



**DEPARTMENT OF ENVIRONMENT AND NATURAL RESOURCES
KAGAWARAN NG KAPALIGIRAN AT LIKAS NA YAMAN**



MEMORANDUM

FOR : **The Administrator**
National Mapping and Resource Information Authority

The General Manager
Laguna Lake Development Authority

The Executive Directors
National Water Resources Board
Palawan Council for Sustainable Development Staff

The Directors
Biodiversity Management Bureau
Climate Change Service
Ecosystems Research and Development Bureau
Environmental Management Bureau
Forest Management Bureau
Land Management Bureau
Mines and Geosciences Bureau
Legal Affairs Service
Foreign Assisted and Special Projects Service
Knowledge and Information Systems Service
Strategic Communication and Initiatives Service
Human Resource Development Service

FROM : **The OIC Director**
Policy and Planning Service

SUBJECT : **REQUEST FOR INPUTS REGARDING THE DRAFT
IMPLEMENTING RULES AND REGULATIONS OF RA 11995
OR THE PHILIPPINE ECOSYSTEM AND NATURAL CAPITAL
ACCOUNTING SYSTEM LAW (PENCAS LAW)**

DATE : **13 NOV 2024**

This is in reference to the anticipated drafting of the Implementing Rules and Regulations (IRR) of the Philippine Ecosystem and Natural Capital Accounting (PENCAS) Law (RA No. 11995) drafted by the Philippine Statistics Authority.

It may be noted that the Republic Act (RA) No. 11995 entitled "*An Act Institutionalizing the Philippine Ecosystem and Natural Capital Accounting System, mandating its use in policy and decision-making, designating the agencies responsible for its implementation, providing institutional arrangements among responsible agencies, and appropriating funds therefor*" was enacted on 22 May 2024. The PENCAS Law was issued to develop a comprehensive information system and accounting framework for NCA. Further, it elaborates the roles and responsibilities of

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partner Government Agencies for the effective implementation of PENCAS, which includes the DENR as the main data producer.

DENR INVOLVEMENT

- DENR as member of the Interagency Committee on Environment and Natural Resources (IACENRS)
 - o provide support in ensuring that data requirements for NCA are being generated by all concerned agencies
 - o adopt, implement, and update an NCA Roadmap that will guide short-term, medium-term, and long-term activities for natural capital accounts development
- DENR as member of the Technical Working Group (TWG) on Natural Capital Accounting – DENR shall be the main data producer
- Specific Responsibilities of the DENR:
 - o Responsible for providing NCA data to PSA
 - o Ensure the participation of its concerned offices, bureaus, and attached agencies
 - o Spearhead the establishment of site-specific ecosystem accounts
 - o In the Environmental Impact Assessment (EIA) System, the DENR shall ensure that the natural environment, ecosystem services, and natural capital are framed as opportunities, benefits, or assets that may be put at risk
 - o Ensure the wide availability of frameworks, tools, methods, and skills including; but not limited to, the Extractive Industries Transparency Initiative (EITI), and use of available temporal and spatial NCA data in the conduct of EIA
- Participation of Bureaus and Attached Agencies of the DENR
 - o All bureaus of the DENR, National Mapping and Resource Information Authority (NAMRIA), National Water Resources Board (NWRB), Laguna Lake Development Authority (LLDA) and the Palawan Council for Sustainable Development Staff (PCSD) shall contribute to the collection, generation, analysis and presentation of statistics and data requirements of the PENCAS.
- DENR shall strengthen its function through the creation of new plantilla positions, subject to existing laws, rules and regulations.
- Concerned agencies, which include the DENR, are directed to establish participatory and consultative mechanisms and mass collaboration measures to popularize PENCAS and ensure wide comprehensibility and usage of the accounts.

In this regard, we would like to request your inputs/ recommendations on the attached draft of the IRR of the PENCAS Law.

We would appreciate receiving an advance copy of your inputs through a matrix which can be accessed through this link: <https://bit.ly/3XM1C4I> on or before **21 November 2024** or send through the following email address: psddivision@gmail.com and policy@denr.gov.ph for consolidation.

For your consideration, please.


