

# ENVIRONMENT AND WATER ADVOCACY PAPER 2022



## ABOUT ECCP

The **European Chamber of Commerce of the Philippines** (ECCP) is a service-oriented organization whose main goal is to foster close economic ties and business relations between the Philippines and Europe. The ECCP does this through offering a wide range of consultancy services and by fostering connections between companies, organizations, and individuals with existing or potential business ties to Europe and the Philippines. It is also at the forefront of pro-business, pro-growth advocacy in the Philippines, representing European business interests for increased market access and trade facilitation, at the highest level of Philippine political discussions.

The ECCP views itself as the stepping stone for Europeans into the Philippine market and for Filipinos into the European market.



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*Positions expressed in the advocacy papers are the result of the activities of the Sector Committees working under the ECCP.*

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We would also like to acknowledge the support of our committee members.

## METHODOLOGY

The 2022 edition of the ECCP Advocacy Papers features issues and recommendations developed after extensive discussions among members of the ECCP sector committees, consultations and meetings with representatives from the Philippine Government, and other stakeholders. Information gathered from organizing events that cover relevant topics, participating in numerous hearings and committee meetings in both chambers of the Philippine Congress, as well as in private sector consultations held by several government agencies were also taken into consideration upon writing.

Further, the recommendations provided in each paper were primarily based on the discussions during the quarterly sector committee meetings. The ECCP Advocacy Team carefully examined each issue and advocacy recommendation in close collaboration with the sector committee leaders and members to make sure they were in line with European business interests and priorities. Once the Advocacy Team had finalized the first draft of each sector paper, it was then disseminated to the Committee members and other important stakeholders for consultation. This allowed for the collection of input that would later be used to create the final draft of the papers.

The assessment of the status of each recommendation included in 2021 Advocacy Papers were examined under the following criteria:

**Completed/Substantial Progress:** Recommended action has either been completed or there has been significant progress towards the realization of the recommendation.

**Some Progress:** Movement towards realizing the recommendation has been made, but substantial work still needs to be done to fully achieve and complete the proposed measure.

**No Progress/Retrogression:** Minimal progress or no movement towards attaining the recommended reforms were done, or the status of the issue has worsened and has evolved to an even bigger bottleneck for European businesses.

