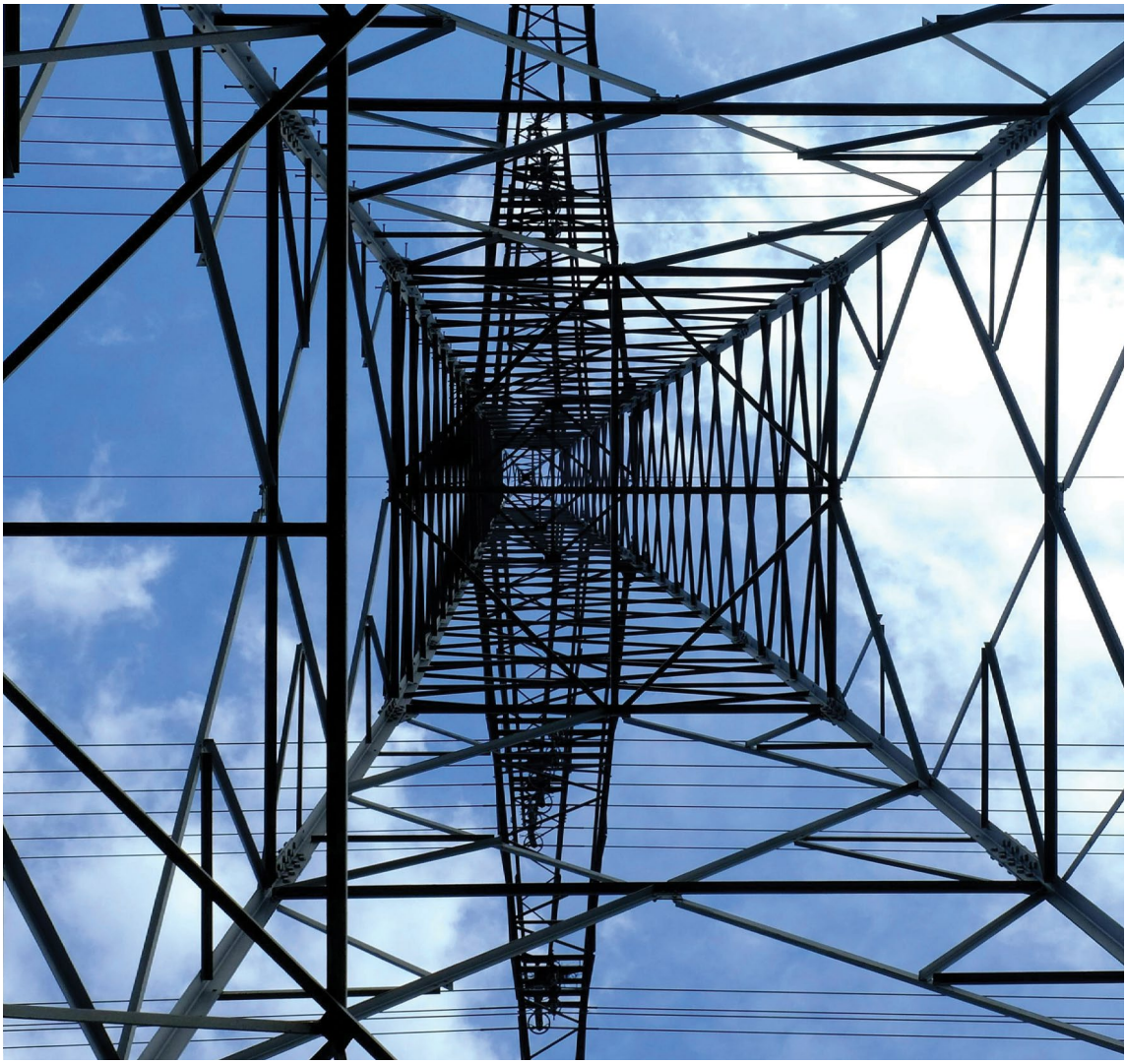
Senate Bill No. 2267, a consolidation of Senate Bill Nos. 151, 177, 989, and 1746 through Committee Report No. 91, passed its first reading in May 2023. The bill seeks to classify Waste-to-Energy (WTE) as a renewable energy source and provide WTE facilities with the benefits under RA No. 9513 and RA No. 9367 (the Biofuels Act). Since July 2023, it has been awaiting second reading. Notably, the WTE

40 Marcos Jr., F. (2024, July 22). 3rd State of the Nation Address of His Excellency Ferdinand R. Marcos Jr. President of the Philippines to the Congress of the Philippines. Presidential Communications Office. https://mirror.pco.gov.ph/presidential-speech/3rd-state-of-the-nation-address-of-his-excellency-ferdinand-r-marcos-jr-president-of-the-philippines-to-the-congress-of-the-philippines/.

Bill has been identified as a priority for the 19th Congress.[41]

The ECCP emphasizes the importance of WTE technologies in addressing both waste management and energy diversification. By evaluating these technologies and learning from international benchmarks, the Philippines may improve waste management practices and expand its energy generation capabilities. The Chamber Recommends implementing a robust and well-defined framework to develop and enhance the WTE industry. This approach will ensure that the country effectively harnesses the potential of WTE technologies to support both sustainability and energy goals.

Given the current landscape of both challenges and opportunities overall, it is essential to craft clear and proactive legislation and regulations that promote the expansion of RE within the country. Solutions must address both short-term and long-term sustainability, focusing on energy efficiency, conservation, and supply.



41 Legislative Executive Development Advisory Council (2024, June 28). LEDAC Common Legislative Agenda (CLA) for the 19th Congress. Retrieved from https://ledac.neda.gov.ph/resources-2/19th-congress/.

DIGITALISATION FOR SUSTAINABILITY

DIGITALISATION FOR SUSTAINABILITY

OVERVIEW

Digitalisation is driving a transformative shift as corporations, governments, and institutions adapt to technological advancements in pursuit of progress and environmental sustainability. With the increasing influence of artificial intelligence (AI), the Internet of Things (IoT), machine learning, big data, and blockchain, digitalisation has evolved beyond operational enhancements to become a crucial tool in redefining approaches to conservation and resource management.

In the global recovery from the pandemic, digitalisation played a key role in sustaining operations across multiple sectors. In agriculture, digital tools optimize crop yields, manage water resources, and monitor soil health, promoting more sustainable farming practices.[1] In the energy sector, smart grids and renewable energy systems use data to improve energy efficiency and reduce waste. The manufacturing sector benefits from streamlined supply chains, reduced production waste, and the facilitation of circular economies through digital solutions.[2] E-commerce and digital platforms expand market access, reducing the need for physical infrastructure and minimizing environmental impacts, while the rise of remote work and virtual collaboration tools decreases commuting and office resource consumption, contributing to lower emissions. Overall, digitalisation has become a significant force for sustainability, driving innovation, resource conservation, and economic resilience in an increasingly interconnected world.

A report by the World Bank underscores the role of digital technologies in reducing emissions, noting that the sector itself is working to reduce its carbon footprint. Leveraging digital technologies for climate action can make substantial contributions to global objectives of poverty reduction while ensuring a sustainable and livable planet.[3] According to the World Economic Forum (WEF), digital technologies have the potential to reduce emissions by up to 20% by 2050 in the three largest-emitting sectors: energy, materials, and mobility. Additionally, two-thirds of countries now integrate technology into their national climate strategies to support adaptation to or mitigation of climate change.[4]

In the quest for sustainability, the United Nations' International Telecommunication Union (UN-ITU) suggests that digital technologies have the potential to accelerate progress toward each of the 17 Sustainable Development Goals (SDGs) of the United Nations.[5] Specifically, digitalisation supports SDG 9, which focuses on building resilient infrastructure, promoting inclusive and sustainable industrialization, and fostering innovation. Efficient and accessible digital infrastructure enables countries to participate in the digital economy, enhancing economic competitiveness and overall well-being. Many of the world's 42 least developed countries (LDCs) have made significant strides toward SDG 9, particularly in areas such as financial inclusion, poverty alleviation, and health improvements.

1 Patra, Ashok & Sinha, Nishant & Kumar, Jitendra & Kumar, Dhiraj & Jayaraman, Somasundaram. (2023). Digital Agriculture and its Role in Soil Health Management.

2 Pereira, R., Costa, S., Lima, S., & Ribeiro, J. (2022). https://doi.org/10.1016/j.cstp.2022.100017

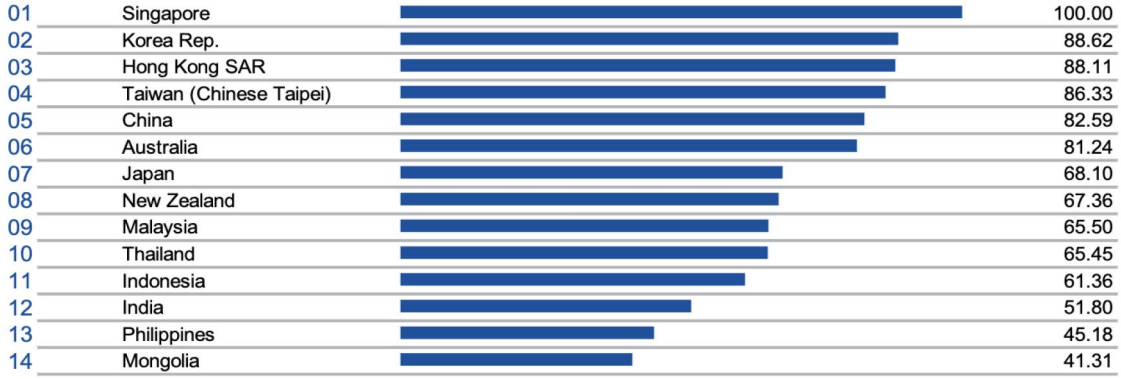
3 World Bank. "Digital Technologies Fast-Track Climate Solutions." November 29, 2023. https://www.worldbank.org/en/news/press-release/2023/11/29/digital-technologies-fast-track-climate-solutions.

4 Ibid.

5 International Telecommunication Union. "ICTs to Achieve the United Nations Sustainable Development Goals." Accessed September 11, 2024. https://www.itu.int/en/mediacentre/backgrounders/Pages/icts-to-achieve-the-united-nations-sustainable-development-goals.aspx.

Countries differ significantly in their approaches to digital transformation. The IMD World Digital Competitiveness Ranking, developed by the IMD World Competitiveness Center, assesses the ability of 64 economies to adopt and leverage digital technologies as drivers of economic transformation across business, government, and society.[6] The ranking uses a combination of quantitative data and survey responses from business and government leaders to provide insights that guide the allocation of resources and identification of best practices for digital transformation. In the 2024 World Digital Competitiveness Ranking, three criteria were used to determine a country's position: knowledge, technology, and future readiness. In the Asia-Pacific region, Singapore ranked first in all indicators, while the Philippines ranked 13th, just behind India and ahead of Mongolia.

IMD World Digital Competitiveness Ranking – Asia Pacific, 2024[7]

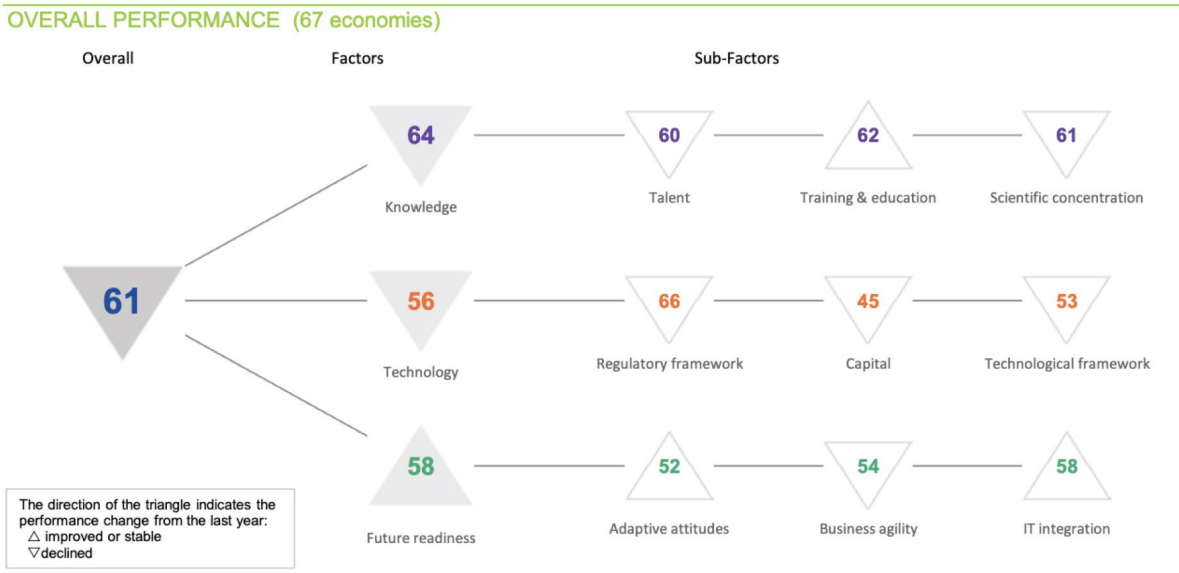


Source: IMD World Competitiveness Center

Overall, the Philippines has hit a minor roadblock, slipping from rank 59 in 2023 globally to 62 in 2024. Looking into the knowledge indicator, it moved down from 63 to 64. Additionally, in the technology indicator which factors in the regulatory framework, capital, and technological framework, the Philippines has slipped from 51st in 2022 to 56th in 2023. Lastly, in terms of the future readiness indicator, the country moved up from 59th to 58th.

6 IMD. Digital 2023: Transforming the World of Digitalization. December 2024. https://imd.widen.net/s/xvhldkrrkw/20241111-wcc-digital-report-2024-wip.
7 Ibid.

Philippines' Overall Performance, 2024[8]



Source: IMD World Competitiveness Center

In spite of this, significant optimism remains for the Philippines' digital and technology sector. The nation's vibrant tech ecosystem, driven by a young and dynamic workforce, continues to show promise with the increasing adoption of digital solutions across industries. Government initiatives to improve digital infrastructure, expand internet access, and promote innovation are paving the way for future growth. The rise of tech startups, expanding e-commerce, and investments in digital education also indicate that the Philippines is well-positioned to catch up and thrive in the global digital landscape. While challenges persist, the potential for growth and progress in the digital and technology industry remains immense.

The current administration of the Philippines continues to prioritize technological advancement. At the beginning of 2025, the Philippines' Department of Information and Communications Technology (DICT) announced significant strides in developing a strong tech ecosystem.[9] The country's commitment to ICT growth and development has attracted global attention, with the Board of Investments (BOI) reporting its highest-ever investment approvals, reaching Php 1.16 trillion ($31.32 billion), a 59% increase from 2022. The ICT sector has played a key role in this surge, with investment approvals totaling Php 96.16 billion ($2.60 billion). Notable projects include a Php 5.6 billion ($151.2 million) investment from international telecom companies and a Php 4 billion ($108 million) public-private partnership to accelerate the deployment of the National Broadband Plan.[10] Looking ahead to 2024, the DICT continues to lead in driving innovation, ensuring widespread connectivity, and shaping a digitally empowered nation. The department remains committed to transformative progress, guiding the Philippines toward a tech-driven future. With a strong focus on groundbreaking initiatives and ongoing digital infrastructure development, the DICT is positioning the country as a dynamic force in the global digital economy.[11]

8 IMD. Digital 2023: Transforming the World of Digitalization. December 2024. https://imd.widen.net/s/xvhldkrrkw/20241111-wcc-digital-report-2024-wip.
9 The Philippines Enhances Digitalisation Efforts in 2024," OpenGovAsia, January 8, 2024, https://opengovasia.com/2024/01/08/the-philippines-enhances-digitalisation-efforts-in-2024/.
10 The Philippines Enhances Digitalisation Efforts in 2024," OpenGovAsia, January 8, 2024, https://opengovasia.com/2024/01/08/the-philippines-enhances-digitalisation-efforts-in-2024/.
11 Ibid.

WHERE ARE WE NOW?

- The **Bangko Sentral ng Pilipinas (BSP) Digital Payments Transformation Roadmap** sets ambitious targets to boost digital transactions. By the end of 2023, the BSP aims for 50% of retail payments to be processed through digital channels and to raise the proportion of banked Filipinos to 70%. Notable progress has already been achieved, with 42.1% of retail payments being conducted digitally as of 2022.[12]

- This **e-Government Master Plan (EGMP) led by DICT** focuses on the comprehensive implementation and enhancement of digital platforms designed to improve government services. It involves the development and optimization of online portals and mobile applications to make government transactions more efficient, accessible, and user-friendly. The plan aims to integrate various services into a unified digital ecosystem, streamlining interactions between citizens and government agencies and facilitating easier access to essential services and information.[13]

- **The Philippine Development Plan (PDP) 2023 to 2028** introduces six cross-cutting strategies to propel economic, social, institutional, and environmental progress in the country, with digitalisation being a key component. This digital transformation within the government is expected to streamline service delivery, improve transparency, and diminish opportunities for corruption across various levels.[14]

- The **AI Summit 2024 by Microsoft Philippines**, held in January 2024, spotlighted the growing role of artificial intelligence across various industries. The event showcased AI-powered tools like Microsoft Copilot, emphasizing AI's impact in sectors such as banking, healthcare, and government. These technologies are driving innovation, streamlining operations, and contributing to the country's digital transformation efforts.[15]

- **The Philippines' First Digital Transformation Development Policy Loan (DPL)** is designed to advance the country's digital transformation efforts by supporting improvements in government operations and digital infrastructure policies. The loan aims to expand financial inclusion through digital finance and stimulate the growth of digital services. It will assist the government in digitizing its operations and service delivery, foster competition within the digital infrastructure sector, and promote the use of digital payments and financial services. Additionally, the DPL will facilitate reforms to boost e-commerce, enhance competition and value-added activities in digital service markets, and strengthen skills development within the industry.[16]

- **The DICT's Digital Workforce Program** encompasses a range of initiatives aimed at advancing the digital skills and capabilities of the workforce. By offering targeted training

12 Philippines Ready for a New Era of Digital Innovation," Philstar, August 26, 2023, https://www.philstar.com/business/2023/08/26/2291354/philippines-ready-new-era-digital-innovation.

