

# AN OPEN LETTER TO THE HONORABLE MEMBERS OF THE PROVINCIAL BOARD OF CEBU

## Subject: Integrating Natural Capital Accounting into the Governance of Quarry Extraction in Cebu

Honorable Members of the Provincial Board,

Warm greetings.

I respectfully submit for your consideration certain economic observations relating to the proposed compromise settlement involving Apo Land and Quarry Corporation, wherein the tax assessment initially reported at PhP1.218 billion was reduced to PhP211.56 million. While this matter may have been resolved within the parameters of the prevailing legal framework governing extraction taxes, it nonetheless highlights a broader policy consideration regarding the manner in which the economic value of natural resources and ecosystems is reflected in public decision-making.

The issue extends beyond the particulars of a tax settlement. It raises a fundamental question on how provincial resource governance may appropriately recognize both the economic benefits derived from mineral extraction and the environmental systems that sustain long-term development.

Official production data from the Mines and Geosciences Bureau (MGB) Region VII<sup>1</sup> indicate that Cebu continues to play a central role in the mineral economy of Central Visayas.

Total mineral production in Cebu reached approximately:

- PhP16.94 billion in 2022
- PhP18.77 billion in 2023
- PhP20.64 billion in 2024

Over this three-year period, the province generated an estimated PhP56.35 billion in mineral production, demonstrating the substantial contribution of the mining and quarrying sectors to the regional economy.

Within this broader mineral output, the quarry and non-metallic sector – which includes limestone, aggregates, sand and gravel, and other construction materials – has likewise shown steady growth:

- PhP1.11 billion in 2022
- PhP1.32 billion in 2023

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<sup>1</sup> <https://r7.mgb.gov.ph/mineral-statistics-2/>

- PhP1.54 billion in 2024

In total, the quarry sector alone generated approximately PhP3.97 billion over the last three years.

These figures underscore the important role that quarry materials play in supporting infrastructure development, housing construction, and industrial expansion throughout the province and the wider region.

Among the various mineral commodities produced in Cebu, limestone remains particularly significant due to its essential role in cement manufacturing.

Production records indicate that cement-grade limestone extraction reached approximately:

- 3.91 million metric tons in 2022
- 3.47 million metric tons in 2023
- 3.62 million metric tons in 2024

Taken together, Cebu extracted roughly 11 million metric tons of limestone over these three years.

Such levels of production demonstrate the scale at which upland landscapes are converted into materials that support urbanization, public infrastructure, and economic growth. At the same time, the upland areas where quarrying activities occur often function as watershed systems that contribute to flood regulation, groundwater recharge, slope stabilization, and other ecological services.

Using conservative environmental valuation approaches commonly applied in ecosystem accounting studies, these ecosystem services may be estimated at approximately PhP900,000 per hectare per year.<sup>2</sup>

If quarrying operations affect an estimated 100 hectares of watershed landscape, the value of these ecosystem services may amount to approximately PhP90 million annually, or roughly PhP2.7 billion over a 30-year environmental horizon.

These estimates are presented not to replace existing fiscal mechanisms, but to illustrate that the environmental systems underlying economic development also possess measurable economic value.

In this regard, the enactment of **Republic Act No. 11995** represents a significant policy development. The law establishes a national framework for integrating ecosystem and natural capital accounting into government planning and decision-making.

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<sup>2</sup> Balatin River Sub-Watershed (2023), <https://are-journal.com/are/article/view/635>

Through this framework, government institutions are encouraged to recognize ecosystems as economic assets whose contributions to public welfare – such as watershed protection and environmental stability – can be systematically measured and incorporated into development planning.

For a province such as Cebu, where mineral extraction occurs within environmentally sensitive upland areas, natural capital accounting may provide useful analytical support in evaluating the broader implications of resource utilization.

In light of the foregoing, the Provincial Board may wish to consider several policy directions that could further strengthen Cebu’s resource governance framework:

1. Development of Provincial Natural Capital Accounts. Initiating studies that estimate the economic value of ecosystems in major quarry zones.
2. Establishment of Watershed Rehabilitation and Environmental Restoration Programs. Supporting long-term ecological restoration initiatives in upland areas affected by extractive activities.
3. Strengthening Monitoring and Data Transparency in Quarry Operations. Enhancing coordination with national agencies and improving reporting mechanisms on extraction volumes and environmental impacts.
4. Encouraging Policy Research on Sustainable Quarry Management. Supporting technical studies and policy dialogue on balancing mineral development with ecosystem protection.

Such measures would contribute to ensuring that Cebu’s development trajectory continues to support both economic progress and environmental sustainability.

Cebu’s economic growth is closely linked to the responsible use of its natural resources. The data presented above demonstrate the scale and importance of the province’s mineral economy. At the same time, they also highlight the importance of recognizing the ecological systems that underpin long-term resilience.

The purpose of this letter is not to question the legality of recent fiscal decisions but rather to respectfully encourage continued dialogue on how Cebu can further strengthen its governance of natural resources in a manner that aligns economic development with environmental stewardship.

With the institutional framework now provided by Republic Act No. 11995, the Province of Cebu is well-positioned to explore approaches that integrate natural capital accounting into provincial planning and policy development.

Thank you for your time and for your continued service to the people of Cebu.

Respectfully submitted, 06 March, 2025, Cebu City.

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