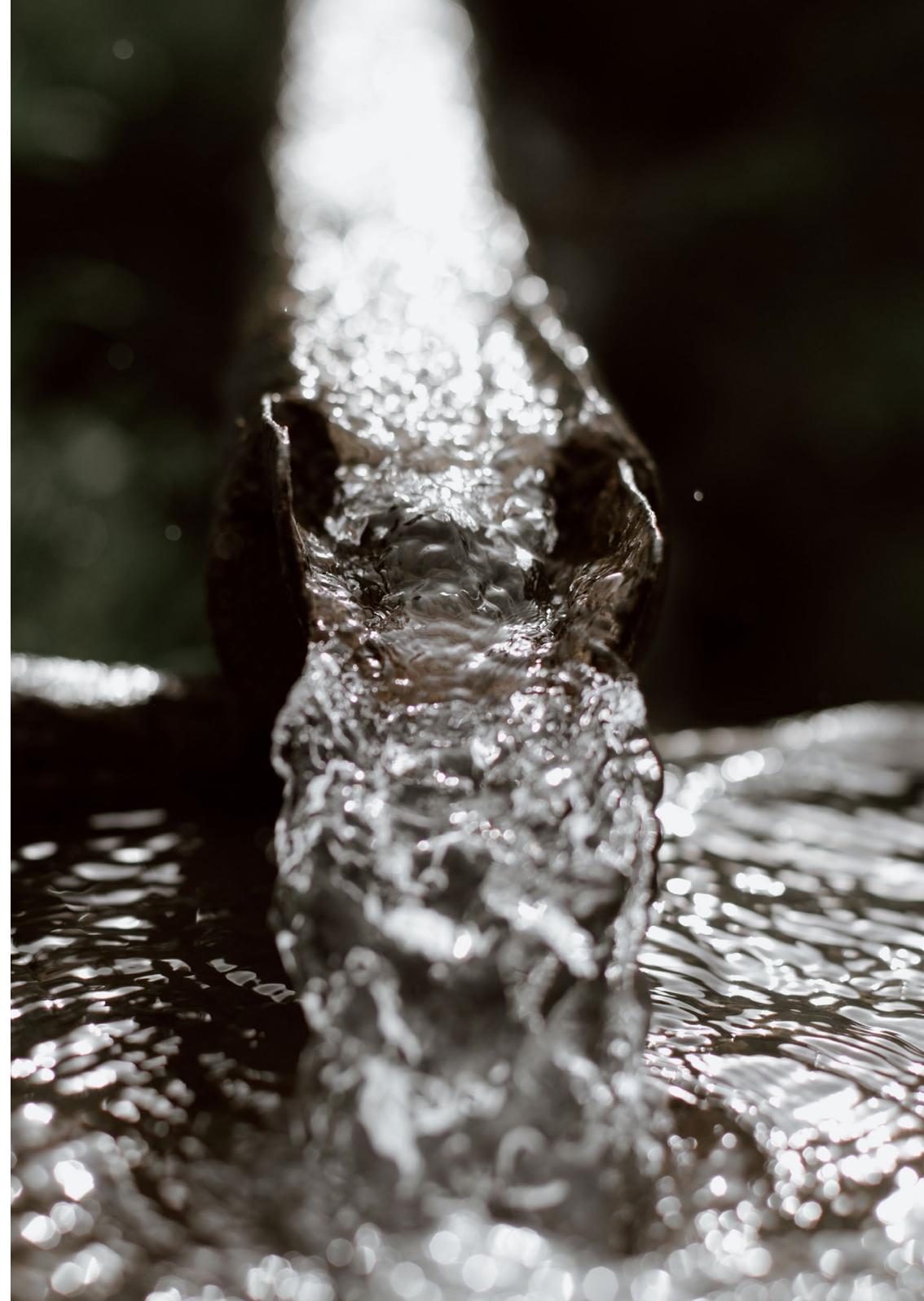
## MESSAGE FROM THE ECCP PRESIDENT

I am pleased to present the latest set of the European Chamber of Commerce of the Philippines' (ECCP) Advocacy Papers. This features an overview of the country's current business landscape and industry-specific challenges identified by the Chamber's sector committees. More importantly, the papers put forward constructive policy recommendations for strengthening European-Philippine economic relations and promoting sustainability.

We have witnessed uncertainties and concerns arising from the Russia-Ukraine crisis, inflationary pressures, and disruptions in the global supply chain, among others. Nevertheless, we have seen significant progress such as the easing of COVID-19 restrictions, increased mobility for businesses and consumers, as well as solid headways in boosting business confidence and the country's position as a competitive destination for trade and investments. We are optimistic that we will see positive outcomes from the passage of game-changing economic reforms such as the amendments to the Public Services Act, the Retail Trade Liberalization Act, and the Foreign Investment Act. These will undoubtedly usher in foreign direct investments and create more jobs for Filipinos. Furthermore, for the year 2022, multilateral agencies have expressed optimism for the Philippines with an estimated 6.0% and 6.5% growth rate by the World Bank and the Asian Development Bank, respectively.

The ECCP seeks to continue to maximize the opportunities brought about by these recent socioeconomic developments. This year's set of ECCP Advocacy Papers is our contribution to addressing some of the remaining challenges to realize the potential of the European-Philippine economic ties as well as advance sustainable development. Lastly, I would like to extend my sincerest thanks to our Committee leaders, member companies, and the ECCP team who supported the completion of this publication. The ECCP is committed to working with the European-Philippine stakeholders in navigating this new era of progress, possibilities, and partnerships.

**Mr. Lars Wittig**  
ECCP President



# WHERE ARE WE NOW?

## THE PHILIPPINES

The Philippines prides itself in its dynamic and robust economy, transforming into one of the region's top economic performers and attracting companies to invest and expand their operations. In the last decade, the country was able to sustain an average annual growth of 6.4% between 2010-2019 from an average of 4.5% between 2000-2009.<sup>1</sup> However, the onset of the unprecedented COVID-19 pandemic has resulted in a drastic decline of economic activity around the world. The Philippines has not been spared from the economic effects of the pandemic. The country's growth collapsed, with a negative growth rate of 9.6% in terms of Growth Domestic Product (GDP), in 2020 (Table 1). Among its neighboring countries in the Association of Southeast Asian Nations (ASEAN), the Philippines was ranked 10th in terms of Gross Domestic Product (GDP) growth rate (Table 1). Ranked last, the Philippines appears to be the Southeast Asian economy most affected by the pandemic in 2020.

**Table 1. ASEAN GDP Year-on-Year Growth Rates, 2020 and 2021 (% per year)**

Country	2020	2020 ranking	2021	2021 ranking
Brunei Darussalam	1.1	3rd	-1.5	9th
Cambodia	-3.1	6th	3	5th
Indonesia	-2.1	5th	3.7	3rd
Lao People's Dem. Rep.	-0.5	4th	2.3	7th
Malaysia	-5.6	8th	3.1	4th
Myanmar	3.3	1st	-18.4	10th
<b>Philippines</b>	<b>-9.6</b>	<b>10th</b>	<b>5.6</b>	<b>2nd</b>
Singapore	-5.4	7th	7.6	1st
Thailand	-6.1	9th	1.6	8th
Vietnam	2.9	2nd	2.6	6th

*Asian Development Bank. Asian Development Outlook 2022<sup>2</sup>*

Nonetheless, in 2021, the Philippines ranked second among the ASEAN countries in terms of growth rates. Growth was buoyed by robust private domestic demand, including a dramatic increase in investment in the second quarter of 2021 and a steady rise in household final consumption expenditure<sup>3</sup>.

Furthermore, for the year 2022, multilateral agencies have expressed optimism for the Philippines with an estimated 6.0% and 6.5% growth rate by the World Bank and the Asian Development Bank, respectively. A strong rebound in domestic demand with the easing of COVID-19 mobility restrictions in the country will support robust growth for the Philippine economy in 2022 amidst the Russia-Ukraine conflict, inflationary pressures and disruptions in global supply chains.

<sup>1</sup> World Bank. (07 April 2021). Philippines: Overview. Retrieved from <https://www.worldbank.org/en/country/philippines/overview>  
<sup>2</sup> Asian Development Bank (April 2022). Asian Development Outlook 2022. Retrieved from <https://data.adb.org/dataset/asian-development-outlook-ado-2022-statistical-appendix-tables>  
<sup>3</sup> World Bank (June 2022). Philippines economic update 2022 edition. Retrieved from <https://documents1.worldbank.org/curated/en/099325006072264961/pdf/P177408091735101c0b25405cf39f312c86.pdf>.

The growth projection for 2023 is at 5.8% and 6.3% by the World Bank and ADB, respectively. This is attributed to monetary policy tightening and accelerating inflation affecting domestic demand.