13 Department of Information and Communications Technology (DICT), EGMP 2022 (March 2020), https://dict.gov.ph/ictstatistics/wp-content/uploads/2020/03/EGMP-2022.pdf.

14 National Economic and Development Authority (NEDA), Philippine Development Plan 2023-2028 (January 2023), https://pdp.neda.gov.ph/wp-content/uploads/2023/01/PDP-2023-2028.pdf.

15 "Microsoft Gears Up to Lead the Philippines into the Era of AI with 2024 AI Summit," Microsoft News, January 18, 2024, https://news.microsoft.com/en-ph/2024/01/18/microsoft-gears-up-to-lead-the-philippines-into-the-era-of-ai-with-2024-ai-summit/.

16 "World Bank Supports Reforms for Increasing Digital Technology Adoption in the Philippines," World Bank, September 30, 2023, https://www.worldbank.org/en/news/press-release/2023/09/30/world-bank-supports-reforms-for-increasing-digital-technology-adoption-in-the-philippines.

and upskilling opportunities in emerging digital technologies, the program seeks to enhance workers' employability and adaptability in an increasingly digital job market.[17]

ON LEGISLATION

- **House Bill No. 6927 (Digital Transformation Strategy Act)**, introduced in 2023, this proposed legislation aims to establish a comprehensive national strategy for the integration of digital technologies across various government sectors. The bill is designed to mandate the development and implementation of a unified digital transformation framework that enhances the efficiency and effectiveness of public service delivery. By promoting the use of advanced digital tools and technologies, the act seeks to streamline government operations and improve citizen engagement. Additionally, it focuses on fostering the growth of the digital economy by creating an environment conducive to innovation and technological advancement, thereby supporting overall economic development and modernization efforts.[18]

- **The E-Governance Act** enacted in 2023 establishes a legal framework that requires the integration and use of digital platforms across various government services. The primary objective of the act is to enhance the efficiency and effectiveness of government operations by transitioning to digital solutions. This shift is intended to streamline administrative processes, making them more accessible and user-friendly for citizens. Additionally, the act emphasizes the promotion of transparency within government operations by leveraging digital tools to provide clear and readily available information. By fostering greater accessibility and openness, the E-Governance Act aims to improve public trust in government institutions and support a more responsive and accountable governance system.[19]

- **Public Service Act Amendments** which began in 2022, and is newly published Implementing Rules and Regulations (IRRs) in 2023, aims to bolster foreign investment in critical sectors, particularly telecommunications. The amendments are designed to create a more favorable regulatory environment for international investors by relaxing restrictions and streamlining processes related to foreign participation. By encouraging greater foreign investment, the amendments seek to stimulate significant infrastructure development within the digital and telecommunications sectors. This focus on infrastructure growth is expected to enhance the quality and reach of digital services, improve connectivity, and drive innovation, ultimately contributing to the broader development of the country's digital economy and technological capabilities.[20]

17 Philippine Institute for Development Studies (PIDS), Social Protection, Digital Divide, and Other Issues in Online Platform Work (n.d.), https://pidswebs.pids.gov.ph/CDN/EVENTS/dict_pids_webinar_social_protection,_digital_divide_and_other_issues_in_online_platform_work_v2.pdf.

18 "DOF: Digitalization Key to Improved Tax Collection," Philippine News Agency, September 21, 2023, https://www.pna.gov.ph/articles/1105868.

19 Department of Information and Communications Technology (DICT), E-Government Master Plan 2019-2022 (July 2019), https://dict.gov.ph/ictstatistics/wp-content/uploads/2019/07/EGMP_Book_Abridged.pdf.

20 National Economic and Development Authority (NEDA), "NEDA Releases Public Service Act IRR," last modified April 19, 2023, https://neda.gov.ph/neda-releases-public-service-act-irr/#:~:text=Upon%20its%20effectivity%20on%20April,railways%2C%20expressways%2C%20and%20telecommunications.

ECCP ADVOCACIES

Maintain competitive incentives for ICT-BPO investments

The ECCP acknowledges the enactment of the Corporate Recovery and Tax Incentives for Enterprises (CREATE) Act which provides incentives that are performance-based, strategically targeted, timebound, and fully transparent. It encourages businesses to invest in industries and sectors aligned with the Philippine development agenda; create higher-value jobs; incentivize upskilling and employee training, and promote investments in less-developed areas, and areas recovering from calamities or armed conflict. It is worth noting that under the law, Tier 3 investments include those adopting advanced digital production technologies of the Fourth Industrial revolution; producing equipment, parts, and services that embed new technologies; and engaging in research and development (R&D) activities and commercialization of R&D leading to accelerate innovation and increase the added value on products and services. Over three years since it lapsed into law, several clarifications and issues between the CREATE Law and its implementing rules and regulations have been raised by various stakeholders, especially on VAT-related transactions. In this light, the Corporate Recovery and Tax Incentives for Enterprises to Maximize Opportunities for Reinvigorating the Economy (CREATE MORE) bill was filed at the Lower House to enhance the country's tax incentives system.

The proposed legislation states that the income tax rates will be 20% for domestic and resident foreign corporations elected to be under the enhanced deductions regime. Further to this, the bill would provide additional policy clarity on remote work arrangements, which many business process outsourcing (BPO) companies have adopted during the COVID-19 pandemic. Under the bill, registered business enterprises in the IT-BPM sector are entitled to incentives even if they conduct business under alternative work arrangements, as long as they are compliant with the on site requirements set by investment promotion agencies (IPAs). The ECCP and its ICT-BPM-KPM Committee reiterate its support for the government's efforts to revisit and amend policies governing the incentives system for the IT-BPM sector. Doing so will not only help attract investors and streamline the process of doing business, but it will also sustain the competitiveness of the country's IT-BPM sector.

Adopting the open access in data transmission approach

The Philippine telecommunications sector has seen significant developments driven by increased demand for better connectivity and government initiatives to improve digital infrastructure and foster competition. However, challenges such as high costs, slow broadband speeds, inadequate coverage, and limited competition persist. The National Economic and Development Authority (NEDA) has highlighted that the growing demand for better connectivity is unmet due to a market dominated by a few major players.

According to the World Bank, the Philippines has the least favorable policy environment for affordable broadband in ASEAN and is among the slowest in implementing reforms to improve affordability. In 2022, fixed broadband household penetration was only 33%, while the cost of fixed broadband in the country is more than four times higher than in Malaysia and Vietnam, and over double the ASEAN average. The Ookla Speedtest Global Index for February 2024 shows that the country's fixed broadband median speed slightly increased to 93.9 Mbps, up from 92.84 Mbps in January. Mobile speeds also improved, reaching an average of 29.65 Mbps, compared to 26 Mbps the previous month. The Philippines ranked 52nd out of 183 countries for fixed broadband speed and 87th out of 155 countries for mobile speed.

Upskill the Philippine workforce with special focus on developing science, technology, engineering and mathematics (STEM) capabilities for increased employment opportunities and entrepreneurial capabilities

Human capital is one of the most valuable assets of any economy or company, encompassing the skills, capabilities, and innovation of individuals. The ECCP acknowledges the domestic workforce as the ICT-BPM sector's comparative advantage. However, this workforce faces both challenges and opportunities in creating high-skilled employment. The Future of Jobs Report highlights that skill gaps and the inability to attract the right talent remain significant barriers to the adoption of new technologies.

The ECCP welcomes the enactment of Republic Act No. 1962, also known as the Trabaho Para sa Bayan Act, which seeks to address unemployment, underemployment, informal working arrangements, and the reintegration of Overseas Filipino Workers, among other labor market challenges. Aligned with the Philippine Development Plan 2023-2028, the Trabaho Para sa Bayan Plan (TPB) will focus on improving the employability and competitiveness of Filipino workers through upskilling and reskilling initiatives. The plan will also provide support to micro, small, and medium enterprises (MSMEs) and industry stakeholders. Furthermore, the National Cybersecurity Plan 2024-2028, launched by the Department of Information and Communications Technology (DICT), includes a crucial component on capacity building and upskilling cybersecurity personnel.

Promote the creation of green jobs aligned with education and industry needs, Especially in growing sectors

It is crucial to ensure that the Philippines' rapidly expanding workforce is not only prepared for the challenges of the modern economy but also aligned with both global and national sustainability goals. In recognition of this, the European Chamber of Commerce of the Philippines (ECCP) commends the initiatives led by the Department of Labor and Employment (DOLE) and the Department of Environment and Natural Resources (DENR) to foster the development of green jobs across the country.

A key element of these efforts is DOLE's recent launch of a comprehensive database of green occupations, made available through the Career Information System. This initiative provides valuable insights into emerging opportunities within environmentally sustainable industries, guiding both workers and employers towards greener practices. Moreover, DOLE has played a significant role in providing technical inputs and recommendations for the Joint Memorandum Circular on the Implementing Guidelines for the Inter-Agency Collaboration on Green Jobs Certification, Incentives Availment, and Support Programme. This memorandum serves as a vital framework for streamlining efforts across multiple agencies to ensure that those investing in sustainable employment receive the appropriate support and incentives.

In addition, DOLE is collaborating with other government agencies to establish a robust green jobs statistical system. This collaboration aims to generate accurate data to track the growth of green employment and shape future policies that support the transition towards an environmentally conscious workforce. Through these initiatives, the Philippines is making decisive strides toward building a sustainable economy that benefits both the workforce and the environment for future generations.

GREEN BUILDINGS

GREEN BUILDINGS

OVERVIEW

Climate change is a global challenge, evidenced by rising temperatures, extreme weather, sea-level rise, and ecosystem disruptions. The urgent need to mitigate climate change has led to a global push for decarbonisation—the process of reducing carbon dioxide (CO_2) emissions to mitigate the effects of global warming. Decarbonization is essential across all sectors; however, the built environment, especially the real estate and construction industries, is a critical target due to its significant global greenhouse gas (GHG) emissions. Accelerating urbanisation further intensifies these impacts if sustainable practices are not implemented.

The built environment—comprising residential, commercial, and industrial buildings—is a major contributor to climate change. The construction and operation of buildings account for approximately 30% of the final energy demand and 37% of global CO_2 emissions from building operations and material production.[1] The World Green Building Council (GBC), the largest network in leading the built environment transformation, reports that these figures have reached an all-time high, exceeding pre-pandemic levels. Emission reductions from improvements in energy and carbon intensity have been outpaced by emission increases from rising global activity levels in industry.[2] The substantial carbon footprint of the built environment stems from various sources, including the energy-intensive processes involved in the extraction, manufacturing, and transportation of building materials. Additionally, the ongoing energy consumption for heating, cooling, lighting, and powering buildings further exacerbates emissions.[3]

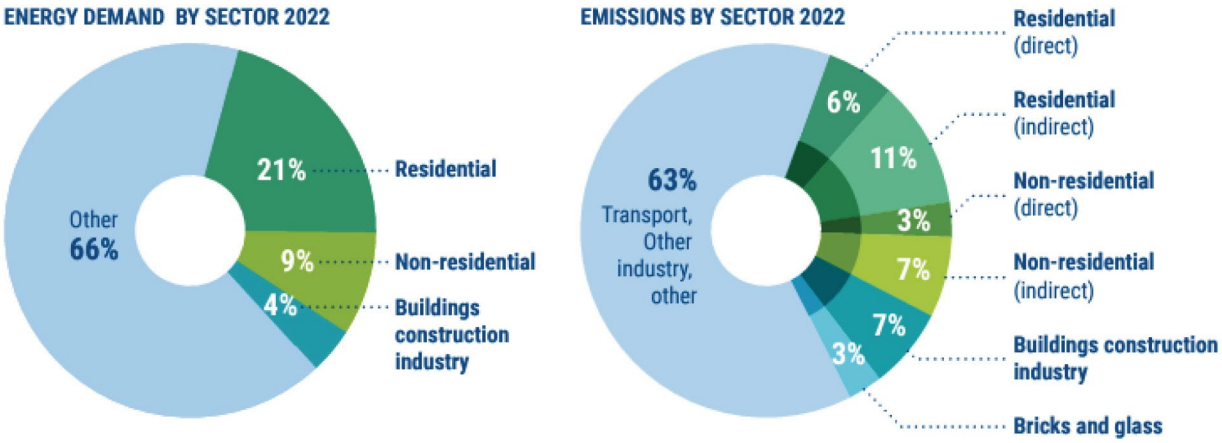


Figure 1. Share of buildings in total final energy consumptions in 2022 (left) and share of buildings in global energy and process emissions in 2022 (right)
Source: United Nations Environment Programme (2024)

1 United Nations Environment Programme (2024). Global Status Report for Buildings and Construction: Beyond foundations: Mainstreaming sustainable solutions to cut emissions from the buildings sector. Retrieved from https://wedocs.unep.org/bitstream/handle/20.500.11822/45095/global_status_report_buildings_construction_2023.pdf?sequence=3&isAllowed=y

2 World Green Building Council. (July 2023). 2023 Advancing Net Zero Status Report. Retrieved from https://worldgbc.org/article/2023-advancing-net-zero-status-report/.

3 International Finance Corporation (2023). Building Green: Sustainable Construction in Emerging Markets. Retrieved from https://www.ifc.org/en/insights-reports/2023/building-green-in-emerging-markets#:~:text=International%20Finance%20Corporation.-,Download%20Report,-Construction%20value%20chains

Recognizing the urgent need to decarbonize the built environment, real estate and construction industry stakeholders are exploring various strategies to transform it. The concept of "greening" the built environment involves a multifaceted approach that includes:

- Energy efficiency lies at the core, achieved through designing buildings with optimal insulation, efficient heating, ventilation, and air conditioning (HVAC) systems, and smart lighting controls to minimize energy consumption.

- Sustainable materials, such as recycled or locally sourced materials with low embodied carbon, play a crucial role in reducing the environmental impact of construction.

- Water conservation measures, like rainwater harvesting and efficient plumbing fixtures, help preserve this finite resource.

- Waste reduction strategies, including recycling construction debris and implementing waste management systems during building operations, contribute to a circular economy.

Integration of renewable energy sources such as solar panels or wind turbines, further reduces reliance on fossil fuels and lower carbon emissions.[4]

In the Philippine context, the push towards green buildings is driven by several factors, including vulnerability to climate change-induced disasters, energy security concerns, and the need for sustainable economic growth. The Philippine government has recognised the importance of sustainable construction and has implemented policies and regulations to promote green building practices.

KEY INITIATIVES IN THE PHILIPPINES

The private sector and non-governmental organizations are also actively involved in advancing green building initiatives, fostering innovation, and setting higher standards for sustainability.

- The Philippine Green Building Council (PHILGBC), a member of the World Green Building Council, has been instrumental in advancing sustainable building practices across the nation.

- The Building for Ecologically Responsive Design Excellence (BERDE) program promotes the development and recognition of sustainable buildings that meet local ecological concerns.

- Advancing the Net Zero Philippines (ANZ/PH) Program, another crucial initiative by the PHILGBC, aims to accelerate the transition to net zero carbon buildings. This initiative is part of a global project that seeks to make all buildings - new and existing - net zero carbon by 2050, emphasizing the Philippines' commitment to sustainable development and climate change mitigation.

- While the Leadership in Energy and Environmental Design (LEED) certification originates

4 *United Nations Environment Programme. (2024). 2024 Global Status Report for Buildings and Construction.Retrieved from https://wedocs.unep.org/bitstream/handle/20.500.11822/45095/global_status_report_buildings_construction_2023.pdf?sequence=3&isAllowed=y.*

in the US Green building Council, the Philippine Economic Zone Authority (PEZA) has recognized the LEED certification as part of the criteria for the Green, Healthy, Smart, and Sustainable Ecozone Award in 2020.[5]

WHERE ARE WE NOW?

At the global level, several frameworks guide the transition to sustainable building practices. The United Nations' Sustainable Development Goals (SDGs), particularly SDG 11 (Sustainable Cities and Communities) and SDG 13 (Climate Action), underscore the importance of this transition. Additionally, the Paris Agreement provides a global framework aimed at limiting the rise in global temperatures to below 2°C, urging countries to decarbonize their economies, including the real estate and construction sectors. The Intergovernmental Panel on Climate Change (IPCC) has also stressed the urgent need to mobilise and scale existing solutions to achieve a decarbonized, sustainable, and resilient future.[6]

In response to the global call for reduced GHG emissions, the Department of Public Works and Highways (DPWH) launched the Philippine Green Building Code, also referred to as the "GB Code," in 2015. This comprehensive framework promotes resource-efficient practices in the design, construction, and operation of buildings across the country. The GB Code addresses crucial aspects of sustainability, including energy and water efficiency, material sustainability, solid waste management, and site sustainability.[7] It aims to ensure that buildings contribute to environmental preservation while providing social and economic benefits. Additionally, lawmakers are continuously proposing measures to update the GB Code and further strengthen the implementation of green building practices in all new constructions and major renovations, demonstrating a commitment to evolving sustainable standards.