CHERYL NOISE T. LEAL, EnP.

IMPLEMENTING RULES AND REGULATIONS OF REPUBLIC ACT NO. 11995, OTHERWISE KNOWN AS THE “PHILIPPINE ECOSYSTEM AND NATURAL CAPITAL ACCOUNTING SYSTEM (PENCAS) ACT”

Pursuant to Section 14 of Republic Act No. 11995, otherwise known as the Philippine Ecosystem and Natural Capital Accounting System (PENCAS) Act, the following Implementing Rules and Regulations are hereby promulgated:

RULE I

GENERAL PROVISIONS

SECTION 1. *Title.* – These rules and regulations shall be known as the “Implementing Rules and Regulations (IRR) of Republic Act No. 11995 (R.A. No. 11995), also known as the PENCAS Act”.

SECTION 2. *Declaration of Policy.* – It is hereby declared the policy of the State to:

- a) Recognize natural ecosystems as an integral part of our patrimony and heritage;
- b) Protect and promote ecological balance and resilience, and advance the right of the people to live in harmony with nature;
- c) Adhere to internationally accepted System of Environmental-Economic Accounting that measures and monitors the dynamic interaction and intersections of the environment, economy and society;
- d) Develop a comprehensive information system and accounting framework that will take into consideration the role of our natural capital, consisting of both environmental and natural resources, including ecosystem services, and its impact on the economy;
- e) Compile and progressively integrate natural capital accounts in macroeconomic indicators, strengthening and building on Republic Act No. 10625, otherwise known as the "Philippine Statistical Act of 2013," which mandates the compilation of national accounts, including environmental accounts, statistics, and indicators;
- f) Provide indicators that will facilitate the integration of environmental and natural resource concerns in planning and policymaking at the national and subnational levels, in allocating budgets, and in designating statistics that will be produced regularly for an identified period of analysis;
- g) Establish and improve interagency coordination for the purpose of linking natural capital information as well as efficient data management among concerned agencies and their partner institutions, and establish an office to guide such coordination; and
- h) Understand nature's pricelessness, its heritage and intrinsic value, and its interdependencies in the implementation of the foregoing policies to consider that nature and ecosystems have inherent rights to exist, with an end view of recognizing legal rights that serve to protect endangered ecosystems and applying the precautionary principle, especially when economic values cannot be estimated.

SECTION 3. *General Objectives.* – The objectives of this IRR are stipulated under Section 5 (Objectives of the PENCAS) of the Act:

- a) To support economic, environmental, and health policy development and decision-making;
- b) To provide a system for the collection, compilation, and development of physical and natural capital accounts in the government as a tool for physical and development planning and programming, policy analysis, and decision-making;
- c) To serve as a comprehensive data framework in the generation of natural capital statistics and accounts towards their progressive integration in macroeconomic indicators;
- d) To provide tools and measures that contribute to the protection, conservation, and restoration of ecosystems; and
- e) To provide valuation of ecosystem services such as provisioning, regulating and maintenance, and cultural services.

RULE II

DEFINITION OF TERMS

For the purposes of this IRR, the following definition of terms shall apply:

- a) *Adjusted net savings* refers to the sum of the net national savings and education expenditure, and deduct natural resources such as energy, minerals, forest, water, soil, inland wetlands, coastal and marine areas, fisheries, depletion, and greenhouse gas emissions and pollution damage;
- b) *Asset* a store of value representing a benefit or series of benefits accruing to an economic owner by holding or using the entity over a period of time. It is a means of carrying forward value from one accounting period to another. (UN SEEA-CF)
- c) *Asset accounts* record both the opening and closing of assets and the changes over the accounting period. (UN SEEA-CF)
- d) *Degradation* considers changes in the capacity of environmental assets to deliver a broad range of ecosystem services and the extent to which this capacity may be reduced through the action of economic units, including households. (UN SEEA-CF)
- e) *Depletion*, in physical terms, is the decrease in the quantity of the stock of a natural resource over an accounting period that is due to the extraction of the natural resource by economic units occurring at a level greater than that of regeneration. (UN SEEA-CF)
- f) *Ecosystem accounting* refers to a coherent framework for integrating measures of ecosystems and flows of services from them with measures of economic and other human activity;
- g) *Ecosystem Assets (EA)* are the primary spatial units for ecosystem accounting. EAs are contiguous spaces of a specific ecosystem type characterized by a distinct set of biotic and abiotic components and their interactions. (UN SEEA-CF)