Additionally, the annual preliminary figures show that the country's employment rate rose from 89.7% in 2020 to 92.2% in 2021, with the services sector accounting for 58.1% share, followed by the agriculture sector with 22%, and the industry sector with 19.9%<sup>4</sup>. As of writing, the country's unemployment rate decreased to 5.2 percent in July 2022 from 7.2 percent in the same period last year.<sup>5</sup>

On the other hand, inflationary pressures have been widely felt. As of writing, inflation in the Philippines heated up to 6.9 percent in September 2022 from 6.3 percent in July, according to the Philippine Statistics Authority. This was mainly driven by faster rate of increases in prices of foodstuff as well as electricity and housing.<sup>6</sup>

In terms of the country's Foreign Direct Investments (FDI), the BSP officially recorded USD 10.518 billion net inflows for 2021. Majority of the equity capital placement came from Singapore (USD 526.69 million), Japan (USD 257 million), USA (USD 73.60 million), Germany (USD 29.20 million), and Hong Kong (USD 23.45 million)<sup>7</sup>. In the same year, top European FDI sources are include Germany (USD 32.94 million), United Kingdom (USD 15.77 million), Sweden (USD 6.24 million), France (USD 4.43 million) and Spain (USD 4.34 million). More recently, total FDI net inflows from January to June 2022 reached USD 4.64 billion, an increase of 3% over the same period last year. Specifically, the top source country is **Singapore** with USD 526.69), followed by **Japan** (USD 257), **USA** (USD 73.60), **Germany** (USD 29.20), and **Hong Kong** (USD 23.45).



	Jan-June 2022	Jan-June 2021	2021	2020
<b>Globally</b>	USD 4.64 billion (+3.07% year-on-year increase)	USD 4.50 billion	USD 12.41 billion	USD 6.82 billion
<b>Europe (both EU and non-EU states)</b>	USD 62.54 million (+53% year-on-year increase)	USD 40.87 million	USD 48.08 million	USD 326.47 million

<sup>4</sup> Philippines Statistics Authority. Percent distribution of employed persons by major industry group July 2020 and July 2021. Retrieved from <https://psa.gov.ph/statistics/survey/labor-and-employment/labor-force-survey/tab1>  
<sup>5</sup> National Economic and Development Authority (September 2022). Ph Records Lowest Unemployment Rate Since Covid-19 Onset—Neda. Retrieved from <https://neda.gov.ph/ph-records-lowest-unemployment-rate-since-covid-19-onset-neda/#:~:text=As%20reported%20by%20the%20Philippine,Labor%20Force%20Survey%20since%202005>.  
<sup>6</sup> <https://psa.gov.ph/press-releases/id/168188>  
<sup>7</sup> Bangko Sentral ng Pilipinas. Net foreign direct investment flows (BPM6), by country. Retrieved from [https://www.bsp.gov.ph/Statistics/External/tab10\\_fdc.aspx](https://www.bsp.gov.ph/Statistics/External/tab10_fdc.aspx).

The total external trade of the country in terms of goods was recorded at USD 192.532 billion in the year 2021, representing a growth of 24.2% compared to the USD 155.02 billion recorded during 2020, but most importantly an augmentation of 10 billion compared to the 2019, pre-pandemic data. Among the major trading partners are the People's Republic of China, Japan, and the USA<sup>8</sup>. The European Union (EU) followed as the fourth largest trading partner, accounting for 7.9% of the country's total trade in 2021<sup>9</sup>. Meanwhile, as for the Philippines' bilateral trade with the EU member countries, Germany ranked as the top trading partner, with a total of trade of USD 4.985 billion. Likewise, in 2020, Germany ranked as the highest trading partner with a total trade of USD 4.343 billion.<sup>10</sup>

Furthermore, in the 2022 World Competitiveness Ranking compiled by the Institute for Management Development (IMD), the Philippines ranked 48th out of 63 countries, climbing four spots from the previous ranking. Specifically, the report notes that the country moved up in two of the factors: Economic Performance rose 4 places to 53rd; Infrastructure climbed 2 spots to 57th. Meanwhile, the Philippines' ranking for government Efficiency slipped three more spots to 48th, and public finance fell six places to 51st.

Nevertheless, we have seen significant progress such as the easing of COVID-19 restrictions, increased mobility for businesses and consumers, as well as solid headways in boosting business confidence and the country's position as a competitive destination for trade and investments. We are optimistic that we will see positive outcomes from the passage of game-changing economic reforms such as the amendments to the Public Services Act, the Retail Trade Liberalization Act, and the Foreign Investment Act. These will undoubtedly usher in foreign direct investments and create more jobs for Filipinos.

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<sup>8</sup> Philippines Statistics Authority. Highlights of the 2021 annual final international merchandise trade statistics of the philippines . Retrieved from <https://psa.gov.ph/content/highlights-2021-annual-final-international-merchandise-trade-statistics-philippines>, table 1 and 5.

<sup>9</sup> European commission. Countries and Regions: The Philippines. Retrieved from [https://policy.trade.ec.europa.eu/eu-trade-relationships-country-and-region/countries-and-regions/philippines\\_en](https://policy.trade.ec.europa.eu/eu-trade-relationships-country-and-region/countries-and-regions/philippines_en).

<sup>10</sup> Department of trade and Industry of the Philippines. Philippines merchandise total trade, historical trend. Retrieved from <http://www.tradelinephilippines.dti.gov.ph:8080/total-trade>.



# ON WATER

## INTRODUCTION

Climate change, population growth, and economic development persist to push the limits of finite water resources around the world. The unprecedented scale of these universal events continually widen the gap between available water supply and demand, resulting in countries experiencing high-level water stress<sup>1</sup> and scarcity. For years, this crisis has increasingly posed risks to public health safety, economic productivity, and quality of life.