As the Philippines strides toward a more sustainable future, green building certifications have emerged as essential tools in measuring and promoting environmental responsibility within the construction industry. These certifications, though not mandatory, serve as benchmarks for developers, architects, and builders, providing a structured framework to guide sustainable practices. By adhering to specific criteria that include energy efficiency, water conservation, and materials sustainability, certified buildings contribute to the broader goals of reducing carbon footprints and enhancing livability. One of these is BERDE, launched by the PBGC, as previously discussed, a program developed as the Philippines' own national voluntary green building rating system to facilitate green building projects in the country. The BERDE Green Building Rating System is used to measure, verify and monitor the environmental performance of buildings that go beyond existing mandatory regulations and standards. BERDE considers energy efficiency in all aspects, including air, water, and waste in buildings, to create a healthy environment for users and improve the quality of life.[8] While this certification is not mandatory, it is recognized as the National Voluntary Green Building Rating System by the Philippine government. Certain government agencies, such as the Department of Energy (DOE), have used BERDE as a guide in developing policies and programs for green building and sustainability for the building sector. At the local level, several local government

5 *Baker Mckenzie (2025). Global Sustainable Buildings Guide - Philippines. Retrieved from https://resourcehub.bakermckenzie.com/en/resources/global-sustainable-buildings/asia-pacific/philippines/topics/green-certification*

6 *World Green Building Council. (July 2023). 2023 Advancing Net Zero Status Report. Retrieved from https://worldgbc.org/article/2023-advancing-net-zero-status-report/.*

7 *Department of Public Works and highways (June 2015). Philippine Green Building Code. Retrieved from https://www.dpwh.gov.ph/DPWH/sites/default/files/laws_codes_orders/PgbcBooklet23March.pdf.*

8 *Philippine Green Building Council. BERDE Green Building Rating System. Retrieved from https://berdeonline.org/#about-berde.*

units have incorporated BERDE as part of their policy to ensure the environmental performance of projects within their respective jurisdictions.[9]

The Philippine Green Building Initiative (PGBI), a non-profit organization comprised of various professional associations within the built environment sector, has introduced its own green building rating system known as Geared for Resiliency and Energy Efficiency for the Environment (GREEEN). Recognizing the importance of a localized approach, the GREEEN rating system is specifically designed for the Philippine context, aiming to enhance the resilience, energy efficiency, occupant well-being, environmental performance, and economic viability of buildings. This is achieved through the application of established and innovative practices, standards, and technologies, which are incorporated into a comprehensive set of design guidelines.[10]

The PGBI also champions the Excellence in Design for Greater Efficiencies (EDGE) certification, developed by the International Finance Corporation (IFC). EDGE is a green building certification designed to make green buildings more accessible and affordable, particularly in emerging markets like the Philippines. Under this certification, projects may be certified as carbon neutral, where there should be a minimum 20% savings in water and embodied energy, 40% savings on-site, and 100% energy savings through renewables or carbon offset.[11] This globally recognized certification system is particularly beneficial for the Philippine market due to its emphasis on affordability and simplicity. It encourages wider adoption among developers, including those working on low- to middle-income housing projects, by demonstrating that building green can be both economically and environmentally advantageous.[12] Moreover, its user-friendly software application empowers developers and designers to assess the most cost-effective strategies for incorporating green features, offering immediate feedback on financial viability and environmental impact. This streamlined approach encourages broader adoption of sustainable practices demonstrating that building green can be both economically and environmentally sound.

Apart from green building certifications, financial mechanisms are essential catalysts for promoting green buildings. The Philippine government, in partnership with financial institutions, has introduced a variety of incentives and funding options to support green infrastructure development. Key government bodies, including the Bureau of Treasury (BoTR), the Securities and Exchange Commission (SEC), and the Bangko Sentral ng Pilipinas (BSP), are at the forefront of national green financing initiatives. Notably, in 2021, the BSP along with the BoTR established the Sustainable Finance Framework, mandating banks and financial institutions to incorporate environmental and social considerations into their investment and risk management practices.[13] This framework outlines the Philippines' policy on utilizing green, social, or sustainability bonds, loans, and other debt instruments to finance "Eligible Social Expenditures," which encompass projects contributing to affordable basic infrastructure and housing.[14] Moreover, the SEC issued the Guidelines on the Issuance of Green Bonds Under the ASEAN Green Bonds Standards (SEC Memorandum Circular No. 12, s. 2018), the Guidelines on the Issuance of Social Bonds Under the ASEAN Social Bonds Standards in the Philippines (SEC Memorandum Circular No. 9, s. 2019) and the Guidelines on the Issuance of Sustainability Bonds Under the ASEAN Sustainability Bonds Standards in the Philippines (SEC Memorandum Circular. No. 9, s. 2019).[15] These guidelines require issuers to disclose the environmental

9 Baker McKenzie (2024). Global Sustainable Buildings Guide 2024. Retrieved from https://www.bakermckenzie.com/-/media/files/insight/publications/resources/global-sustainable-buildings-guide/global-sustainable-buildings-guide.pdf.
10 Philippine Green Building Initiative. (n.d.). GREEEN. Retrieved from https://www.greenbuilding.ph/greeen
11 Baker McKenzie (2024). Global Sustainable Buildings Guide 2024. Retrieved from https://www.bakermckenzie.com/-/media/files/insight/publications/resources/global-sustainable-buildings-guide/global-sustainable-buildings-guide.pdf.
12 International Finance Corporation. (n.d.). EDGE Certification. Retrieved from https://www.edgebuildings.com
13 Salapong, D. (23 January 2024). Green is in: Regulations influencing sustainable building development in Philippines. Retrieved from https://www.bworldonline.com/property/2024/01/23/570413/green-is-in-regulations-influencing-sustainable-building-development-in-philippines/.
14 Baker McKenzie (2024). Global Sustainable Buildings Guide 2024. Retrieved from https://www.bakermckenzie.com/-/media/files/insight/publications/resources/global-sustainable-buildings-guide/global-sustainable-buildings-guide.pdf.
15 Ibid.

and social benefits of the bond proceeds and report on the use of proceeds and the impact achieved. Collectively, these financial mechanisms not only mobilize capital towards sustainable development but also ensure transparency and accountability in funding green initiatives, consequently creating a conducive environment for the proliferation of green buildings in the Philippines. This alignment of financial incentives with sustainable goals significantly enhances the country's capacity to promote green infrastructure, thereby advancing national efforts in climate change mitigation and sustainable economic growth.

Essentially, the urgency to decarbonize the built environment is a global imperative, and the Philippines is actively embracing this challenge. As the country continues to develop and urbanize, green buildings will play a pivotal role in creating an environment that is not only environmentally responsible but also socially equitable and economically viable. The concerted efforts of government bodies, industry associations, and financial institutions are driving the adoption of sustainable practices and fostering a collective commitment to climate action. A unified commitment to sustainability, driven by effective policies, innovative technologies, and proactive multi-stakeholder engagement, is essential for transforming the Philippine built environment into a model of green excellence, while a structure approach incorporating global frameworks, local measures, certifications, and financial incentives further advances the Philippines' sustainable development goals.

GREEN LOCAL GOVERNMENT UNITS (LGUs)

GREEN LOCAL GOVERNMENT UNITS (LGUs)

OVERVIEW

The global pursuit of sustainability and the transition towards a circular economy has become imperative in the face of mounting threats of climate change and global warming. While national governments set the overarching frameworks for these initiatives, implementing sustainability practices often hinges on local governance. Local government units (LGUs) play a pivotal role in driving sustainability efforts and fostering a circular economy at the grassroots level. In Europe, LGUs have been at the forefront of implementing the European Green Deal through the Green Deal Going Local initiative, which consists of a collection of engagement and communication strategies to accelerate green transition at the local and regional levels.[1] These efforts contribute significantly to the overall sustainability goals of the European Union (EU).

In the Philippines, LGUs are similarly positioned to be key players in the country's sustainability agenda. The EU's leadership is likewise further exemplified by its partnership with the Philippines in the Green Economy Programme, an initiative aimed at supporting the country's transition to a green economy. The programme, backed by a EUR 60 million grant from the EU, focuses on areas such as circular economy, renewable energy, and climate change mitigation.[2] This collaboration highlights the critical role that LGUs in the Philippines will play in implementing the Green Economy Programme. By participating in this initiative, LGUs are expected to lead local actions that align with both national and international sustainability goals, further reinforcing their role as drivers of sustainable development.

Under the Local Government Code (LGC) of 1991, Philippine LGUs are empowered to create and implement policies that address local concerns, including the preparation and enforcement of their respective waste management programmes. This legislative framework likewise grants them the authority to regulate and manage their natural resources, implement climate change adaptation measures, and oversee local infrastructure projects.[3] Additionally, the Supreme Court's Mandanas-Garcia ruling, which mandates the full devolution of certain functions and a significant increase in the internal revenue allotment (IRA) for LGUs, enhances their capacity to execute sustainability initiatives. This landmark decision provides LGUs with greater financial resources and autonomy, enabling them to take on more significant roles in implementing sustainability policies and transitioning towards a circular economy.

The Philippine Development Plan (PDP) 2023-2028 further underscores the importance of LGUs in adopting sustainable practices, particularly in the areas of waste management and climate resilience.[4] By integrating sustainability into their local development plans, Philippine LGUs can lead the transition towards a circular economy. Moreover, LGUs have been recognised by the national government as important agents in advancing sustainable consumption and production through the

1 European Committee of the Regions. (n.d.) Green Deal Going Local. Retrieved from https://www.cor.europa.eu/da/engage/Pages/green-deal.aspx

2 Bajo, A. F. (2 August 2023). LGUs to be part of Green Economy Program, says DENR chief. Retrieved from https://www.gmanetwork.com/news/topstories/nation/877661/lgus-to-be-part-of-green-economy-program-says-denr-chief/story/

3 Official Gazette. (1991). The Local Government Code of the Philippines. Retrieved from https://www.officialgazette.gov.ph/downloads/1991/10oct/19911010-RA-7160-CCA.pdf

4 National Economic and Development Authority. Philippine Development Plan 2023-2028, 58, 363. Retrieved from https://pdp.neda.gov.ph/wp-content/uploads/2023/01/PDP-2023-2028.pdf

Philippine Action Plan for Sustainable Consumption and Production (PAP4SCP). Under PAP4SCP, local governments are tasked with promoting sustainable production and consumption practices at the local level. This includes encouraging local businesses to adopt sustainable practices, such as waste reduction, energy conservation, and responsible sourcing of materials. LGUs can also facilitate the development of local markets for sustainable products by supporting green procurement policies and providing incentives for businesses that adhere to sustainability standards.[5]

Since the enactment of the Republic Act (R.A.) No. 9003 or the Ecological Solid Waste Management Act of 2000, cities and municipalities have been given a prominent role in the advancement of resource efficiency and waste management regulation.[6] Despite being almost two decades old and lacking any explicit reference to "circular economy" within its provisions, several objectives of the law become pertinent for a discussion on circular economy policies. These include the policy imposed for cities and municipalities to submit a 10-year Solid Waste Management Plan (SWM) Plan.[7] In a report, the National Solid Waste Management Commission (NSWMC) shows that 1,147 out of 1,592 LGUs have approved SWM Plans as of February 2023.[8]

However, as reported by the Commission on Audit in 2023, the Solid Waste Management Programme (SWMP) initiated through the passage of R.A. 9003 may not be progressively achieving its broader goals as evidenced by the constantly increasing volume of generated solid waste, as well as the numerous gaps noted in the programme implementation. Moreover, there were insufficient waste facilities and landfills to serve all LGUs and barangays across the country. As of June 2022, the Philippines has a total of 11,752 Materials Recovery Facilities (MRFs) that only served 17,047 barangays, a mere 41 percent of the overall figure of 42,022. There are also 290 total operational Sanitary Landfills (SLFs) that serve 590 LGUs or 36 percent of cities and municipalities as of December 2022.[9]

Local statistical capacities for data collection, monitoring, evaluation, and participation in national Sustainable Development Goal (SDG)-related data efforts are equally vital to the broader goals of SDGs' successful implementation. However, the necessity to improve statistical capacities of LGUs in the country is recognised. In a report by the United Nations Economic and Social Commission for Asia and the Pacific (UNESCAP), majority of statistics from official surveys are only released at the regional level, with some survey results including provincial aggregates. The extent of the data scarcity grows as the SDG indicators are localised to the municipal level. While administrative data may be collected, LGU capacities are limited since many LGUs lack statisticians and other technical experts. To address the concern of data scarcity impeding SDG localisation, concrete efforts are required to implement local data and monitoring projects.[10]

LGUs are indispensable in the global and national efforts to achieve sustainability and transition to a circular economy. Their strategic roles in policy implementation, urban planning, community

5 National Economic and Development Authority. Philippine Action Plan for Sustainable Consumption and Production. Retrieve from https://neda.gov.ph/wp-content/uploads/2023/01/Philippine-Action-Plan-for-Sustainable-Consumption-and-Production.pdf

6 Official Gazette. (2000). Republic Act No. 9003. Retrieved from https://www.officialgazette.gov.ph/2001/01/26/republic-act-no-9003-s-2001/

7 Bueta, G. R., Domingo, S. N., & Manejar, A. J. A. (2023). Study on Circular Economy Pathways for Waste Management in the Philippines. Discussion Paper Series No. 2023-46. Retrieved from https://pidswebs.pids.gov.ph/CDN/document/pidsdps2346.pdf

8 Department of Environment and Natural Resources (DENR). (16 February 2023). DENR-EMB eyeing 100 percent approval of solid waste management plans nationwide in 2023. Retrieved from https://denr.gov.ph/news-events/denr-emb-eyeing-100-percent-approval-of-solid-waste-management-plans-nationwide-in-2023/

9 Senate Economic Planning Office. (2023). Unpacking Policy Options to Reduce Single-Use Plastics in the Philippines. Retrieved from https://legacy.senate.gov.ph/publications/SEPO/SEPO%20Policy%20Brief_Single%20Use%20Plastics_Final.pdf

10 Manasan, R. (2020). Government budget and the Sustainable Development Goals: the Philippine experience. Retrieved from https://repository.unescap.org/bitstream/handle/20.500.12870/1194/ESCAP-2020-WP-Government-budget-and-sustainable-development-goals.pdf?sequence=1&isAllowed=y

engagement, and climate resilience position them as key drivers of localised sustainability initiatives. Recognising the persistence of institutional and operational gaps towards achieving a circular economy, empowering LGUs with the necessary resources and technical expertise is essential to ensuring that sustainability efforts are inclusive and aligned with national and global objectives. The success of these initiatives will ultimately depend on the collaboration among LGUs, the national government, businesses, and other stakeholders, highlighting the importance of local action as well as a whole-of-society approach in the pursuit of a sustainable future.

WHERE ARE WE NOW?

In recent years, there has been a growing recognition of the role that LGUs in the Philippines can play in promoting sustainability. Several policies and initiatives have been introduced to support LGUs in their sustainability efforts:

- On 23 July 2022, the **Extended Producer Responsibility Act (EPRA)** lapsed into law, amending Republic Act No. 9003, otherwise known as the Ecological Solid Waste Management Act of 2000, to institutionalise extended producer responsibility on plastic packaging waste. The EPR Act of 2022 promotes compelled enterprises, collectives, and Producer Responsibility Organizations (PROs) to develop partnerships with local governments, communities, and informal trash collectors. It imposes no additional obligations on LGUs in terms of environmental protection. LGUs are, nevertheless, encouraged to be EPR investment-ready and realise the benefits of EPR programs. To achieve this, inclusive waste recovery and diversion programs for plastic packaging waste need to be established at the LGU level, as well as traceable, quantifiable, and auditable waste accounting systems.[11]

- The LGC of 1991 (R.A. No. 7160) states that LGUs are principally responsible for the segregation, collection, and disposal of solid waste within their jurisdictions. Local governments are required to establish and implement solid waste management plans, as well as divert at least 25 percent of all solid waste from waste disposal facilities through re-use, recycling, and composting initiatives, among other resource recovery efforts. The law requires that a Materials Recovery Facility (MRF) be created in each barangay or cluster of barangays to improve resource recovery.[12]

- **Excise Tax on Single-Use Plastics:** The Department of Finance (DOF) has expressed its support for imposing an excise tax on single-use plastic bags (SUPs) to combat the alarming increase of mismanaged plastics in the country and contribute to the country's net zero targets to combat climate change. The revenue generated from the measure, estimated at Php 31.52 billion, will be used for the Department of Environment and Natural Resources (DENR)'s solid waste management program in the localities.[13]

- **Green Economy Programme in the Philippines (GEPP)**: On 25 October 2023, the EU and the Philippines signed a EUR 60 million financing agreement for the Green Economy Programme. This program, a significant component of the EU's contribution to the Team Europe Initiative

11 Department of Environment and Natural Resources. (2023). Extended Producer Responsibility Law Frequently Asked Questions. Retrieved from https://emb.gov.ph/wp-content/uploads/2023/04/EPR-Frequently-Asked-Questions.pdf
12 Official Gazette. (26 January 2001). Republic Act No. 9003. Retrieved from https://www.officialgazette.gov.ph/2001/01/26/republic-act-no-9003-s-2001/
13 Department of Finance. (25 March 2024). DOF pushes for excise tax on single-use plastic bags, a win-win solution to address climate change. Retrieved from https://www.dof.gov.ph/dof-pushes-for-excise-tax-on-single-use-plastic-bags-a-win-win-solution-to-address-climate-change/

on Green Economy, aims to help the Philippines adopt a circular economy, reduce waste and plastic use, and deploy renewable energy, among others to mitigate the effects of the climate crisis.[14] The GEPP encompasses four distinct key areas of intervention:

  - Building Partnerships, Enhancing Policy Frameworks, and Establishing a Multi-Stakeholder Dialogue Platform;
  - Local Government Action and Stakeholder Engagement;
  - Private Sector Engagement and Financial Innovation; and
  - Renewable Energy and Energy Efficiency Deployment[15]