- h) *Ecosystem asset accounts (in monetary terms)* record the information on stocks and changes in stocks (additions and reductions) in monetary terms for ecosystem assets based on the monetary valuation of ecosystem services and applying the net present value approach to obtain opening and closing values in monetary terms for ecosystem assets at the beginning and end of each accounting period. (UN SEEA-CF)
- i) *Ecosystem Condition Accounts* organizes data on selected ecosystem characteristics and the distance to a reference condition to provide insight into the ecological integrity of ecosystems. It will also organize data relevant to the measurement of the capacity of an ecosystem to supply different ecosystem services. (UN SEEA-CF)
- j) *Ecosystem extent accounts* organize data on the extent or area of different ecosystem types. Data from extent accounts can support the derivation of indicators of composition and change in ecosystem types and thus provide a common basis for discussion among stakeholders including related to conversions between different ecosystem types within a country. (UN SEEA-CF)
- k) *Ecosystem* refers to all living things in a given area, as well as their interactions with each other, and with their nonliving environments (such as weather, earth, sun, soil, climate, atmosphere, water);
- l) *Ecosystem services* refer to the benefits supplied by the functions of the ecosystem and received by humanity and all elements of living systems, which support life systems on the planet. Ecosystem services consist of provisioning services, regulating and maintenance of services, and cultural services;
- m) *Ecosystem services flow accounts (in physical terms)* the supply of final ecosystem services by ecosystem assets and the use of those services by economic units, including households, enterprises, and government, constitute one of the central features of ecosystem accounting. (UN SEEA-CF)
- n) *Ecosystem services flow accounts (in monetary terms)* estimates of ecosystem services in monetary terms are based on estimating prices for individual ecosystem services and multiplying through by the physical quantities recorded in the ecosystem services flow account in physical terms. (UN SEEA-CF)
- o) *Emissions* are substances released to the environment by establishments and households as a result of production, consumption and accumulation processes. (UN SEEA-CF)
- p) *Environmental activity accounts* record transactions that may be considered environmental such as activities undertaken to preserve and protect the environment.
- q) *Environmental Assets* are the naturally occurring living and non-living components of the Earth, together constituting the biophysical environment, which may provide benefits to humanity. (UN SEEA-CF)
- r) *Environmental indicators* are environment statistics that have been selected for their ability to depict important phenomena or dynamics. Environmental indicators are used to synthesize and present complex environment and other statistics in a simple, direct, clear and relevant way.
- s) *Expenditure* may relate to intermediate consumption, final consumption or gross fixed capital formation. There is potential for gross fixed capital formation to be recorded for environmental protection specific services, for example, for environmental protection research and development (R&D) (in R&D is considered capital formation in the SNA) or in cases where the expenditure leads to improvements in land which, are treated as

gross fixed capital formation in the form of land improvements. (SEEA Technical notes on Environmental Protection Expenditure Accounts)