The Philippines, recognized for its abundant natural resources, has a total water resources potential of 145,990 million cubic meters per year (MCM/year), comprising 125,790 MCM/year of surface water and 20,200 MCM/year of groundwater.<sup>2</sup> Despite this, the disproportionate access to safe and adequate supply in the country has caused over 3 million people to rely on unsafe and unsustainable water sources.<sup>3</sup>

While the latest report indicated the Philippines' level of water stress for 2020 at 26.7%<sup>4</sup>, a study conducted by the World Resources Institute posted the country's water stress score at 3.01, projecting a loss of 40% to 80% of its total water supply by 2040.<sup>5,6</sup>

In light of the foregoing and as we recover from the setbacks incurred as a result of the COVID-19 pandemic, water supply and sanitation crisis should be given equal importance and urgent attention by the government, private sector, and all stakeholders. Indeed, integrated efforts and interventions remain vital to the country's goal of achieving universal access to safe, sufficient, affordable and sustainable water by 2030.

## RECENT REFORMS AND INDUSTRY UPDATES

- **Creation of an apex body for the Philippine Water Sector:** President Ferdinand Marcos Jr. has called for the establishment of a governing agency for the water sector as part of his 19 priority bills during his first State of the Nation Address last 25 July 2022. In line with this, Senator Grace Poe has filed a bill to establish a Department of Water Resources and the Water Regulatory Commission which aims to "rationalize the economic as well as administrative regulation of water utilities". Senate Bill No. 102, which aims to streamline the water regulatory framework to harmonize government initiatives for the water sector is an updated Senate Bill from the previous bill she filed during the 18<sup>th</sup> Congress, as it now adds the Department of Water Resources, with the ultimate goal of addressing the water challenges in the country.<sup>7</sup>
- **Philippine Water Supply and Sanitation Master Plan:** Officially launched last 16th September 2021, the Philippine Water Supply and Sanitation Master Plan acts as a national action plan to attain universal access to "safe, sufficient, affordable, and

sustainable water supply, hygiene, and sanitation by 2030". The plan features eight (8) key reform agenda<sup>8</sup>, and promotes the Integrated Water Resources Management (IWRM) principle for a comprehensive and integrated approach in addressing the sector's gaps as well as ultimately achieving the Philippines' water-related targets and commitments.<sup>9</sup>

Based on the PWSSMP, the country needs PHP 1.07 trillion worth of investments to achieve universal access to water supply and sanitation by 2030. According to NEDA Assistant Secretary Roderick Planta, the current average investments of the government for water supply and sanitation is at 0.15 percent of the total General Appropriations Act.<sup>10</sup> Yearly investments of at least PHP132 billion from 2023 is needed if we are to remain on track towards achieving SDG 6 by 2030.

- **Department Administrative Order No. 2021-19 (DAO 2021-19):** In June 2021, the DENR issued DAO 2021-19 on "Updated Water Quality Guidelines and General Effluent Standards for Selected Parameters" which partially amends DENR Administrative Order No. 2016-08, updating water quality guidelines and/or general effluent standards for the following parameters: ammonia as NH<sub>3</sub>-N, boron, copper as total copper, fecal coliform, phosphate as phosphorus (total, reactive), and sulfate. The new DAO also stipulates the obligation to submit data on influent values of biological oxygen demand (BOD) for establishments with influent BOD equal to or greater than 3000 mg/L. All other parameters not mentioned in DAO 2021-19 will be covered by the requirements of DAO 2016-08.

The Anti-Red Tape Authority (ARTA) has also spearheaded continuous inter-agency and multi-stakeholder consultation meetings to produce a Joint Memorandum Circular (JMC) that would address regulatory gaps and make the implementation of DAO 2021-19 more attuned to current realities.

- **Smart Water Infrastructure and Management (SWIM) R&D Center:** The Department of Science and Technology (DOST) announced last 4 June 2021 on the planned establishment of a water infrastructure and research center at the Isabela State University. Under the Niche Centers for R&D (NICER) Program, SWIM seeks to "develop a science-based comprehensive water resource assessment for the design of projects. It also targets to develop climate-resilient flood mitigation and remediation measures". To fund the project, DOST allocated PHP77.2 million while an estimate of PHP69 million will be coming from the National Irrigation Administration (NIA), LGUs and state universities in Region 2, and from the Office of Civil Defense.

## ADVOCACY RECOMMENDATIONS

### 1. Creation of an overseeing agency for the water sector

The need for an apex body to lead the crafting and implementation of policies and initiatives for the Philippine water sector has long been recognized by the Philippine government and international agencies such as the World Bank, the ADB and the ASEAN's Working Group on Water Resources Management (AWGWRM) who have all pointed out that the Philippines' lack of an overseeing agency in the water sector is one of the country's major hindrances to fully achieving water security. However,

1 UN Water considers an area is experiencing water stress when annual water supplies drop below 1,700 m<sup>3</sup> per person. The values for water availability per capita per year cover domestic water supply and water uses for other sectors.