- The Department of Budget Management (DBM) has introduced the **Green Green Green Program** under the Local Government Support Fund (LGSF), which has a PHP 1.055 billion allocation in the 2024 budget to 80 local governments nationwide, including 38 provinces, cities, and municipalities in Luzon, 21 in Visayas, and 21 in Mindanao.[16][17] The initiative will encourage green spaces and active mobility in local governments around the country. Accordingly, Local Budget Circular No. 158 has been released to issue guidelines on the release and utilisation of the funding under the LGSF in the FY 2024 General Appropriations Act.[18]

- House Bill No. (HBN) 6468 or the **Green Public Procurement Act** was approved by the Lower House in December 2022 and aimed at promoting sustainable practices in government procurement.[19] Meanwhile, its Senate counterpart Senate Bill No. (SBN) 1857 has been pending at the committee level since February 2023.[20] It seeks to mandate the purchase of environmentally friendly goods, services, and infrastructure projects by public agencies, ensuring that procurement decisions prioritise sustainability alongside cost-effectiveness. The bill emphasises the need to build the capacity of LGU officials to implement green procurement, among others. Additionally, recently enacted R.A. No. 12009 or the **New Government Procurement Reform Act (GPRA)** will integrate sustainable and green public procurement practices; with environmental, social, and economic considerations, in line with the current administration's thrust to promote climate resiliency and a green economy.[21][22]

14 European Commission. (25 October 2023). Global Gateway Forum: EU and Philippines sign €60 million Green Economy Programme. Retrieved from https://global-gateway-forum.ec.europa.eu/news/global-gateway-forum-eu-and-philippines-sign-eu60-million-green-economy-programme-2023-10-25_en

15 European External Action Service. (11 March 2024). Department of Environment and Natural Resources (DENR) and the European Union Unveil New Programme on Circular Economy and Waste Prevention. Retrieved from https://www.eeas.europa.eu/delegations/philippines/department-environment-and-natural-resources-denr-and-european-union-unveil-new-programme-circular_en?s=176

16 Simeon, L. M. (13 July 2024). Government allocates P1 billion for green spaces among LGUs. Retrieved from https://www.philstar.com/headlines/2024/07/13/2369835/government-allocates-p1-billion-green-spaces-among-lgus

17 Department of Budget and Management. (16 July 2024). DBM issues guidelines on use of fund for Green Green Green Program which aims to enhance PH urban livability, sustainability

18 Department of Budget and Management. (11 July 2024). Local Budget Circular No. 158. Retrieved from https://www.dbm.gov.ph/wp-content/uploads/Issuances/2024/Local-Budget-Circular/LOCAL-BUDGET-CIRCULAR-NO-158-DATED-JULY-11-2024.pdf

19 House of Representatives. (2022). House Bill No. 6468. Retrieved from https://docs.congress.hrep.online/legisdocs/third_19/HBT6468.pdf

20 Senate of the Philippines. (2023). Senate Bill No. 1857. Retrieved from https://legacy.senate.gov.ph/lisdata/4070837103!.pdf

21 Department of Budget and Management. (28 December 2023). DBM: New GPRA to integrate sustainable, green practices in gov't procurement. Retrieved from https://www.dbm.gov.ph/index.php/management-2/2528-dbm-new-gpra-to-integrate-sustainable-green-practices-in-gov-t-procurement

22 Government Procurement Policy Board. (n.d.) New Government Procurement Act or Republic Act No. 12009. Retrieved from https://www.gppb.gov.ph/new-government-procurement-act-or-republic-act-no-12009/

- The Department of Social Welfare and Development (DSWD) and the DILG worked on their separate initiatives to promote sustainable practices in Philippine communities. DSWD's ***Kapit-Bisig Laban sa Kahirapan*-Comprehensive and Integrated Delivery of Social Services (*KALAHI*-CIDSS)** and DILG's ***Kalinga at Inisyatiba para sa Malinis na Bayan (KALINISAN)*** programs seek to engage LGUs in long-term sustainability initiatives such as proper solid waste management and other ecological practices.[23]

- The Department of the Interior and Local Government (DILG) released **Memorandum Circular No. 2022-018**, or the Reiteration of the Roles and Responsibilities of Local Government Units (LGUs) Relative to Projects Covered by the Philippine Environmental Impact Statement System (PEISS). Violation of the circular can subject LGUs to administrative, civil, or criminal liability under existing laws.[24] Presidential Decree (PD) 1586 established the Philippines' Environmental Impact Assessment (EIA) System, officially known as the PEISS. Section 4 of PD 1586 states that no person, partnership, or corporation shall undertake or operate any declared environmentally critical project or area without first obtaining an Environmental Compliance Certificate (ECC). [25]

- Separate **memoranda have been issued prohibiting single-use plastics** in National Government Agencies (NGAs), LGUs, other government-controlled offices, hospitals and other health facilities, business facilities in the Ninoy Aquino International Airport (NAIA) Complex, all Philippine Ports Authority (PPA) ports, facilities, and offices.[26]

- In 2023, the National Economic and Development Authority (NEDA), with the support of the Asian Development Bank (ADB), published the **Philippine Action Plan for Sustainable Consumption and Production (PAP4SCP)** to steer sustainable practices and behaviour across sectors and government levels. As outlined in the action plan, LGUs are expected to lead the promotion of the use of sustainable products and services within their jurisdictions, support the transition to circular economy practices, and influence consumer behaviour through localised campaigns.[27]

- **The Philippine Development Plan (PDP) 2023-2028** is a comprehensive economic and social reform strategy aimed at reinvigorating job creation and reducing poverty by reorienting the economy toward a high-growth trajectory. Under the subchapter of Establish Livable Communities, the PDP 2023–2028 outlines environmental quality improvement as one of its primary outcomes. Specific targets include expanding waste reduction initiatives and improving access to efficient waste disposal facilities. Other outcomes and targets include preventing and minimising food losses and waste, as well as pursuing optimal solid waste management solutions.28

23 De Layola, Z. (23 January 2024). DSWD, DILG unite to promote communities' environmental responsibility. Retrieved from https://www.pna.gov.ph/articles/1217470

24 Department of the Interior and Local Government. (18 February 2022). MC No. 2022-018. Retrieved from https://www.dilg.gov.ph/issuances/mc/Reiteration-of-the-Roles-and-Responsibilities-of-Local-Government-Units-LGUs-Relative-to-Projects-Covered-by-the-Philippine-Environmental-Impact-Statement-System-PEISS/3511

25 Department of Environment and Natural Resources. About us. Retrieved from https://eia.emb.gov.ph/?page_id=43

26 Baclig, C. E. (10 April 2024). A welcome contagion: Ban on single-use plastics spreads in gov't. Retrieved from https://newsinfo.inquirer.net/1928465/a-welcome-contagion-ban-on-single-use-plastics-spreads-in-govt

27 National Economic and Development Authority. (2023). Philippine Action Plan for Sustainable Consumption and Production. Retrieved from https://neda.gov.ph/wp-content/uploads/2023/01/Philippine-Action-Plan-for-Sustainable-Consumption-and-Production.pdf

28 National Economic and Development Authority. Philippine Development Plan 2023-2028. Retrieved from https://pdp.neda.gov.ph/wp-content/uploads/2023/01/PDP-2023-2028.pdf

- The **Philippine Sustainable Finance Roadmap** outlines the high-level action plans of the whole-of-government approach to promoting sustainable finance. Since sustainable development is intended to address a number of issues, this Roadmap will focus primarily on the transition to a low-carbon economy. Under the Roadmap, LGUs will be equipped with relevant knowledge of sustainable finance in order to be well-versed in designing policies and regulations that can effectively support the development of the sustainable finance market.[29]

- The DENR introduced **Project Transdisciplinary Approach for Resilient and Sustainable Communities (TRANSFORM)**, which will support the Agency's new Environment and Natural Resources (ENR) Resiliency Framework to achieve environmental, social, and economic benefits for LGUs across the country. Project TRANSFORM's goal is to bring together all of the best practices from both the government and private sectors to create an inclusive, science-based, and data-driven template that all stakeholders, partners, and local governments can utilise to combat the climate emergency.[30] The DENR launched Project TRANSFORM last April 2024 in the following municipalities: Ormoc City in Leyte, Malimono, San Francisco, and Burgos in Surigao del Norte, and Limay, Mariveles, and Orion in Bataan, and will be replicated in other LGUs.[31]

- **SBN 246 or the Single-Use Plastics Regulation and Management Act of 2022** was filed in July 2022 to cover the manufacture, importation, use, recycling, and disposal of all single-use plastics used in trade or commerce in business enterprises, as well as by retailers and consumers in the Philippines.[32] Several bills pending at the committee level in the House of Representatives have also been filed aimed at banning single-use plastics.

ECCP ADVOCACIES

Incorporate sustainability in infrastructure project planning and implementation by adopting faster-blended cement in the Philippines

The Philippines' continued susceptibility to climate change impedes infrastructure provision and operation, undermining significant infrastructure investments. It is in this light that the Chamber calls for the government to adopt decarbonisation strategies by emphasising energy conservation via passive design techniques to lower operational energy consumption. Specifically, we are committed to promoting the increase of the use of blended cement in public infrastructure projects and reducing that of Type 1 cement, which produces more carbon emissions. Considering that concrete is the most widely used construction material, blended cement significantly reduces the consumption of non-renewable raw materials and the emission of greenhouse gases.[33] Such a move

29 Bangko Sentral ng Pilipinas. (2021). Philippine Sustainable Finance Roadmap. Retrieved from https://www.bsp.gov.ph/Media_And_Research/Media%20Releases/2021_10/Sustainable%20Finance%20Roadmap.pdf

30 Department of Environment and Natural Resources. (30 January 2023). DENR rolls out new resilience and sustainability program for LGUs, communities. Retrieved from https://denr.gov.ph/news-events/denr-rolls-out-new-resilience-and-sustainability-program-for-lgus-communities/

31 Department of Environment and Natural Resources. (18 April 2024). The Project TRANSFORM (Transdisciplinary Approach for Resilient and Sustainable Communities). Retrieved from https://denr.gov.ph/priority-program/the-project-transform/

32 Senate of the Philippines. (2022). Senate Bill No. 246. Retrieved from https://legacy.senate.gov.ph/lisdata/3796534408!.pdf

33 García-Segura, T. & Yepes, V. (2014). Life cycle greenhouse gas emissions of blended cement concrete including carbonation and durability. *The International Journal of Life Cycle Assessment 19*(1). DOI:10.1007/s11367-013-0614-0

will aid the country in achieving its goal of cutting carbon emissions by 75% by 2030.[34]

Encouraging LGUs to use blended or low-carbon cement in construction projects is a significant step toward reducing carbon emissions. Blended cement, often composed of cementitious materials like fly ash, slag, or silica fume, has a lower carbon footprint compared to traditional Ordinary Portland Cement (OPC) because it requires less energy-intensive clinker in its production.

Using these more sustainable options not only helps mitigate climate change by lowering greenhouse gas emissions but also often improves the durability and longevity of structures. In addition, adopting these materials can showcase LGUs' commitment to environmental stewardship, encouraging other sectors to follow suit in their projects.

Promote Sustainable Waste Management Practices in LGUs

Addressing municipal waste management is essential to advancing sustainable development in LGUs. We strongly discourage the use of landfilling, as it leads to land degradation, pollution, and greenhouse gas emissions. A key first step is to implement proper waste segregation at the source, ensuring that recyclables, organics, and residual waste are separated. This allows LGUs to efficiently manage and repurpose waste while minimising landfill dependency.

By partnering with organisations and companies specialising in recycling, LGUs can divert a significant portion of waste away from landfills, turning it into valuable resources. Additionally, using waste as refuse-derived fuel (RDF) is an innovative way to convert non-recyclable waste into an alternative energy source for industrial processes, like cement production. This approach not only reduces landfill use but also contributes to the circular economy by minimising waste and repurposing it into energy.

Promoting waste segregation, recycling, and waste-to-energy solutions can lead the LGUs' way in reducing land degradation and pollution while fostering more sustainable, resource-efficient communities. These efforts will significantly lower the environmental footprint of waste disposal and support the transition to a greener, circular economy.

Align infrastructure policies of the national government and local government units (LGUs) by improving the implementation of the Mandanas-Garcia Ruling

The Mandanas-Garcia Ruling, also known as the Mandanas v. Ochoa ruling, refers to a landmark decision by the Supreme Court of the Philippines in 2018 and has significant implications for fiscal decentralisation and local governance in the country. It empowers LGUs by providing them with a more substantial and predictable source of revenue, allowing them greater autonomy in planning and implementing development projects tailored to local needs. Additionally, it promotes fiscal transparency and accountability by ensuring that LGUs receive their rightful share of national taxes.

However, the full implementation of the Mandanas-Garcia Ruling presents challenges, particularly in terms of fiscal sustainability and intergovernmental coordination. It requires careful recalibration of fiscal policies and revenue-sharing mechanisms to ensure a balanced distribution of resources between the national government and LGUs. Moreover, there is a need for capacity-building initiatives to further enhance the financial management capabilities of LGUs and maximise the impact of the increased funding allocation.

34 Department of Finance. (2021). President Duterte approves PHL commitment of 75 percent emissions reduction target by 2030. Retrieved from https://www.dof.gov.ph/president-duterte-approves-phl-commitment-of-75-percent-emissions-reduction-target-by-2030/

Against this backdrop, the implementation of the Mandanas-Garcia Supreme Court ruling should be further improved to ensure the timely completion and quality of infrastructure projects. Several issues persist, including a lack of technical capability in some LGUs, concerns about the absorptive capacity of local road contractors, and a lack of manpower in LGUs, particularly in municipalities and low-income LGUs.[35] On this ground, the ECCP urges the national government and LGUs to provide appropriate funds for the periodic maintenance of infrastructure facilities. A strict monitoring mechanism is also imperative in verifying the licenses or accreditations of contractors.

To ensure that the increased available financial resources of LGUs as a result of the Mandanas-Garcia ruling contribute to socioeconomic development to the greatest extent possible, the national government must assist the LGUs by providing technical assistance and establishing service delivery standards. The national government needs to assess optimal cost-sharing mechanisms in the execution of devolved infrastructure projects in collaboration with LGUs. Likewise, the support of the private sector on the execution of technical assistance programs as well as on sharing best practices on technological innovation can be utilised to augment the LGU's capacity for implementing infrastructure projects.

Facilitate multi-sector collaboration and establish regular dialogue between stakeholders

As with all industries, regular dialogue among stakeholders is essential to identify common goals, facilitate collaboration, and promote accountability. By creating opportunities for open and inclusive communication, regular consultations lay the foundation for sustainable solutions to complex challenges and enhance the overall effectiveness of stakeholder engagement processes. This participatory approach leads to more informed and effective outcomes that consider diverse perspectives and interests.

In line with this, we reiterate our commitment to working with the NGAs, LGUs, and other relevant stakeholders as we continue on the path towards achieving the country's net-zero targets. We believe that by collaborating together and working on a shared goal, we can leverage each other's strengths and achieve more significant results than we could individually.

Strengthen public-private partnerships by ensuring the sanctity of PPP contracts, prioritising solicited bids, and institutionalising capacity-building programs for LGUs to participate in PPP initiatives

The ECCP recognises that building modern, efficient infrastructure is critical to the country's competitiveness and is imperative to attracting more investments in the Philippines. Infrastructure development also serves as an avenue to foster long-term partnerships with other multi-stakeholders. In light of this, the ECCP urges the government to strengthen public-private partnerships (PPPs) to offer significant advantages given the private sector's pool of funds, expertise, and innovation. The use of PPPs provides alternative financing solutions to the Philippines' infrastructure needs and contributes to freeing up public resources that can be used in social services.

Passed into law in 1990, R.A. 6957, also known as the Build-Operate-Transfer (BOT) law, was hailed as a pioneering legislation in the Southeast Asian region. Initially, the Philippines stood out among its developing counterparts in Asia for its early adoption of BOT or PPP frameworks for infrastructure advancement. However, its position in attracting PPP investments has gradually declined in comparison to its ASEAN counterparts. From 2018 to 2022, total PPP investment in the Philippines recorded at USD 7.09 billion. In comparison, Indonesia received USD 14.10 billion in total PPP

35 Navarro, A. M. & Latigar, J. S. (2022). Road and Rail Transport Infrastructure in the Philippines: Current State, Issues, and Challenges. *Philippine Institute for Development Studies*. Retrieved from https://pidswebs.pids.gov.ph/CDN/document/pidsdps2234.pdf

investments, while Vietnam saw USD 21.25 billion. A further cause for concern for the country is the percentage of cancelled projects—reaching almost 12% of total investments as compared to 1.58% and 0.59% in Thailand and Vietnam, respectively.[36]

The Golden Age of Infrastructure can be facilitated with the passage of legislation favourable to PPPs, encouraging the private sector to be the main engine for growth and development. On this account, the ECCP appreciates the passage of Republic Act No. 11966, also known as the PPP Code of the Philippines. The signing of this legislation provides a unified legal framework for all PPPs, offering a stable and predictable environment for collaboration between the private and public sectors. This framework is essential for fostering confidence among investors and facilitating the efficient implementation of infrastructure projects across various sectors.

By establishing clear guidelines and procedures for PPP initiatives, the law streamlines the process of project development and implementation. This, in turn, promotes transparency, accountability, and fairness in the procurement and execution of PPP projects. Such a conducive environment not only encourages greater private sector participation but also ensures the optimal allocation of resources towards critical infrastructure needs. Furthermore, the enactment of the PPP Code will free up much-needed resources, allowing the government to allocate its funds more efficiently and pursue other equally important projects that contribute to the overall economic development.