- t) *Flow accounts* record the flow of natural inputs, products, and residuals from the environment to the economy, within the economy, and back to the environment. Flow accounts apply the supply and use approach.
- u) *Natural Capital Accounting (NCA)* refers to an accounting framework that provides a systematic way of measuring and reporting on stocks and flows of natural capital. NCA covers accounting for individual environmental assets or natural resources, both biotic and abiotic such as water, ores, minerals, energy, timber, and fish as well as accounting for ecosystem assets, biodiversity, and ecosystem services;
- v) *Natural capital* refers to the stock of renewable and non-renewable resources, including plants, animals, air, water, soil, ores, and minerals, that provide a flow of benefits to people and living things. Natural capital includes, but is not limited to, ecosystem services such as air and water filtration, flood protection, carbon sequestration, pollination of crops, and habitats for wildlife;
- w) *Natural resources* include all natural biological resources (including timber and aquatic resources), mineral and energy resources, soil resources, and water resources. (UN SEEA-CF)
- x) *Physical flows* are reflected in the movement and use of materials, water, and energy. (UN SEEA-CF)
- y) *Precautionary Principle* states that “where there are threats of serious and irreversible damage, lack of full scientific certainty shall not be used as a reason for postponing cost-effective measures to prevent environmental degradation.” (Principle 15 of the 1992 Rio Declaration on Environment and Development)
- z) *Residuals* are flows of solid, liquid, and gaseous materials and energy that are discarded, discharged, or emitted to the environment (e.g., emission to air) by establishments and households through processes of production, consumption or accumulation but may also flow within the economy. (UN SEEA-CF)
- aa) *Stocks (in monetary terms)* focus on the value of individual environmental assets and changes in those values over time. (UN SEEA-CF)
- bb) *Stocks (in physical terms)* refer to the total quantity of assets at a given point in time. (UN SEEA-CF)
- cc) *System of Environmental-Economic Accounting – Ecosystem Accounting (SEEA-EA)* a spatially-based, integrated statistical framework for organizing biophysical information about ecosystems, measuring ecosystem services, tracking changes in ecosystems extent and condition, valuing ecosystem services, and assets and linking this information to measures of economic and human activity. (UN SEEA-CF)
- dd) *System of Environmental-Economic Accounting (SEEA)* refers to a framework that integrates both economic and environmental data to provide a more comprehensive and multipurpose view of the interrelationships among the economy, the environment and ecosystems, and the stocks and changes in stocks of natural assets, as they bring benefits to humanity; and
- ee) *System of Environmental-Economic Accounting Central Framework (SEEA CF)* is a multipurpose conceptual framework for describing the interaction between the

economy and the environment, and the stocks and changes in stocks of environmental assets. Utilizing a system approach to organizing environmental and economic information, it covers, as completely as possible, the stocks and flows that are relevant to the analysis of environmental and economic issues. (UN SEEA-CF)

- ff) *Valuation* refers to determining the value or worth, in both physical and economic terms, of natural capital and the services it provides at national and subnational levels.

RULE III

PHILIPPINE ECOSYSTEM AND NATURAL CAPITAL ACCOUNTING SYSTEM

Section 1. Institutionalization of PENCAS. The PENCAS is institutionalized within the government bureaucracy to mandate its use in policy and decision-making, designate the agencies responsible for its implementation, and provide institutional arrangements among agencies.

Section 2. PENCAS as a Designated Statistical Activity. The PENCAS shall be based on internationally accepted environmental-economic accounting frameworks. The PENCAS framework shall include, among others, a list of officially designated statistics on the depletion, degradation, and restoration of natural capital; environmental protection expenditures; pollution and quality of land, air and water; environmental damages; and adjusted net savings.

Section 3. Natural Capital Accounting and its Framework. Natural Capital Accounting (NCA) is a tool developed by the statistical community to measure natural capital using agreed accounting structures, rules, and definitions. NCA measures changes in natural capital stocks and integrates ecosystem services value into accounting systems for a region or ecosystem. The Philippines has adopted the UN System of Environmental-Economic Accounting (SEEA) Framework, specifically the Central Framework (CF) and Ecosystem Accounting (EA) Framework, in line with the System of National Accounts (SNA).

The SNA provides a comprehensive framework for analyzing macroeconomic statistics and evaluating the economy's performance. Both SEEA CF and EA integrate physical and monetary measures related to the environment, allowing for data comparison from national accounts.

The SEEA Central Framework (SEEA CF) provides concepts, definitions, and classifications to support integrated accounting for physical flows, environmental transactions and transfers, and individual environmental assets.

The SEEA Ecosystem Accounting (SEEA EA) takes a spatial approach to accounting in organizing biophysical information about ecosystems-measuring ecosystem services, tracking changes in ecosystem extent and condition, valuing ecosystem services and assets, and linking this information to measures of economic and human activity. In the context of monetary valuation, the SEEA EA applies the SNA concept of exchange values.