2 National Economic and Development Authority. (2021). Philippine Water Supply and Sanitation Master Plan (PWSSMP). Retrieved from [https://neda.gov.ph/wp-content/uploads/2021/09/102521\\_PWSSMP\\_Abridged-Version.pdf](https://neda.gov.ph/wp-content/uploads/2021/09/102521_PWSSMP_Abridged-Version.pdf)

3 Water.org. (n.d.). Philippines' Water and Sanitation Crisis. Retrieved from <https://water.org/our-impact/where-we-work/philippines/>

4 Philippines Statistics Authority. (2020). Country's Overall Water Use Efficiency Decreased while Water Stress remains at Low Level. Retrieved from <https://psa.gov.ph/content/country%E2%80%99s-overall-water-use-efficiency-decreased-while-water-stress-remains-low-level>

5 Luo, T., Young, R., Reig, P. (2015). Aqueduct Projected Water Stress Country Rankings. Retrieved from <https://files.wri.org/d8/s3fs-public/aqueduct-water-stress-country-rankings-technical-note.pdf>

6 The indicated are not to be seen as predictions, but rather as potential outcomes under specific climate and socio-economic trajectories, which are subject to uncertainties.

7 Pinlac, B. (27 July 2022). Poe refiles bill for creation of Department of Water Resources. Retrieved from <https://newsinfo.inquirer.net/1635313/poe-refiles-bill-for-creation-of-department-of-water-resources#ixzz7aCtUArpn>

8 (i) Establishing effective water supply and sanitation sector institutions, (ii) strengthening the regulatory environment, (iii) creating and ensuring effective water supply and sanitation services, (iv) balancing water supply and demand, (v) building climate resilience, (vi) enabling access to financing, (vii) managing data and information to determine baseline and gaps of investments, and (viii) driving research and development in the sector.

9 National Economic Development and Development Authority. (15 September 2021). Philippine Water Supply and Sanitation Master Plan. Retrieved from <https://neda.gov.ph/pwssmp/>

10 National Economic and Development Authority. (21 March 2022). NEDA exec: We need more investments to improve water supply, sanitation. Retrieved from <https://businessmirror.com.ph/2022/03/21/neda-exec-we-need-more-investments-to-improve-water-supply-sanitation/>

to this date, the Philippine government has yet to pass a legislation that would institutionalize the said agency.

In line with our shared advocacy of attaining water security in the Philippines, the Chamber welcomes and supports the President's call to establish an overseeing agency for the water sector as well as the initiative of our legislators to achieve the same. This agency is envisioned to lay down the overarching policies for the sector and perform functions relative to the integrated management of water resources with the end goal of achieving water security for the country. We believe that the establishment of an apex agency tasked to harmonize and monitor all water-related efforts will provide strategic direction which will be a key factor to the country's necessary water resource management.

The call to establish an apex body for the water sector has never been more urgent. As such, we renew our call for the prioritization of the initiative with the ultimate goal of finally legislating an overseeing body for the said sector which has long been overdue.

On a similar note, it is imperative to approach water resource planning using **Integrated Water Resource Management (IWRM)**. The IWRM is an internationally recognized framework that is used to guide countries on their journey to water security. It is based on the idea that water issues should not be approached in isolation but rather in a more holistic manner due to the interdependence of the uses of finite water resources. Furthermore, the Global Water Partnership developed a framework which consists of three E's - economic efficiency, social equity and ecosystem sustainability.<sup>11</sup>

- **Economic efficiency in water use:** *Because of the increasing scarcity of water and financial resources, the finite and vulnerable nature of water as a resource, and the increasing demands upon it, water must be used with maximum possible efficiency*
- **Equity:** *The basic right for all people to have access to water of adequate quantity and quality for the sustenance of human well-being must be universally recognised*
- **Environmental and ecological sustainability:** *"The present use of the resource should be managed in a way that does not undermine the life-support system thereby compromising use by future generations of the same resource." (GWP 2008)*

## 2. Increase investments in water and sanitation-related programs and projects

According to the National Economic and Development Authority, the country would need about PHP100 billion annually to attain a stable water supply and sanitation by 2030. However, the allocation for the sector from the national budget is less than 1% of the estimated investment requirement to achieve the said goal.<sup>12</sup> Additionally, the government budget for Water Supply and Sanitation averaged at about .15% of the total General Appropriations Act (GAA) or .03% of the total Gross Development Product, and about .70% of the overall budget for infrastructure development.

We strongly urge the government to allocate more budget for the modernization of the country's water supply chain to ensure stable and safe access to water supply and sanitation. Likewise, we encourage the government to expand the portfolio of the 'Build, Build, Build (BBB)' program to increase investments in water-related infrastructure outside of Metro Manila, particularly in less developed areas.

The ECCP, along with its members, remain committed to working with the government to extend technical assistance and expertise as well as best practices in project delivery and management on how to modernize the water supply chain. To that end, we call for policymakers to strengthen the collaboration and incentives mechanism for the private sector.

## 3. Strengthen capacity-building measures for local government units.

Local government units play an important role in the conservation and improvement of water resources in the country moreso now in view of the implementation of the Mandanas ruling. We support the efforts of the Department of Interior and Local Government to ensure that local government units (LGUs) are able to effectively implement their water and sanitation programs. To build on these initiatives, we advocate for more partnerships with the private sector and the academe to facilitate capacity building, technology transfer and exchange of best practices for the LGUs development and implementation of their programs. Additionally, we call on our local chief executives to prioritize water supply and sanitation projects in their respective areas, particularly for those in the far-flung areas that have trouble accessing potable water.

## 4. Establish regular public-private dialogue.

The ECCP remains committed in providing for an active dialogue between the private and public sector. The current issues in water concerns everyone. Hence, we believe that in order to address these issues, the government and the private sector must work in close collaboration through regular public-private dialogues where views could be exchanged, and effective solutions could be adopted towards the attainment of common goals.

The Chamber, through its Environment and Water Committee, warmly welcomes any engagement with the DENR, Department of Health, National Water Resources Board, Board of Investments, and other concerned government agencies and stakeholders to discuss issues pertaining to the water sector.