A successful PPP program, however, requires consistent adherence to contracts to facilitate the sustained engagement of the private sector. In the Philippines, there have been instances where adjustments in tariffs and tolls specified in contracts were disregarded by implementing agencies (IAs) and regulators.[37] Ensuring the sanctity of PPP contracts is vital to maintaining trust and encouraging private sector participation. To further secure infrastructure operations' long-term viability, the ECCP urges the government to prioritise solicited bids over unsolicited ones and negotiated contracts except for infrequent cases. Solicited bids provide a more coordinated approach to infrastructure development and are more aligned with the government's infrastructure program. Dealing with unsolicited proposals involves a number of challenges, ranging from an overwhelming number of proposals to coordination issues and a lack of public capacity for assessment. Concerns have been expressed concerning the possible use of unsolicited bids to avoid competitive bidding and promote non-transparency. Accordingly, we support the recent plans of the PPP Center to focus on solicited projects, which will have been reviewed extensively for conformity to government priorities.[38]

The ECCP also highly encourages competition and fairness in PPP processes. The PPP Code now provides a more flexible time period for challenges to unsolicited proposals, which must undergo a comparative challenge following a right-to-match mechanism within 90 days to one year.[39] While this establishes a structured process to assess unsolicited proposals, potential delays in project selection may arise. As such, the concerned agencies must ensure the timely and efficient execution of projects. One of the critical challenges in infrastructure development is the acquisition of right-of-way (ROW), which often delays the implementation of key projects, including sustainable transport systems, renewable energy infrastructure, and flood control measures—all essential components of a green LGU framework. The amendments to the Right-of-Way Act aim to streamline the ROW acquisition process, allowing for the faster completion of infrastructure projects that support

36 Senate Economic Planning Office. (September 2023). Policy Brief - Advancing Public-Private Partnerships in the Philippines. Retrieved from https://legacy.senate.gov.ph/publications/SEPO/SEPO%20Policy%20Brief_PPP_27Sept2023(1).pdf

37 Ibid.

38 Jocson, L. M. A. (08 February 2023). PPP Center focused on solicited projects to better align with gov't priorities. Retrieved from https://www.bworldonline.com/economy/2023/02/08/503820/ppp-center-focused-on-solicited-projects-to-better-align-with-govt-priorities/?amp

39 Padre-Isip, R. & Aniag, J. M. (4 January 2024). The Public-Private Partnership Act Key Provisions (Philippines). *Nishimura & Asahi (Gaikokuho Kyodo Jigyo)*. Retrieved from https://www.nishimura.com/sites/default/files/newsletters/file/asia_240104_en.pdf

sustainable urbanization, improved mobility, and energy efficiency[40]. By reducing bureaucratic bottlenecks and ensuring fair compensation mechanisms, these amendments contribute to accelerating the transition to greener cities and communities.

In relation to the foregoing, the Chamber reiterates that facilitating PPPs requires the strengthening of the institutional capacity of existing government bodies. We underline the need to provide direction and support to LGUs engaging in PPP projects, including capacity building and technical assistance programs, in order to facilitate successful collaboration between the national government and LGUs in infrastructure development. Having a specialised facility for project planning, monitoring, and execution that is tailored to lower-tier LGUs can also be considered. Additionally, IAs of PPP projects should also incorporate sustainability criteria in approving project proposals. In alignment with the policy thrust of the government to mitigate climate change, eligible types of PPP projects must also expanded to waste water, among others.

40 Senate of the Philippines. (2024). Senate Bill No. 2821. Retrieved from https://legacy.senate.gov.ph/lisdata/4489040828!.pdf

WASTE MANAGEMENT AND CIRCULAR ECONOMY

WASTE MANAGEMENT AND CIRCULAR ECONOMY

OVERVIEW

Globally, the waste crisis poses a significant threat, impacting human health, economic well-being, and the environment. The mismanagement of organic waste is a major source of methane emissions, contributing to the climate crisis. Meanwhile, the mismanagement of plastic waste is approaching a critical tipping point, potentially driving the planet toward irreversible harm and destruction. According to the United Nations Development Programme (UNDP), the world has more than doubled its plastics production over the past 20 years, largely due to the convenience associated with the material[1]. Effectively, over 400 million tons of plastic is produced worldwide every year, with one third of which is used only once. Further exacerbating these conditions, it is estimated that an equivalent of over 2,000 garbage trucks full of plastic is dumped into the world's oceans, rivers, and lakes every single day, which then infiltrate the food that we eat.

The world produced 2.126 billion tonnes of municipal solid waste in 2020, with the largest producers of waste being the East and Southeast Asian region.[2] If urgent actions are not taken, the total global production of waste could balloon to 3.782 billion tonnes by 2050, putting a strain on the ecosystem, the economy, and health of communities in many vulnerable areas. Southeast Asia, in particular, is at significant risk given the region's high consumption of single-use plastics and the rapid urbanization that outpaces the development of proper waste management infrastructure. The region faces critical issues in waste management due to uncontrolled, unprocessable, and contaminated waste, poor domestic waste management facilities, and insufficient land for waste disposal.[3] Many urban centers struggle with limited landfill capacity, leading to illegal dumping and open burning, which further exacerbates pollution and environmental degradation. Additionally, the lack of robust recycling systems and waste segregation practices means that a significant portion of recyclable materials ends up in landfills or the ocean, contributing to the global plastic waste crisis. The preceding concerns are also key contributors to impacts on public health challenges as the reduction of disease prevalence and improvements of health outcomes are linked to improved waste collection services.[4]

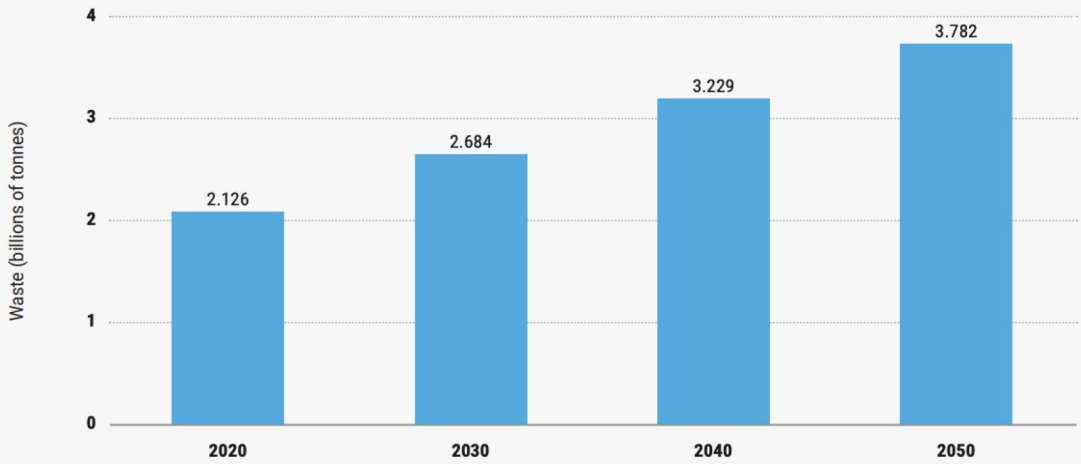
1 Dr. Ramachandran, S. (21 April 2024). Planet vs Plastics: Transitioning to Circular Economy. Retrieved from https://www.undp.org/philippines/blog/planet-vs-plastics-transitioning-circular-economy.

2 UN Environment Programme (February 2024). Global Waste Management Outlook. Retrieved from https://wedocs.unep.org/bitstream/handle/20.500.11822/44939/global_waste_management_outlook_2024.pdf?sequence=3

3 Ng, Galassi, Foo, Mistoh, Ibrahim, Seay, Teo, Sipaut, Taufiq-Yap, & Janaun (April 2023). Plastic Waste & Microplastic Issues in Southeast Asia. Retrieved from https://www.frontiersin.org/journals/environmental-science/articles/10.3389/fenvs.2023.1142071/full

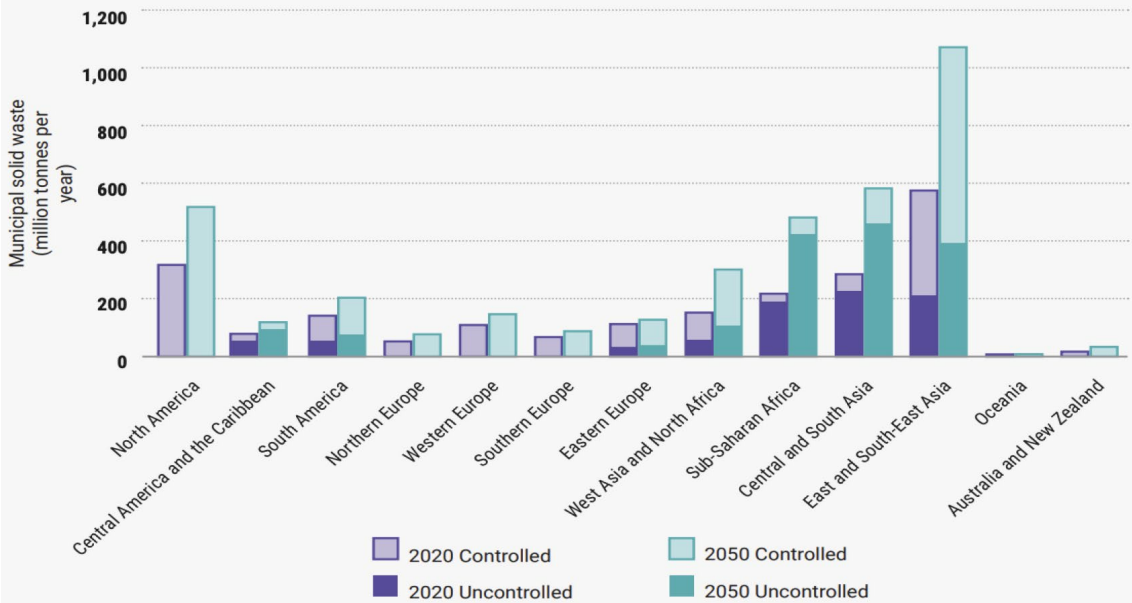
4 Kitole, Ojo, Emenike, Khumalo, Elhindi, & Kassem (2024). The Impact of Poor Waste Management on Public Health Initiatives in Shanty Towns in Tanzania. Retrieved from https://www.mdpi.com/2071-1050/16/24/10873

Figure 3: **Projections of global municipal solid waste generation per year in 2030, 2040 and 2050 if urgent action is not taken.**



Projections of global municipal solid waste generation (in billions of tonnes) per year in 2030, 2040, and 2050 if urgent action is not taken.[5]

Figure 5: **Municipal solid waste generation and how much of this waste was uncontrolled in 2020, with projections for 2050 unless urgent action is taken.**



Controlled and uncontrolled waste generation per region in 2020 with projections for 2050 unless urgent action is taken.[6]

5 UN Environment Programme (February 2024). Global Waste Management Outlook. Retrieved from https://wedocs.unep.org/bitstream/handle/20.500.11822/44939/global_waste_management_outlook_2024.pdf?sequence=3
6 ibid.

The Philippines exhibits a high dependence on single-use plastics, such as multi-layer sachets and pouches, given its capacity to provide low-cost consumer goods to poor and middle-income families. According to the Senate Economic Planning Office (SEPO), sachets constitute 52% of the plastic waste stream in the country.[7] In turn, this "sachet economy" situates the country as one of the main contributors in the world to the existing marine plastic pollution. Annually, the country generates 2.7 million tons of plastic waste, over 500,000 tons of which end up in the seas and oceans every year[8].

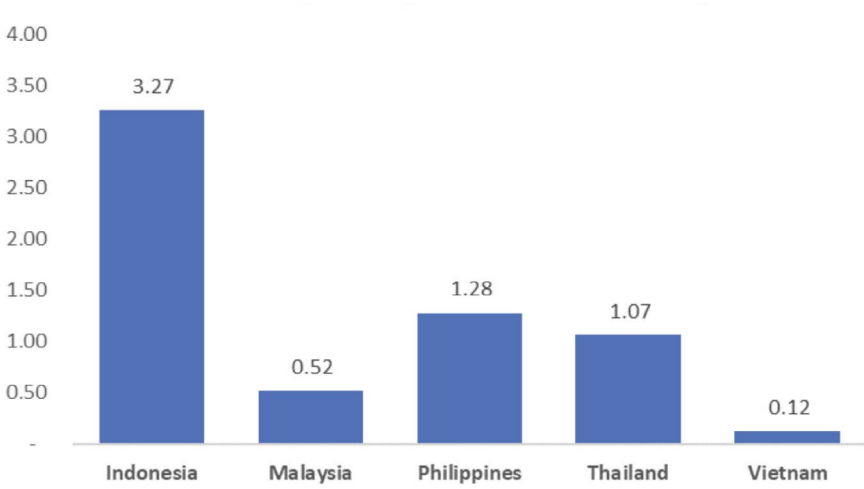


Figure 1. Annual Household Plastic Packaging Consumption (in million tonnes)
Source: World Wildlife Fund (2020)

Though the Philippines passed a law (RA 9003) in 2000, requiring proper SWM starting with segregation at source, regular waste collections, MRFs, management of the organic waste, only few LGUs are compliant (these few LGUs show however that it is possible). Instead, a lot of the waste is collected unsegregated, and thousands of resource collectors (otherwise known as waste pickers) earn a living informally by segregating and recuperating some of the recyclables.

Coupled with the country's continuing grapple with rapid urbanization and high waste generation, it undoubtedly faces significant obstacles in managing waste effectively and sustainably. According to projections done by the Philippine Statistics Authority (PSA), the Philippines' level of urbanization was recorded at 54% in 2020[9] while the country's population is estimated to reach between 113.63 million and 114.12 million by 2025[10]. These circumstances, if left unchecked, will only put further pressure on the country's already stretched and overburdened waste management infrastructure, thereby aggravating the waste crisis.

On the other hand, the European Commission adopted the new Circular Economy Action Plan (CEAP) in March 2020, to support the European Union's (EU) circular economy and climate neutrality ambitions under the European Green Deal[11]. In March 2024, the European Council and the European

7 Senate Economic Planning Office. (April 2023). Unpacking Policy Options to Reduce Single-Use Plastics in the Philippines (PB-23-01). Retrieved from https://legacy.senate.gov.ph/publications/SEPO/SEPO%20Policy%20Brief_Single%20Use%20Plastics_Final.pdf

8 World Bank Group. (22 March 2021). Market Study for Philippines: Plastics Circularity Opportunities and Barriers. Retrieved from https://openknowledge.worldbank.org/entities/publication/61e2e030-9dc2-5013-a8ff-7565919e17ee.

9 Philippine Statistics Authority. (7 May 2022). Urban Population of the Philippines (2020 Census of Population and Housing). Retrieved from https://psa.gov.ph/system/files/phcd/2022-12/1_PR_Urban%2520Population_RML_063022_ONS-signed.pdf.

10 Philippine Statistics Authority. (31 January 2024). Philippine Population is Projected to be around 138.67 Million by 2055 under Scenario 2. Retrieved from https://psa.gov.ph/sites/default/files/dhsd/Statistical%20Tables%20CBPP_0.pdf.

11 European Commission. (11 March 2020). A New Circular Economy Action Plan. Retrieved from https://eur-lex.europa.

Parliament reached a provisional political agreement on a proposal for a regulation on packaging and packaging waste[12]. The proposal takes into consideration the full lifecycle of packaging and establishes requirements to ensure that packaging is safe and sustainable. Through these initiatives, the EU signals its commitment to lead global efforts on circular economy.

Following suit, the Philippines has likewise increasingly recognised the urgent need to address environmental degradation and resource scarcity through innovative economic models. Aligning with the country's waste management and net-zero ambitions, the public and private sectors acknowledge the grave repercussions that lie ahead if the current business-as-usual scenario persists, where no significant changes are implemented in government priorities and corporate practices.

It is against this backdrop that the call to transition from the existing linear *take-make-waste* model to a circular economy becomes all the more critical[13]. The Philippines has already begun this process with significant – albeit gradual – advancements.

To facilitate this systemic change and comprehend the multidimensionality of shifting to a circular economy from a global perspective, it is equally important to adopt a systems-thinking approach. Through this lens, the Circularity Gap Report (CGR) 2024 identifies the Philippines under its lower-income *Build* country profile, which should balance the urgent need to improve living standards and reduce poverty while addressing pressing environmental issues[14]. In this framework, the primary objective of the country is to increase material consumption in an effort to improve living standards and fulfill the population's needs. However, it is crucial to note that while an increase in material consumption does, in fact, lead to a rise in living standards, it is also proportionate to ecological impact. Hence, *Build* countries are encouraged to leverage regenerative and circular practices that (i) enable a level policy playing field, (ii) drive economic development, and (iii) focus on the upskilling of human capital.

eu/legal-content/EN/TXT/?qid=1583933814386&uri=COM:2020:98:FIN.

12 European Council. (15 March 2024). Packaging: Council and Parliament strike a deal to make packaging more sustainable and reduce packaging waste in the EU. Retrieved from https://www.consilium.europa.eu/en/press/press-releases/2024/03/04/packaging-council-and-parliament-strike-a-deal-to-make-packaging-more-sustainable-and-reduce-packaging-waste-in-the-eu/.

13 United Nations Development Programme. (22 April 2024). Baseline for Circular Economy in the Philippines: A Data Compilation. Retrieved from https://www.undp.org/philippines/publications/baseline-circular-economy-philippines.

14 Circle Economy Foundation. (2024). The Circularity Gap Report 2024. Retrieved from https://reports.circularity-gap.world/cgr-global-2024-37b5f198/CGR+Global+2024+-+Report.pdf.

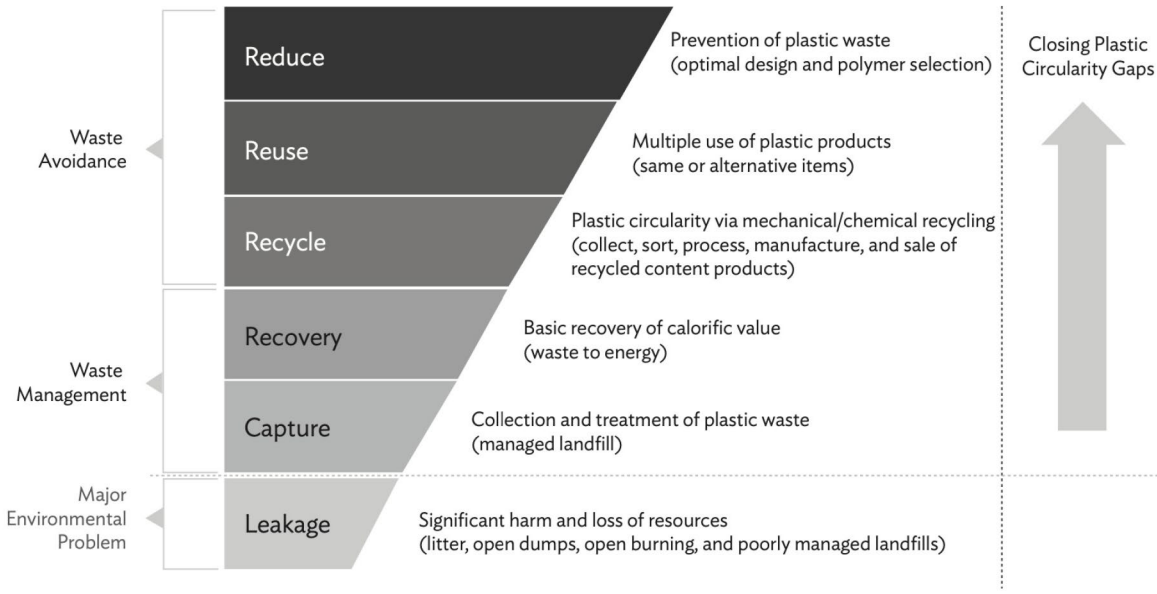


Figure 2. Plastic Waste Hierarchy

Source: *Alliance to End Plastic Waste (2022)*

Further rooting this within the local context, the Philippine circular economy is still largely considered to be in its nascent stages as it faces several constraints. Primarily, there remains a glaring need to bridge the gap between policy intentions and on-the-ground implementation. While the presence of circular economy-related legislation – in the form of general waste management proposals – has been recognised since the 1990s, most existing laws and policies are often reactive. Thus, resulting in piecemeal and *ad hoc* approaches to address waste mismanagement paired with the absence of adequate follow-through from legislators and government units[15][16]. Accordingly, this hinders the paradigm shift necessary within civil society to change values, mindsets, and behaviors towards circular economy as well as sustainable consumption and production practices. Per the Commission on Audit's (COA) Performance Audit Report of the Ecological Solid Waste Management (ESWM) Act of 2000, the Philippines' actual waste diversion only reached 46.60%, falling short of the 68.70% target in 2020[17][18].

15 Katigbak, J. (17 May 2022). A Review of Circular Economy-related Laws and Policies in the Philippines. Retrieved from https://pidswebs.pids.gov.ph/CDN/document/Presentation_May17_Katigbak.pdf.

16 Bueta, G. (2022). Circular Economy Policy Initiatives and Experiences in the Philippines: Lessons for Asia and the Pacific and Beyond. In Prospects for Transitioning from a Linear to Circular Economy in Developing Asia. 78-92. Retrieved from https://www.adb.org/sites/default/files/publication/774936/adbi-transitioning-linear-circular-economy-developing-asia-web.pdf.

17 Commission on Audit. (April 2023). Solid Waste Management Program Performance Audit Report. Retrieved from https://www.coa.gov.ph/reports/performance-audit-reports/2023-2/solid-waste-management-program/.

18 ABS-CBN News. (11 May 2023). COA: Waste management program 'not progressively achieving its goals'. Retrieved from https://news.abs-cbn.com/spotlight/05/11/23/as-garbage-piles-up-coa-says-waste-management-missed-goals.

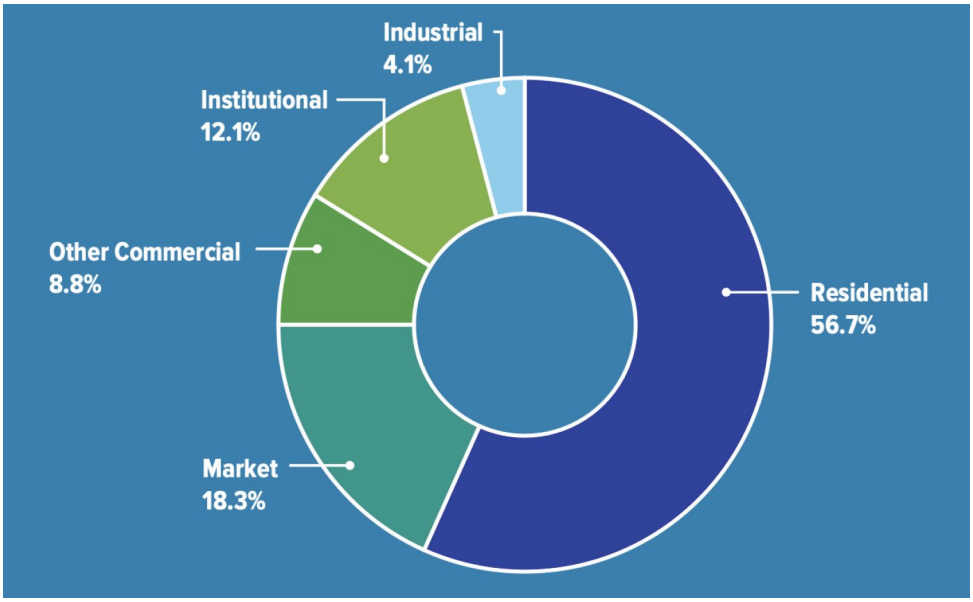


Figure 3. Percentages for the Main Source of Waste in the Philippines

Source: Department of Environment and Natural Resources (2018)

Amidst these circumstances and their underlying challenges, the Philippines maintains its ambitious goals in line with promoting an inclusive, sustainable, and resilient transition to a circular economy. Relatively, this shift has been gaining momentum as more comprehensive pieces of legislation are beginning to be enacted and supported with proper implementation[19][20]. Moreover, the country has also been receiving external support in the form of financial resources, technology transfer, and capacity-building. As these initiatives progress, the Philippines can remain on track to address its ongoing waste crisis and realise a successful transition to a circular economy.

WHERE ARE WE NOW?

In recent years, there has been a more cognizant climate surrounding the Philippines' movement to decouple the country's economic growth from environmental degradation and achieve sustainable development. Relatedly, several policies and frameworks have been introduced to support the country's waste management efforts and transition to a circular economy:

- The **Philippine Development Plan (PDP) 2023-2028** is a plan for deep economic and social transformation to reinvigorate job creation and accelerate poverty reduction by steering the economy back on a high-growth path. However, it maintains that this growth must also be inclusive, building an environment that provides equal opportunities to all Filipinos, and

19 Cruz, B. (30 April 2024). PHL 'circular economy' efforts hindered by limited adoption. BusinessWorld. Retrieved from https://www.bworldonline.com/economy/2024/04/30/592006/phl-circular-economy-efforts-hindered-by-limited-adoption/#google_vignette.

20 United Nations Development Programme. (30 April 2024). Local Governments in the Philippines Gear up for Circular Economy Transition through EU, DENR, DILG, and UNDP support. Retrieved from https://www.undp.org/philippines/press-releases/local-governments-philippines-gear-circular-economy-transition-through-eu-denr-dilg-and-undp-support.

equipping them with skills to participate fully in an innovative and globally competitive economy. Under Subchapter 2.3, which seeks to **Establish Livable Communities**, the PDP indicates the improvement of environmental quality among its primary outcomes. Aligning with this outcome, key strategies presented include (i) the broadening of waste minimization initiatives, (ii) increasing access to proper waste disposal facilities, (iii) expanding the monitoring and enforcement of air and water quality standards, and (iv) providing access to green spaces[21].

- The National Economic and Development Authority (NEDA), with assistance from the Asian Development Bank, formulated the **Philippine Action Plan for Sustainable Consumption and Production (PAP4SCP)** which intends to identify concrete interventions to address the environmental and economic impacts of the production and consumption of goods and services. Subsequently, it seeks to influence behavior towards accelerating sustainable consumption and production (SCP) implementation in the country. The Action Plan includes interventions rooted in circular economy (CE) approaches, understanding the overlap of SCP and CE in practice and concept. Ultimately, it serves as a guiding framework to influence and steer sustainable practices and behavior across sectors and levels of government through programmatic policy reforms and actions over the short (2022-2023), medium (2024-2030), and long term (2031-2040)[22].

- In May 2021, the Department of Environment and Natural Resources (DENR), through its Environment Management Bureau (EMB), developed the **National Plan of Action for the Prevention, Reduction, and Management of Marine Litter (NPOA-ML)** provides a blueprint to enhance the current efforts of the country in resource and waste management and to bring an additional lens to marine litter issues and the control of additional leakage of waste into bodies of water as the Philippines ranks among the largest contributors to ocean plastic litter. In line with this, the NPOA-ML presents policy frameworks and action plans aligned with its overarching goal of having zero waste to Philippine waters by 2040. Among the strategies included under the Programmatic Action Plans of the NPOA-ML is to mainstream circular economy (CE) and sustainable consumption and production (SCP) in an effort to minimize resource consumption and waste generation[23].

- The World Bank crafted the **Roadmap for the Management of Managing Plastic Waste and Reduction of Non-recyclable Single-use Plastics in the Philippines**, intended to assist the country's circular economy transition. The Roadmap places significant emphasis on tackling downstream problems within the plastic value chain as well as enhancing the institutional capacity of the local government units (LGUs) to manage waste collection and treatment[24].

- The **Extended Producer Responsibility (EPR) Act of 2022** (R.A. No. 11898) lapsed into law on 23 July 2022 and took effect on 12 August 2022. It amends Republic Act No. 9003, or the Ecological Solid Waste Management Act of 2000, to institutionalise extended producer responsibility on plastic packaging waste. The EPR Act of 2022 requires obliged enterprises (OEs), collectives, and Producer Responsibility Organizations (PROs) to prepare and register

21 National Economic Development Authority. Philippine Development Plan 2023-2028. Retrieved from https://pdp.neda.gov.ph/wp-content/uploads/2023/01/PDP-2023-2028.pdf.

22 National Economic Development Authority. (16 January 2023). Philippine Action Plan for Sustainable Consumption and Production (PAP4SCP). Retrieved from https://neda.gov.ph/pap4scp/.

23 Department of Environment and Natural Resources-Environment Management Bureau. (May 2021). National Plan of Action for the Prevention, Reduction, and Management of Marine Litter. Retrieved from https://seaknowledgebank.net/sites/default/files/2024-04/Jan%202022%20Final%20Philippines%20NPOA-ML%20%281%29.pdf.

24 World Bank. (2024). Roadmap for the Management of Managing Plastic Waste and Reduction of Non-recyclable Single-use Plastics in the Philippines. Retrieved from https://nswmc.emb.gov.ph/wp-content/uploads/2024/05/240201-PH-Plastic-Roadmap_v8.pdf.

their EPR Programs with the National Solid Waste Management Commission[25].

Relatedly, the World Wildlife Fund (WWF) in its **One-year Review of EPR in the Philippines** notes that as of August 2024, 43.99% of an estimated 2,130 covered OEs have formally registered their EPR programs. Moreover, compliance rates have increased by 45.95% from 642 initially in 2023 to 937 in 2024[26]

- The **Ecological Solid Waste Management Act (ESWMA) of 2000** (R.A. No. 9003), as amended by the EPR Act of 2022 (R.A. No. 11898), provides the necessary policy framework, institutional mechanisms, and mandate to the local government units (LGUs) to achieve 25% waste reduction through the implementation of integrated solid waste management plans. Furthermore, it established a National Solid Waste Management Commission (NSWMC) to prepare the national solid waste management framework as well as oversee the implementation of solid waste management plans and prescribe policies to achieve the objectives of this Act. The ESWM, likewise, created the Solid Waste Management Fund to finance solid waste management initiatives approved by the NSWMC[27].

- On 22 April 2024, the DENR released the **Compliance Reporting and Audit Guidelines (Administrative Order 2024-04) for the EPR Act**, pursuant to its mandate under the EPR Act's Implementing Rules and Regulations. The Audit Guidelines aim to (i) provide guidance to OEs, Collectives and PROs, and their respective independent third-party EPR compliance auditors on how to comply with the EPR Act and EPR IRR, (ii) serve as phase-in capacity and capability mechanisms pending adoption of uniform standards and accreditation rules, and (ii) allow the National Ecology Center (NEC), in coordination with the Environmental Management Bureau (EMB), to monitor and evaluate the compliance of OEs, Collectives and PROs[28].

- According to a report by the DENR, registered businesses were able to **divert 20% or approximately 124,986 tons of plastic wastes**, meeting the target of the EPR Act in the first year of its implementation. Moreover, the number of businesses that registered under the EPR program rose from 667 in 2023 to 917 companies as of 6 May 2024, marking a 37% increase[29][30]. It has likewise been noted that proper incentives will encourage more businesses to comply with the EPR Act. Currently, **incentives for EPR compliance include tax breaks, subsidies, or reduced fees** for those that adopt sustainable practices[31]. However, a mechanism to access such incentives remains to be established and implemented.

- The **Philippine Ecosystem and Natural Capital Accounting System (PENCAS) Law** (R.A. No. 11995**)** institutionalises internationally accepted environmental and economic accounting

25 Department of Environment and Natural Resources. (April 2023). Extended Producer Responsibility Law Frequently Asked Questions. Retrieved from https://emb.gov.ph/wp-content/uploads/2023/04/EPR-Frequently-Asked-Questions.pdf.
26 World Wildlife Fund. (2024). The Impact of Extended Producer Responsibility: A One-year Review of EPR in the Philippines. Retrieved from https://wwfph.awsassets.panda.org/downloads/epr-white-paper_oct-2024.pdf
27 Official Gazette. (26 January 2001). Republic Act No. 9003. Retrieved from https://www.officialgazette.gov.ph/2001/01/26/republic-act-no-9003-s-2001/.
28 Department of Environment and Natural Resources. (22 April 2024). Compliance Reporting and Audit Guidelines for Republic Act No. 11898 or the Extended Producer Responsibility Act of 2022. Retrieved from https://emb.gov.ph/wp-content/uploads/2024/05/DENR-DAO-NO.-2024-04-COMPLIANCE-REPORTING-AND-AUDIT-GUIDELINES-FOR-REPUBLIC-ACT-NO.-11898-OR-THE-EXTENDED-PRODUCER-RESPONSIBI-1.pdf.
29 Department of Environment and Natural Resources. (5 June 2024). DENR reports EPR gains as world marks Environment Day. Retrieved from https://denr.gov.ph/news-events/denr-reports-epr-gains-as-world-marks-environment-day/.
30 Moaje, M. (5 June 2024). 20% of plastic wastes diverted in first year of EPR Act - DENR. Philippine News Agency. Retrieved from https://www.pna.gov.ph/articles/1226297.
31 Halili, A. (20 June 2024). Incentives may be key to EPR compliance. BusinessWorld. Retrieved from https://www.bworldonline.com/economy/2024/06/20/603353/incentives-may-be-key-to-epr-compliance/.

frameworks to support the government's economic, environmental, and health policy development and decision-making. Additionally, the PENCAS Law mandates the creation of an Environment, Natural Resources, and Ecosystem Account Service (ENREAS) under the PSA – whose board shall oversee the implementation of this law – subject to the evaluation and approval of the budget department[32].

- Filed on 17 January 2024, the **Circular Economy Act** (House Bill No. 9791) intends to formulate a Circular Economy Strategy Framework (CESF), recognising the imperative for economic transformation without compromising ecological balance. It puts an emphasis on anchoring the guiding principles of the circular economy shift on inclusivity, sustainability, self-sufficiency, and resiliency[33]. The bill is currently pending with the House Committee on Economic Affairs since its first reading on 23 January 2024.

- On 14 July 2022, the **Philippine Circular Economy Promotion Act** (Senate Bill No. 621) was introduced with the primary aim of paving the way for the development of green markets by instituting measures that promote the circular economy and sustainable consumption and production, understanding the interplay between the public and private sectors, as well as national, subnational, regional, and global stakeholders. Furthermore, the bill also promotes the use of permaculture as a design tool for urban and rural development[34]. The bill is still pending at the Committee level after its first reading on 17 August 2022.

  Relatedly, its companion bill at the House of Representatives, **House Bill No. 8791**, filed on 7 August 2023 is similarly pending with the House Committee on Economic Affairs since its referral on 9 August 2023[35].

- **Excise Tax on Single-Use Plastics:** The Department of Finance (DOF) maintains its position of supporting the imposition of an excise tax on single-use plastic bags (SUPs) as part of the Philippines's contribution to the global movement to reduce pollution and adopt more sustainable practices[36]. Among the key features of the DOF's proposal is to impose a Php 100 per kilogram excise tax, indexed at 4% annually, beginning 1 January 2026, on single-use plastic bags such as "ice", "*labo*", or "*sando*" bags, used as packaging for goods or products.