<sup>11</sup> Conradin, K. (n.d.). Integrated Water Resources Management (IWRM). Retrieved from <https://sswm.info/sswm-university-course/module-3-ecological-sanitation-and-natural-systems-wastewater-treatment-3/integrated-water-resources-management-%28iwr%29>  
<sup>12</sup> Mayuga, J. (21 March 2022). NEDA Exec: We need more Investments to Improve Water Supply, Sanitation. Retrieved from <https://businessmirror.com.ph/2022/03/21/neda-exec-we-need-more-investments-to-improve-water-supply-sanitation/>

# ON PLASTIC WASTE MANAGEMENT

## INTRODUCTION

The mismanagement of plastic waste has been a long-standing economic and environmental issue worldwide. At present, the amount of plastic waste in the waters is estimated to be at 75 to 199 million tons<sup>13</sup>, threatening wildlife and marine ecosystems, as well as producing a high carbon footprint. The United Nations Environment Programme reported that the economic costs of marine plastic pollution in terms of its impacts on tourism, fisheries, and aquaculture are estimated to have been at least USD 6 to 19 billion globally in 2018. Further, the 2020 report indicated that the monetary value of losses of marine natural capital is estimated to be USD 2,500 billion per year.<sup>14</sup>

In the Philippines, plastic waste accounts for a significant share of its overall generated waste, with 35% of plastic items consumed being leaked into the open environment and 33% being disposed of in landfills and dumpsites.<sup>15</sup> Attributed to the magnitude of unsustainable plastic production and consumption, and amplified by the role of plastics in mitigating the spread of the COVID-19 pandemic, the current environmental crisis underscore the urgency to scale up waste management and shift to a circular economy in order to reduce the negative impacts in the years to come.

## RECENT REFORMS AND INDUSTRY DEVELOPMENTS

- **Single-Use Plastics (SUPs):** On 17 August, the House Ways and Means Committee approved House Bill 9171 or the Excise Tax on Plastic Bags which aims to impose a Php20-per-kilo excise tax on plastic bags defined as “secondary level plastics made of synthetic or semisynthetic organic polymer or most commonly known as “labo” or “sando” bags, with or without handle, used as packaging for or container of goods”. It can be recalled that the bill passed at the third and final reading in the lower house during the 18th Congress thus making it eligible for swift approval.<sup>16</sup>

Meanwhile, in the Upper House, Senator Loren Legarda has filed a bill to regulate and phase out the use of single-use plastics in the country. Senate Bill No. 264 covers 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. The bill proposes for single-use plastics to be phased-out one year after its enactment and provides penalties as well as incentives for the industries and consumers.<sup>17</sup>

- **Extended Producer Responsibility (EPR) Bill:** Following the approval of the conference committee report by the Senate and House of Representatives on 23 May and 26 May 2022 respectively,<sup>18</sup> the legislation officially lapsed into law last 22 July 2022. The new law will require businesses, especially those in industries that generate plastic waste, to be responsible “for the proper and efficient disposal of their goods after they have been sold to and used by consumers, with the goals of minimizing waste generation and improving waste recyclability or reusability,

which includes plastic containers or packaging materials.”

- **Philippine Action Plan for Sustainable Consumption and Production (PAP4SCP):** In 2019, the National Economic Development Authority with the assistance of the Asian Development Bank (ADB) released PAP4SCP which aims to serve as a blueprint to encourage sustainable consumption and production in line with the Philippines’ long-term goal of Ambisyon Natin 2040.<sup>19</sup> The plan contains policy reforms and action points for short-term (2020-2022), medium-term (2022-2030), and long-term (2030-2040) which are classified into four categories such as “(i) policy and regulation, (ii) research and development, innovation, and technology, (iii) infrastructure, and (iv) promotion and education”.<sup>20</sup>
- **National Plan of Action for the Reduction of Marine Litter (NPOA-ML):** The Department of Environment and Natural Resources (DENR), in partnership with the World Bank, spearheaded the creation of the NPOA-ML with the end goal of achieving zero waste in the Philippine waters by 2040<sup>21</sup> amidst studies citing the Philippines as among the top contributors of marine litter around the world. The plan was officially launched last November 2021 through DENR Memorandum Circular (MC) 2021-10 and will implement ten strategies to achieve a marine-litter free Philippines.<sup>22</sup>
- **Sustainable Finance Roadmap:** Launched in October 2021 by the Green Force which is led by the Department of Finance and the Bangko Sentral ng Pilipinas, the Sustainable Finance Roadmap and the Sustainable Finance Guiding Principles seeks to resolve the policy and regulatory gaps in the promotion of sustainable investments. According to then BSP Governor Benjamin Diokno during the launch, a total of USD1.15 billion and PHP85.4 billion in green, social, and sustainability bonds have been issued by at least seven local banks since 2017.<sup>23</sup>
- **Policies to mitigate plastic pollution and facilitate proper segregation of health care wastes:** Aside from the EPR bill pending at the Congress, the government has implemented several policies to help mitigate the issue of plastic pollution in the country including Resolution No. 1238 series of 2021 which declared plastic straw and coffee stirrers as non-environmentally acceptable products (NEAP) as prescribed in Republic Act No. 9003 or the Ecological Solid Waste Management Act of 2000.<sup>24</sup> The NSWMC has also implemented Resolution No. 1364 s. 2020 containing the proper handling and management of all COVID-19 related healthcare wastes, and Resolution No. 1492 s. 2021 which mandates all National Government Agencies to ensure that yellow bins are provided in their premises for the proper storage and disposal of household healthcare wastes.<sup>25</sup>

<sup>13</sup> United Nations Environment Programme (2021). From Pollution to Solution: A global assessment of marine litter and plastic pollution. Nairobi.