  Currently, there are a few bills pending at the Senate Committee on Ways and Means aligned with the DOF's proposal, namely the **Plastic Bags Tax Act** (Senate Bill No. 1449)[37] and the **Single-Use Plastic Bags Tax Act** (Senate Bill No. 1844)[38]. Consequently, the impact of the planned tax on price per piece comes out to approximately 40 centavos per bag while revenues to be generated from 2025 to 2028 is estimated to reach Php 31.5 billion, all of which will be earmarked for the DENR's solid waste management programs in municipalities[39][40].

32 Official Gazette. (22 May 2024). Republic Act No. 11995. Retrieved from https://www.officialgazette.gov.ph/2024/05/22/republic-act-no-11995/.
33 19th Congress. (17 January 2024). House Bill No. 9791. Retrieved from https://docs.congress.hrep.online/legisdocs/basic_19/HB09791.pdf.
34 19th Congress. (14 July 2022). Senate Bill No. 621. Retrieved from http://legacy.senate.gov.ph/lisdata/3846434920!.pdf.
35 19th Congress. (7 August 2023). House Bill No. 8791. Retrieved from https://docs.congress.hrep.online/legisdocs/basic_19/HB08791.pdf.
36 Desiderio, L. (1 May 2024). NEDA pushes phaseout of single-use plastic. PhilStar. Retrieved from https://www.philstar.com/business/2024/05/01/2351598/neda-pushes-phaseout-single-use-plastic.
37 19th Congress. (3 November 2022). Senate Bill No. 1449. Retrieved from http://legacy.senate.gov.ph/lisdata/3976736275!.pdf
38 19th Congress. (6 February 2023). Senate Bill No. 1844). Retrieved from https://legacy.senate.gov.ph/lisdata/4067037064!.pdf
39 Gonzales, A. (25 March 2024). DOF pushes for excise tax on single-use plastic bags. Philippine News Agency. Retrieved from https://www.pna.gov.ph/articles/1221474
40 Tort, M. (4 July 2024). Tax on single-use plastic bags. BusinessWorld. Retrieved from https://www.bworldonline.com/opinion/2024/07/04/605920/tax-on-single-use-plastic-bags/#:~:text=Finance%20proposes%20a%20P100%20per,the%20

- **Ban on Single-Use Plastics:** During the 18th Congress, the House of Representatives approved the **Single-Use Plastic Products Regulation Act** (House Bill No. 9147) on third reading. The bill is a consolidation of 41 bills filed in Congress, collectively aimed to phase out and eventually implement a total ban on the use of single-use plastics in the country through a tiered approach. However, it did not flourish in the Senate[41][42].

  The proposal has since been refiled at the 19th Congress in the form of **House Bill No. 26**, where it retains much of the relevant provisions it initially proposed[43][44].

  In conjunction, the National Solid Waste Management Commission issued **Resolution No. 1363, Series of 2020** directing the DENR to prepare and implement the banning of "unnecessary" single-use plastics. It covers national government agencies, local government units, and all other government controlled-offices[45].

- In January 2025, the Department of Environment and Natural Resources (DENR) launched the **National Plastic Action Partnership (NPAP) Philippines** to effectively address the country's plastic waste management problem. The NPAP Philippines, led by DENR, is supported by the World Economic Forum's Global Plastic Action Partnership and partners like the UK Government, the Government of Canada, and the Coca-Cola Foundation.[46]

- **Green Economy Programme in the Philippines (GEPP):** As part of the EU's new Global Gateway Initiative, the Green Economy Programme is a EUR 60 million financing agreement between the EU and the Philippines signed on 25 October 2023[47]. Designed to run from 2023 to 2028, the primary aim of the program is to improve the Philippines' waste management and support its transition to a circular economy.

  The program was successfully launched on 11 March 2024. A policy dialogue platform is expected to be established at the national level to facilitate the formulation of policies and further support the development of a natural circular economy roadmap between EU experts and LGUs. By 2028, approximately 20,000 tons of plastic waste will be recycled and reintegrated into productive chains. The GEPP also aims to have at least 30 LGUs implement separate collection systems for plastic waste for recycling and create 2,500 green jobs in businesses linked to circular economy[48]. Expressing its support for this program, the International Finance Corporation (IFC) has, likewise, allocated Php 308 million to participate in the GEPP[49].

third%20year%20of%20implementation.

41 18th Congress. (28 July 2021). House Bill No. 9147. Retrieved from https://docs.congress.hrep.online/legisdocs/third_18/HBT9147.pdf.

42 The Climate Reality Project Philippines. (19 July 2022). Passage of a national single-use plastic policy pushed. Retrieved from https://climatereality.ph/2022/07/19/passage-of-a-national-single-use-plastic-policy-pushed/#:~:text=House%20Bill%20No.,use%20plastics%20in%20the%20country.

43 19th Congress. (30 June 2022). House Bill No. 26. Retrieved from https://docs.congress.hrep.online/legisdocs/basic_19/HB00026.pdf.

44 Cruz, B. (13 November 2023). House body approves bill regulating single-use plastics. BusinessWorld. Retrieved from https://www.bworldonline.com/the-nation/2023/11/13/557217/house-body-approves-bill-regulating-single-use-plastics/

45 National Solid Waste Commission. (12 February 2020). NSWMC Resolution No. 1363, s. 2020. Retrieved from https://emb.gov.ph/wp-content/uploads/2020/02/2020-NSWMC-RESO-NO.-1363-SERIES-OF-2020-SINGLE-USE-PLASTICS.pdf.

46 Philippine News Agency (23 January 2025). Government launches 'action partnership' to curb plastic pollution. Retrieved from https://www.pna.gov.ph/articles/1242453.

47 European Commission. (25 October 2023). Global Gateway Forum: EU and Philippines sign €60 million Green Economy Programme. Retrieved from https://global-gateway-forum.ec.europa.eu/news/global-gateway-forum-eu-and-philippines-sign-eu60-million-green-economy-programme-2023-10-25_en.

48 Cabico, G. (11 March 2024). Philippines, EU team up to drive circular economy, tackle climate change. PhilStar. Retrieved from https://www.philstar.com/headlines/climate-and-environment/2024/03/11/2339773/philippines-eu-team-drive-circular-economy-tackle-climate-change.

49 Cruz, B. (5 August 2024). IFC, EU outline support for PHL green transition. BusinessWorld. Retrieved from https://

- The Department of Science and Technology (DOST), under its **Startup Grant Fund (SGF) Program**, has helped develop three new technologies aimed at solving the Philippines' plastic concerns. Through this program, the DOST reinforces its commitment to provide solutions and open opportunities to strengthen the circular economy transition.

  These new technologies include (i) a "reverse vendo system" known as the Recycle On-Demand Bin (ROBIN), (ii) cassava bioplastics, and (iii) roofing tiles created from SUPs50.

ECCP ADVOCACIES

Reduce Plastic Pollution through the implementation of an Extended Producers' Responsibility (EPR) Scheme and reconsider any move towards the banning of single-use plastics

The ECCP reiterates its support to the effective and proper implementation of the Extended Producers Responsibility (EPR) scheme in the country. An EPR scheme requires significant public and private sector investment towards the establishment of a sustainable waste management infrastructure involving many players that will divert, reuse, reduce, and recycle waste. We, likewise, welcome the release of the Compliance Reporting and Audit Guidelines for the EPR Act of 2022.

However, following some movements in the Congress on the banning of single use plastics, we reiterate the following recommendations to the Congress:

1. Banning necessitates affordable and appropriate alternatives. Otherwise, this can put consumers at a disadvantage and worsen the problem at hand.

Banning single-use plastics necessitates the existence of affordable, viable alternatives. The alternatives must meet (1) the desired quality, (2) minimum specifications; and (3) circumstances for the use; (4) supply of materials; (5) policy side; and (6) competitive cost.

We believe that a ban on plastic will not properly address the plastic waste issue, and a tax will ultimately burden the consumers. We should not ban products without clear alternatives that are proven to have better environmental, economic and social impact, especially if research has shown that replacing plastics with available alternatives would have significant negative environmental impact. In partnership with the government, industry can help develop sound, data-based or researched-based programs, solutions, regulations and legislation. This will create better environmental and economic outcomes instead of unintended consequences that will promote the use of less recoverable/recyclable/reusable, unstudied alternatives.

2. Proper waste management should be prioritised. Merely shifting from single-use plastics to reusables may not guarantee significant marine litter reduction.

While shifting to reusables from single-use plastics may be beneficial, it still does not fully guarantee significant reduction in marine litter. The need to strictly enforce RA 9003, Ecological Solid Waste Management Act of 2000 becomes even more obvious and crucial. Assistance and incentives for

www.bworldonline.com/economy/2024/08/05/612308/ifc-eu-outline-support-for-phl-green-transition/.

50 Casucia, J. (16 August 2024). DOST unveils three tech developments to combat PH plastic issues. GMA News. Retrieved from https://www.gmanetwork.com/news/scitech/technology/917337/dost-unveils-three-tech-developments-to-combat-ph-plastic-issues/story/.

local government units must be provided so that proper waste management is implemented in the community. Local government units must be able to collect, segregate, and process waste from their own constituents.

Additionally, investments in recycling facilities for flexible plastics should be considered within the government's Strategic Investment Priority Plan (SIPP) to further address the waste management gap. These measures will help ensure that materials are properly processed, reducing the environmental impact and improving waste management systems.

Adoption of Design for Recycling (D4R) guidelines

We recommend that product manufacturers committed to fostering the transition to a circular economy through the integration of Design for Recycling (D4R) principles in their packaging be eligible for tax rebates. Additionally, alternative incentives such as offsets for collection targets or reduced Extended Producer Responsibility (EPR) fees may also be considered, which should be contingent upon the recyclability of the materials used and the incorporation of recycled content.

Furthermore, plastic processors and converters that focus on developing recyclable structures should receive incentives to enhance their cost competitiveness compared to other converters that do not align with D4R guidelines.

The ECCP firmly believes that the promotion of D4R initiatives will encourage more manufacturers to adopt sustainable practices during the design process, ultimately reducing waste. Additionally, we advocate for tax rebates and fee offsets for the use of recycled packaging materials.

Incentives for Exceeding Recovery Targets

Additionally, we propose **incentives** for companies that surpass the recovery target percentage for the year. These incentives would motivate businesses to exceed their environmental goals, contributing to a more effective implementation of the **EPR Act**.

Consumer Education Initiatives

To further support these efforts, we recommend implementing **comprehensive consumer education initiatives**. This includes **substantiated on-pack claims** and **social behavior change (IEC) programs** to raise awareness and encourage responsible waste management practices among consumers.

Integrate Environmental Education in the formal curriculum

The ECCP recognises the undoubtedly crucial role that education plays in shaping and motivating positive behaviour change. In order to truly address the ever-growing issue of waste pollution, we must use education to instill the practice of proper solid waste management to the youth and turn it into a sustainable practice.

As such, we firmly believe that environmental education must be intensified and introduced at an earlier stage. Currently, Section 3 of the Environmental Awareness and Education Act of 2008 (RA 9512) provides for the introduction of environmental education in school curricula across the board which covers both theoretical and practicum modules51. Aside from this, waste minimization education is also included in the K-12 Program.

Facilitate multi-sector collaboration and establish regular dialogue between stakeholders

51 Official Gazette. (12 December 2008). *Republic Act No. 9512*. Retrieved from https://www.officialgazette.gov.ph/2008/12/12/republic-act-no-9512/

As with all industries, regular dialogue among stakeholders is essential to identify common goals, facilitate collaboration, and promote accountability. By creating opportunities for open and inclusive communication, regular consultations lay the foundation for sustainable solutions to complex challenges and enhance the overall effectiveness of stakeholder engagement processes. This participatory approach leads to more informed and effective outcomes that consider diverse perspectives and interests.

Accordingly, the ECCP reiterates its commitment to working with the government and other relevant stakeholders as we continue on the path towards achieving the country's net zero targets.

WATER RESOURCES MANAGEMENT

WATER RESOURCES MANAGEMENT

OVERVIEW

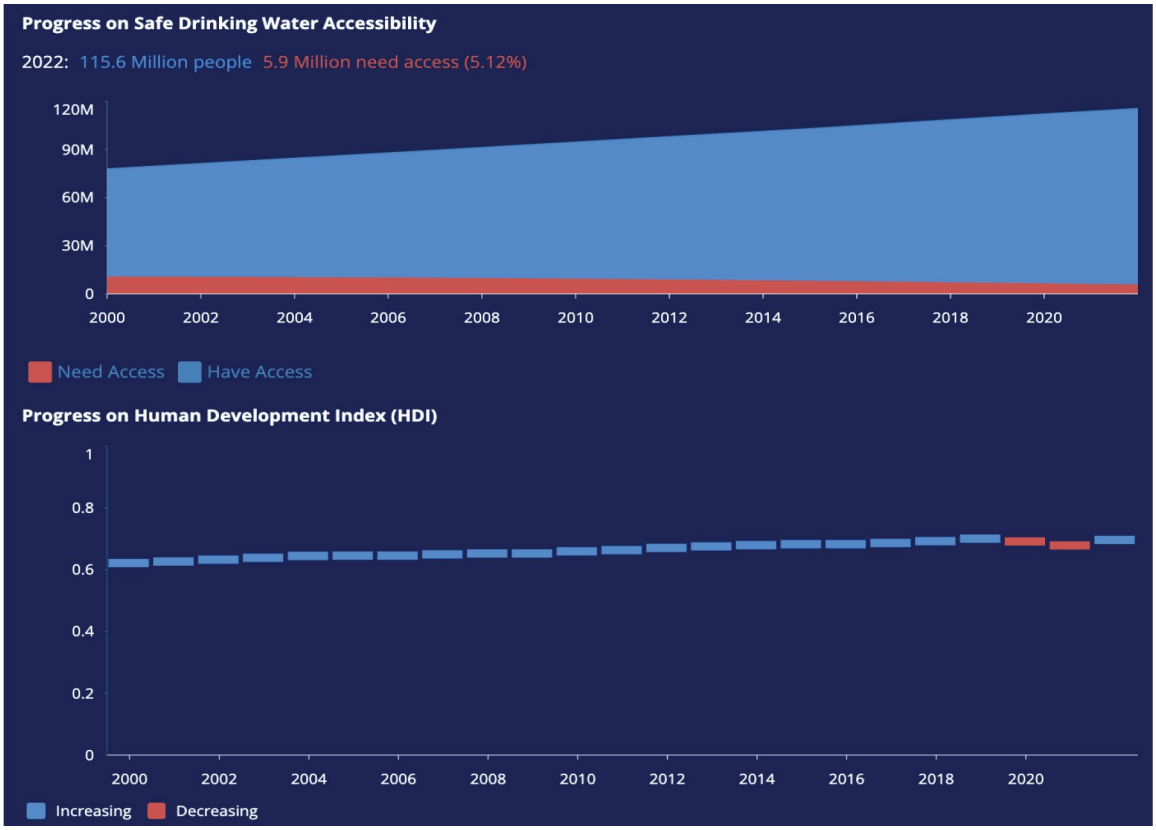
The global water crisis remains a pressing concern, with challenges such as climate change and population growth exacerbating the strain on limited water supply. These issues collectively widen the gap between available water resources and the escalating demand, posing significant risks to public health, economic productivity, and quality of life.

The intricate connection between water security, prosperity, and peace is clear. The 2024 UN World Water Development Report highlighted that water insecurity can worsen poverty and conflict, while sustainable water management can foster economic growth and social stability. It underscored the need for international cooperation to ensure equitable access to water resources and to mitigate potential conflicts arising from water scarcity.[1]

Global water use has been increasing by around 1% annually over the past decades and is projected to continue at this rate until 2050. The agriculture sector accounts for the largest consumption, with 72% of total water withdrawals. Municipal withdrawals have grown by 3%, while industrial withdrawals have declined by 12%, mainly due to reductions in water use for thermal power production.[2]

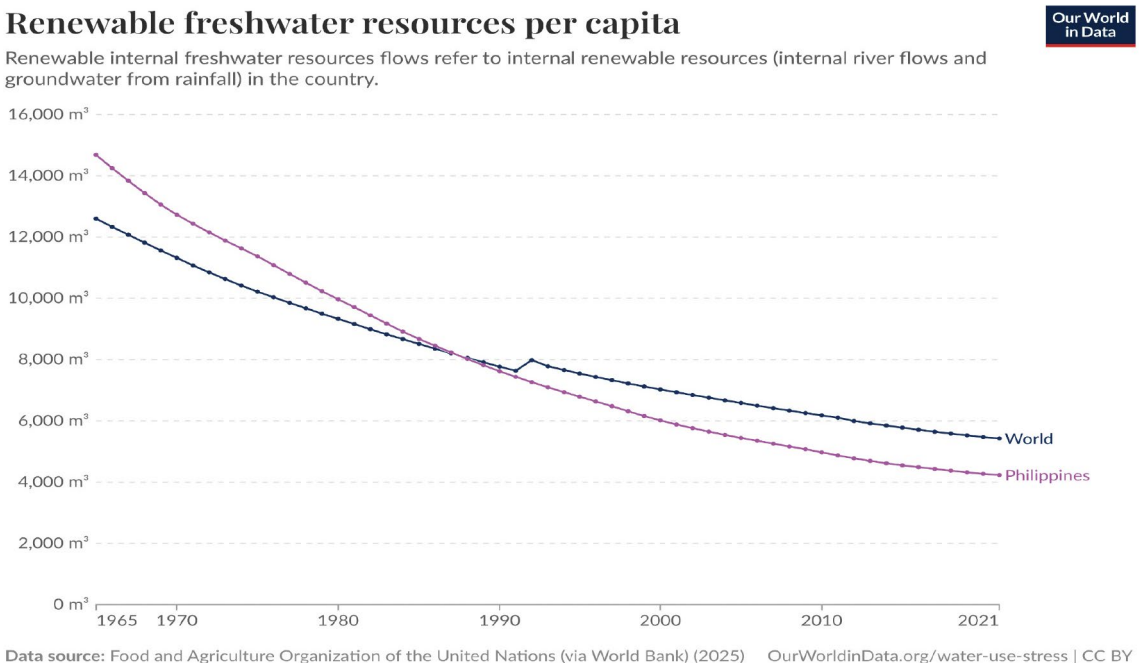
Despite global efforts, water scarcity continues to affect billions. Approximately 2 billion people lack access to safe drinking water, and 3.6 billion lack access to safely managed sanitation services. These deficiencies pose significant risks to livelihoods, particularly impacting access to electricity and food security.[3]

1 United Nations (March 2024). UN World Water Development Report 2024. Retrieved from https://www.unwater.org/publications/un-world-water-development-report-2024
2 Ibid.
3 UNESCO (2024).UN World Water Development Report Statistics. Retrieved from https://www.unesco.org/reports/wwdr/en/2024/s



The Philippines' Progress on Safe Drinking Water Accessibility (2000 - 2022).[4]

4 *Essential Needs (2025). Retrieved from World Water Data, https://www.essentialneed.org/education/world-water-data?gad_source=1&gclid=CjwKCAjwvr—BhB5EiwAd5YbXi-l4nX-glbaFrxTKkSPH65zRdmGXo5lplveII14iSVBq8mFZ4T4RRoCZDgQAvD_BwE?iso=PHL*



Renewable freshwater resources per capita, Global Average and the Philippines (1965-2021).[5]

Zooming in on the Philippine context, the country's freshwater potential or supply is estimated at 146 billion cubic meters (bcm) per year, with 86% (125.8 bcm) sourced from surface water—mainly from watersheds, river basins, and lakes. The country has 421 river basins, including 18 major ones, and 221 lakes. Groundwater accounts for 14% (20.2 bcm) of total water resources. Annual rainfall of 2,400 mm replenishes water sources, but distribution is uneven due to climate variability, including El Niño, which triggers droughts. Moreover, the Philippines is below the global average when it comes to renewable freshwater resources per capita, amplifying the risks that come with water scarcity.