<sup>14</sup> Ibid.

<sup>15</sup> World Wide Fund for Nature Philippines. (2020). Extended Producer Responsibility (EPR) Scheme Assessment for Plastic Packaging Waste in the Philippines. Retrieved from [https://wwf.org.ph/wp-content/uploads/2020/12/WWF\\_REPORT\\_EPR\\_Philippines\\_2020.pdf](https://wwf.org.ph/wp-content/uploads/2020/12/WWF_REPORT_EPR_Philippines_2020.pdf)

<sup>16</sup> House of Representatives. (2021). House Bill No. 9171. Retrieved from [https://hrep-website.s3.ap-southeast-1.amazonaws.com/legisdocs/third\\_18/HBT9171.pdf](https://hrep-website.s3.ap-southeast-1.amazonaws.com/legisdocs/third_18/HBT9171.pdf)

<sup>17</sup> Senate of the Philippines.(2022). Senate Bill No. 246. Retrieved from <http://legacy.senate.gov.ph/lisdata/3796534408!.pdf>

<sup>18</sup> Senate of the Philippines. Senate Bill No. 2425. Retrieved from [https://legacy.senate.gov.ph/lis/bill\\_res.aspx?congress=18&q=SBN-2425](https://legacy.senate.gov.ph/lis/bill_res.aspx?congress=18&q=SBN-2425)

<sup>18</sup>

<sup>19</sup> Development Asia. (31 March 2020). Developing an Action Plan for Sustainable Consumption and Production in the Philippines. Retrieved from <https://development.asia/case-study/developing-action-plan-sustainable-consumption-and-production-philippines>

<sup>20</sup> National Economic Development Authority. (29 January 2020). Philippine Action Plan for Sustainable Consumption and Production (PAP4SCP). Retrieved from <https://sdg.neda.gov.ph/philippine-action-plan-for-sustainable-consumption-and-production-pap4scp/>

<sup>21</sup> Mirafior, M. (8 November 2021). DENR Adopts National Plan of Action for Reduced Litter in PH Waters. Retrieved from <https://mb.com.ph/2021/11/08/denr-adopts-national-plan-of-action-for-reduced-litter-in-ph-waters/>

<sup>22</sup> Teves, C. (28 September 2021). DENR Spearheads Nat'l Plan of Action vs Marine Debris. Retrieved <https://www.pna.gov.ph/articles/1154911>

<sup>23</sup> Philippine News Agency. (2 November 2021). PH showcasing Sustainable Finance Roadmap in COP26. Retrieved from <https://www.pna.gov.ph/articles/1158567>

<sup>24</sup> DENR. (15 December 2021). DENR Delivers Major Feat in Solid Waste Management Implementation with Closure of Dumpsites in 2021. Retrieved from <https://www.denr.gov.ph/index.php/news-events/press-releases/3446-denr-delivers-major-feat-in-solid-waste-management-implementation-with-closure-of-dumpsites-in-2021>

<sup>25</sup> National Solid Waste Management Council. (2 February 2021). NSWMC Resolution No. 1429, Series of 2021. Retrieved from <https://nswmc.emb.gov.ph/wp-content/uploads/2021/06/2021-NSWMC-RESO-NO.-1429-series-of-2021-Yellow-Bins-and-Bags-for-Household-Health-Care-Wastes.pdf>



# ADVOCACY RECOMMENDATIONS

## *On Achieving Net-Zero*

Unsustainable production and consumption remains to be a challenge in the Philippines. According to the World Bank, the country produces 2.7 million tons of plastic waste every year, 20% of which ends up as marine litter. In terms of recycling, the Philippines was reported to have a significant recycling gap of 85% in 2019, with the country only being able to recycle 28% of key plastic resins while 78% of the material value is lost as recyclable plastic products are discarded instead of being recycled.

One of the main challenges in addressing this issue is the insufficient number of recycling and solid waste management infrastructure in the country. Recent data shows that there are 10,730 materials recovery facilities in the country that can only accommodate 33.3% of the overall Philippine municipalities. The issue of plastic pollution is further aggravated by the COVID-19 pandemic as the population relies on single-use products such as face masks and gloves to fight the virus.

Furthermore, despite being enacted for nearly two decades, the implementation of Republic Act 9003, Ecological Solid Waste Management Act of 2000, still remains to be a challenge especially for the local government units (LGUs). Technical, political and financial limitations have been cited as bottlenecks in the implementation. Moreover, many LGUs have yet to comply with the establishment of local solid waste management (SWM) boards, submission of SWM Plans, and establishment of materials recovery facilities (MRFs). Given the status quo, it is crucial that the Ecological Solid Waste Management Act of 2000 is properly enforced.

In consideration of these challenges, both public and private sectors, as well as other stakeholders, have stepped up and launched various initiatives to curb plastic pollution and marine litter. The right kind of law and policy must complement these efforts. In line with this, we support the call of the President for the proper enforcement of environmental laws in the country, and humbly submit the following comments:

### **1. Implementation of the Extended Producer Responsibility Act of 2022**

The ECCP supports the implementation of an Extended Producers Responsibility (EPR) scheme instead of an outright, sweeping ban of sachets and multi-layered packaging. As such, we appreciate the initiative of the government to conduct public consultations with stakeholders to develop an inclusive, target based, phased, achievable, and implementable EPR scheme, and welcome the ratification of Republic Act No. 11898 or the Extended Producer Responsibility Act of 2022.

We look forward to working with the government and other stakeholders in crafting the Implementing Rules and Regulations (IRR) of the law to effectively and efficiently implement this measure.