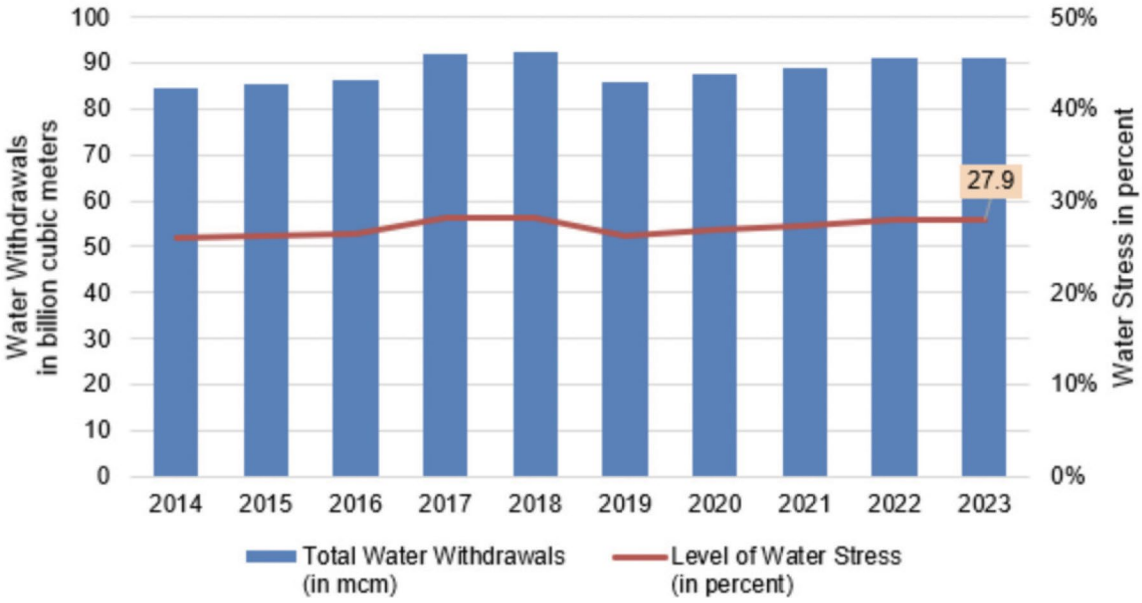
In 2022, 52% of total water resources (76 bcm) were allocated for various uses, with 59% (44.8 bcm) for hydropower, which is non-consumptive. Among consumptive uses, irrigation accounted for 80% (60.8 bcm), followed by municipal/domestic (7.4 bcm), industrial (6.2 bcm), and other uses (760 million cubic meters).

Despite abundant water resources, the Philippines has been under water stress, with per capita water availability at only 1,300 cubic meters in 2020, below the 1,700 cubic meter threshold for water stress. The country's water stress level increased from 25.5% in 2010 to 27.83% in 2022. While this remains classified as low under UN classifications, it is categorized as medium-high water stress according to the World Resources Institute's Aqueduct Water Risk Atlas.[6]

5 Food and Agriculture Organization of the United Nations via the World Bank (2025). Renewable Freshwater Resources Per Capita. Retrieved from Our World in Data, https://ourworldindata.org/grapher/renewable-water-resources-per-capita?time=1965..latest&country=OWID_WRL~PHL

6 Senate Economic Planning Officer (April 2024). Quenching Policy Thirst: Reforming Water Governance in the Philippines. Retrieved from https://legacy.senate.gov.ph/publications/SEPO/PB_Quenching%20Policy%20Thirst%20-%20Reforming%20Water%20Governance%20in%20the%20Philippines_07May2024.pdf

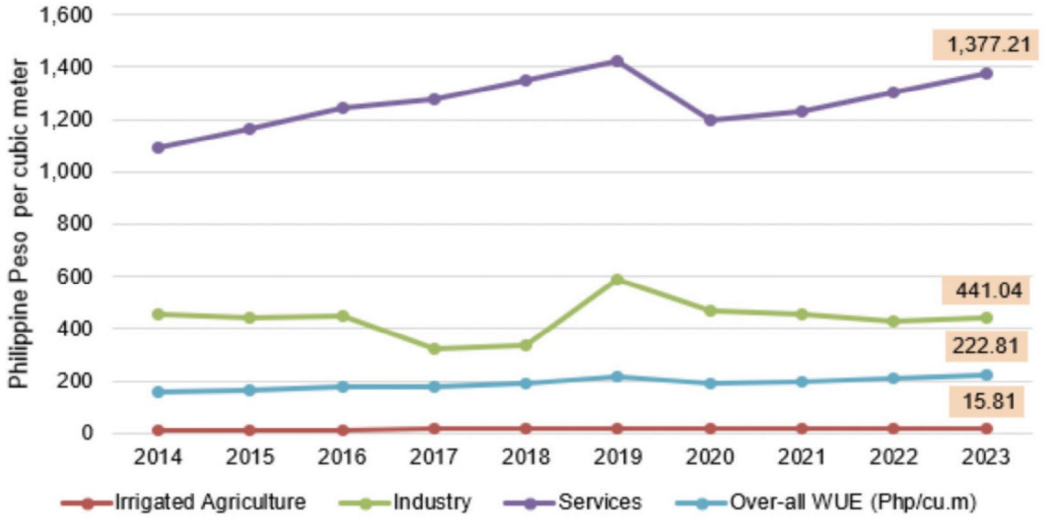
Figure 1. Level of water stress, 2014 - 2023



Source: Philippine Statistics Authority

The Philippines' Water Use Efficiency (WUE) improved by 5.6% in 2023, reaching PhP 222.81 per cubic meter, up from PhP 211.05 in 2022. Among sectors, services recorded the highest WUE at PhP 1,377.21 per cubic meter, followed by industry (PhP 441.04) and agriculture (PhP 15.81). Meanwhile, total freshwater withdrawals saw a slight increase from 91.04 billion cubic meters (bcm) in 2022 to 91.20 bcm in 2023.7

Figure 2. Water Efficiency Use by Major Sector, 2014 - 2023



Source: Philippine Statistics Authority

7 *Philippine Statistics Authority (5 September 2024). Retrieved from https://psa.gov.ph/statistics/environment/peenra/node/1684065017*

WHERE ARE WE NOW?

- **Creation of an apex body for the Philippine Water Sector:**

  In August 2024, Senator Grace Poe presented her sponsorship speech for Senate Bill No. 2771 (SB 2771), titled An Act Establishing the National Framework for Water Resource Management and Creating the Department of Water Resources and the Water Regulatory Commission, Defining Their Mandate, Powers, and Functions, Appropriating Funds Therefor, and for Other Purposes. In co-sponsoring the said SB 2771, Committee on Public Services Chairperson Raffy Tulfo, Senators Juan Miguel "Migz" Zubiri, Loren Legarda, Ramon Bong Revilla, Jr., Joel Villanueva, Ronald "Bato" Dela Rosa, Pia Cayetano, Joseph Victor Ejercito and Francis "Tol" Tolentino delivered their individual speeches. The bill, which seeks to improve water resource allocation and prevent depletion of the country's water supply, successfully passed its first reading in the Senate. SB 2771.

  SB 2771 is the Senate counterpart to House Bill No. 09663 (HB 9663), which the House of Representatives approved on its third reading on December 12, 2023, and transmitted to the Senate the following day. It is worthy to note that President Ferdinand R. Marcos Jr. ordered government agencies to refine the language of the Department of Water Resources (DWR) Bill during a sectoral meeting on February 25, 2025.[8]

- **Philippine Development Plan (PDP) 2023-2028:** Of particular interest to the Environment and Water sector is Chapter 12 which details the government's agenda to improve water infrastructure for the promotion of universal access to safe, affordable, and sustainable water supply and sanitation services.[9]

- **Build Better More Program:** As part of the Administration's flagship infrastructure program, the National Economic and Development Authority (NEDA) Board approved 185 high-impact and urgently needed priority projects, amounting to PHP 9.14 trillion pesos.[10] The water resources sector, which includes projects on water supply and flood management, has 29 projects with a total indicative cost of PHP 775.05 billion.[11]

8 Presidential Communications Office. Retrieved from https://pco.gov.ph/photos/?post_id=215340

9 Philippine Development Plan 2023-2028. Retrieved from https://pdp.neda.gov.ph/wp-content/uploads/2023/01/PDP-2023-2028.pdf

10 Desiderio, L. (2024, February 2024). NEDA approves 23 new priority infrastructure projects. Philippine Star. Retrieved from https://www.philstar.com/business/2024/02/28/2336571/neda-approves-23-new-priority-infrastructure-projects

11 as of the fourth quarter of 2024. Infrastructure Flagship Projects Dashboard. Retrieved from https://neda.gov.ph/infrastructure-flagship-projects/

ECCP ADVOCACIES

Creation of an overseeing agency for the water sector

The governance of the Philippine water sector remains highly fragmented, with over 30 government agencies overseeing various aspects of water management. This complexity has led to inefficiencies, bottlenecks, and regulatory uncertainty for both local and foreign investors. Recognising these challenges, the ECCP strongly supports the overarching goals and spirit of SB 2771 that provides for the establishment of the **Department of Water Resources (DWR)** to serve as the apex body responsible for water resource planning, development, and management, and the Water Regulatory Commission functioning as the economic regulator.

As a step toward this goal, we also welcome the establishment of the Water Resources Management Office (WRMO) through Executive Order No. 22, s. 2023. The WRMO plays an important role in enhancing inter-agency collaboration and implementing an Integrated Water Resources Management Plan (IWMP). The ECCP notes that the IWMP unifies existing sectoral plans into an overarching strategy for water resources management towards achieving the country's water security agenda.[12]

To further strengthen SB 2771, we recommend the establishment of a multi-stakeholder platform particularly the participation of the private sector, civil society organizations, and academe, at the national and sub-national levels, in the exercise of policymaking, coordination, harmonization, integration, supervision, monitoring and evaluation functions with regard to water, land, subsurface, air, and other natural resources.

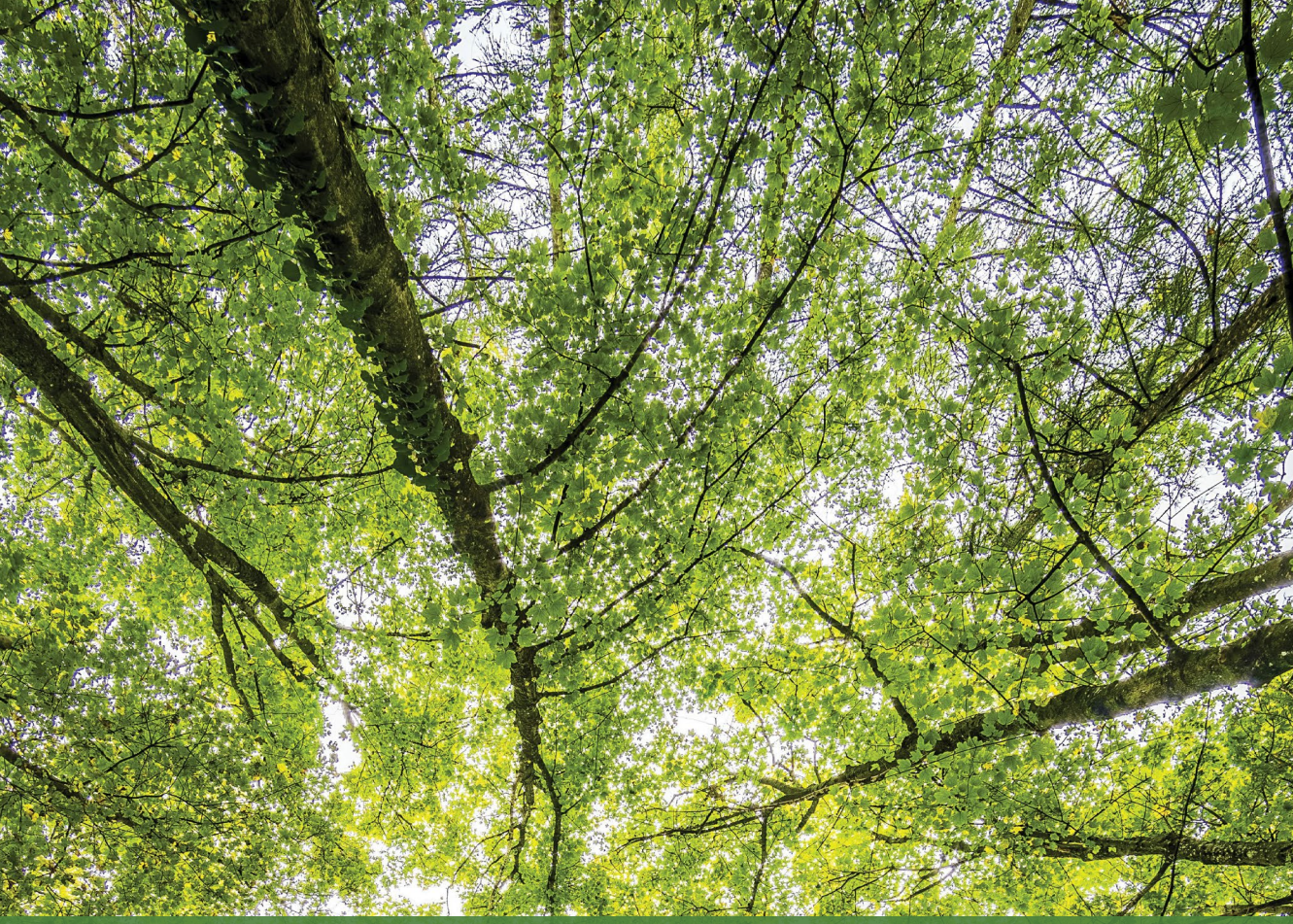
The ECCP commends and supports the government for adopting the **Integrated Water Resources Management** (IWRM) framework to address water security challenges[13]. IWRM is a globally recognised approach that promotes the coordinated management of water, land, and coastal resources to maximise economic and social benefits while preserving environmental sustainability. In line with this, the ECCP further recommends the establishment of robust and effective River Basin Organisations (RBOs) to effectively implement key priorities identified through the IWRM process. Additionally, defining the jurisdiction of the Department of Water Resources' regional offices based on natural hydrological boundaries is essential to ensure coordinated and sustainable water management.

The ECCP also advocates for **regular institutionalized public-private dialogue** to foster collaboration in addressing water sector challenges. Establishing a structured multi-stakeholder engagement mechanism will facilitate the exchange of insights and best practices between government and industry players, encourage private sector investments in water infrastructure, technology, and sustainable solutions, and improve policy coherence and coordination among stakeholders.

The ECCP reiterates its strong support and **looks forward to the eventual passage of this crucial legislation in the 19th Congress**. Establishing a dedicated executive water department is a long-overdue reform that will provide strategic direction, address regulatory hurdles, and further improve water security in the Philippines.

The Chamber urges policymakers to sustain momentum and prioritise legislative measures that will ensure the sustainable and efficient management of the country's water resources. The ECCP remains fully committed to collaborating with the government and relevant stakeholders in advancing water sector reforms that will benefit businesses, communities, and the broader Philippine economy.

12 Philippine Development Report 2024. Subchapter 3.3 – Promoting Water Security through the Sustainable Management and Optimization of Water Resources. Retrieved from: neda.gov.ph/wp-content/uploads/2025/01/PDR2024.pdf
13 Ibid.



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