### **2. Reconsider any move towards the banning of single-use plastics.**

We reiterate our call to our policymakers to reconsider any proposal on the outright banning of single use plastics without the existence of affordable, viable alternatives. We believe that a ban on plastic will not properly address the plastic waste issue, and a tax will ultimately burden the consumers who will have to bear the costs of price increases. As such, we advocate reconsidering banning 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.

Plastics are widely used given their versatile properties including the following: (1) moisture-resistant, providing a barrier against moisture and oxygen, preventing immediate the contamination of a product; (2) widely available and inexpensive; (3) malleable, easily be shaped in different forms (4) lightweight but highly durable, making it an excellent packaging material; (5) protection of product when transported, and transferred from one transport mode to another; and (6) resistant to corrosion

and chemicals. As such, the alternatives must meet (1) the desired quality, (2) minimum specifications; (3) circumstances for the use; (4) supply of materials; (5) policy side; (6) competitive cost.

Any alternative material that fails to meet the aforementioned criteria could do more harm than good. It is feared that hastily banning plastics without an appropriate alternative will lead to proliferation of untested substitutes. This could ultimately compromise consumers' health and safety as products could potentially get contaminated or spoiled. Also, apart from the health safety reasons mentioned earlier, there are no commercially viable large-scale alternatives to sachets and multi-layer packaging as well as film wrap or packaging less than 50 microns.

The ECCP looks forward to collaborating with the government and other industry stakeholders to help develop sound, data-based or researched-based programs, solutions, regulations and legislation to help curb the persisting issue of plastic pollution. We believe that further collaboration between stakeholders will create better environmental and economic outcomes instead of unintended consequences that will promote the use of less recoverable/recyclable/reusable, unstudied alternatives.

### **3. Integrate Environmental Education in the formal curriculum**

The Philippines reliance on the plastic industry is rooted from the consumers' preference to buy goods in smaller quantities and at lower prices, most commonly in 'sachet' types, on a regular basis. This is particularly true for poor and middle-income families who mostly prefer buying from sari-sari stores which hold a significant portion of the domestic retail market in the Philippines.

In order for the country to address its high dependence on single-use plastics, there is a need to implement solutions at the fundamental level to facilitate a paradigm shift in the buying habits of Filipino consumers. As such, the ECCP reiterates its long-term advocacy to introduce and integrate environmental education in the formal curriculum in recognition of the undoubtedly crucial role that education plays in shaping and motivating positive behavior change. In line with this, we advocate for the proper implementation of the Environmental Awareness and Education Act of 2008 which provides for the introduction of environmental education in school curricula across the board.

The Chamber also welcomes the inclusion of waste minimization education in the K-12 Program. To further augment this initiative, we recommend that the curriculum be introduced at an earlier stage instead of the current set up wherein the said course is only introduced at Fourth Grade. The government can look at how other countries are implementing the integration of environmental education in their curriculums and adapt good practices from them. Some countries that the government consider are New Zealand which offers introductory waste minimization courses as early as pre-school and Japan which have developed diverse approaches to environmental education and have incorporated this into each subject, special activity, and even its moral education.

### **4. Facilitate multi-sector collaboration and establish regular dialogue between stakeholders.**

Waste management is a universal issue affecting numerous, if not all, sectors of society. As such, the ECCP highly recommends the establishment of a platform to facilitate regular collaboration and discussions between stakeholders from different sectors including but not limited to the government, private sector, and civil society organizations to ensure that the measures are holistic, efficient and responsive to the diverse facets of the issue.

The ECCP, through its Environment and Water Committee, warmly welcomes any engagement with the DENR, National Solid Waste Management Commission and other concerned government agencies and stakeholders to discuss possible solutions and areas of collaboration towards the attainment of common goals.



# ASSESSMENT OF 2021 RECOMMENDATIONS

ADVOCACY	COMPLETED / SUBSTANTIAL PROGRESS	SOME PROGRESS	NO PROGRESS / RETROGRESSION
<b>The Creation of the Department of Water</b>		President Ferdinand Marcos Jr. has called for the establishment of a governing agency for the water sector as part of his 19 priority bills during his first State of the Nation Address last 25 July 2022. In line with this, Senator Grace Poe has filed a bill to establish a Department of Water Resources and the Water Regulatory Commission which aims to “rationalize the economic as well as administrative regulation of water utilities”. Senate Bill No. 102, which aims to streamline the water regulatory framework to harmonize government initiatives for the water sector is an updated Senate Bill from the previous bill she filed during the 18th Congress, as it now adds the Department of Water Resources, with the ultimate goal of addressing the water challenges in the country.	
<b>Phased implementation of DENR Administrative Order Water Quality and Effluent Standards Guidelines</b>	In June 2021, the DENR issued the Department Administrative Order No. 2021-19 on “Updated Water Quality Guidelines and General Effluent Standards for Selected Parameters”. This partially amends DENR Administrative Order No. 2016-08, updating water quality guidelines and/or general effluent standards for the following parameters: ammonia, boron, copper as dissolved copper, fecal coliform, phosphate as phosphorus, and sulfate. The new DAO also stipulates the obligation to submit data on influent values of biological oxygen demand (BOD) for establishments with influent BOD equal to or greater than 3000 mg/L. All other parameters not mentioned in DAO 2021-19 will be covered by the requirements of DAO 2016-08.		
<b>Plastic Waste Management</b>	Following the approval of the conference committee report by the Senate and House of Representatives on 23 May and 26 May 2022 respectively, the EPR legislation officially lapsed into law last 22 July 2022.		







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