Section 4. Natural Capital Accounting Roadmap. The Natural Capital Accounting (NCA) Roadmap shall be updated every two (2) years to incorporate developments and innovations in the environment and natural resources sector, including the updates in reference manuals and

frameworks. It shall serve as a basis in the implementation of NCA particularly on the development of natural capital and ecosystem accounts. The NCA Roadmap shall outline the global and country-specific development goals and strategies based on the priority issues in the Philippines. It shall identify implementation structure and detail the roles and responsibilities of agencies involved in the implementation of NCA in accordance with the Act and this IRR.

It shall identify activities and timelines to support mainstreaming of natural capital accounting and its integration into policy, planning, programming, and decision-making.

Section 5. Development of natural capital and ecosystem accounts. The development of natural capital and ecosystem accounts shall be progressive and in accordance with the NCA Roadmap. The compilation of accounts involves several steps such as 1) preparatory work and design phase, which includes the formation of a technical working group or task force, initial training on the specific account development, local adaptation of the UN SEEA framework, and preliminary data assessment; 2) data collection and consolidation phase; 3) actual compilation of accounts; and 4) the preparation of technical reports.

PENCAS shall include asset, flow, activity/purpose accounts, and ecosystem accounts. The accounts shall be compiled at the national, sub-national, and site-specific levels, as necessary.

- (a) Asset accounts shall be compiled for individual natural resources such as, but not limited to, mineral and energy, water, land, soil, forest, and biological resources. These accounts shall be compiled in physical and monetary terms.
- (b) Flow accounts shall include energy, water, and material flow accounts (domestic material extraction and physical trade) as well as solid waste, air emission, and water emission accounts. These accounts shall be compiled in physical and monetary terms.
- (c) Activity/purpose accounts shall include specific environmental activity accounts such as Environmental Protection Expenditure Accounts, Environmental Goods and Services Sector, and Environmental Taxes and Subsidies Accounts. These accounts shall be compiled in monetary terms.
- (d) Ecosystem accounts shall include ecosystem extent, condition, services, and asset accounts. These accounts shall be compiled in physical and monetary terms, as appropriate.

Section 6. *Natural Capital-Adjusted Macroeconomic Indicators*. The PSA shall conduct research on the generation of (a) Adjusted Net National Income (ANNI) and (b) Adjusted Net National Savings (ANNS) by progressively integrating natural capital and ecosystem accounts with the national accounts. This includes determining the trends in the national balance sheets and estimating its main components that comprise our comprehensive wealth (CW), covering the natural capital (e.g., minerals, energy, biological resources), along with produced capital and human capital. Conventional national accounts provide information on produced capital and financial capital, while NCA enables natural capital to be covered in the assessment.

Section 7. *Policy Use and Application of Natural Capital Accounts and Adjusted Macroeconomic Indicators*¹. NCA shall be integrated and established as a fundamental part of policy development including but not limited to national planning, policy-making, and investment decisions, as well as its incorporation to higher education curriculum to build future workforce competencies. This ensures that NCA is fully integrated across all government sectors, contributing to regular environmental reporting and the achievement of a "green" GDP.

This involves the inclusion of NCA-related indicators in the PDP Result Matrix, conduct of studies and assessments on the integration of NCA in development, sectoral and spatial planning, policy, and budgeting at the national and local level; and development of policy papers on NCA, among others.

Section 8. *Data Management Systems*¹. As the major data producer of environment-related data/statistics, the DENR, with its Knowledge and Information Systems Service (KISS), shall establish and maintain an ENR database to facilitate the storage, access, and processing of NCA data.

The DENR and PSA are responsible for establishing the database and information systems for data compilation and setting up the flow and process for compiled data. Meanwhile, the DENR, DICT, and DOST will develop an algorithm for data interoperability, a protocol for common data input/output, and an information system to manage front-end data integration for users and policy developers.

Section 9. *Data interoperability*¹. Information systems for data interoperability and sharing will utilize cloud services and other data science technologies which will facilitate the production of data through online submissions and access of the data in a central database as well as enable automatic updating through cloud-based computing software and programs. The DENR, together with the PSA, DICT, and DOST, shall develop the information system for data interoperability and sharing.

Section 10. *Capacity Development*¹. Capacity-building interventions are mainly at the account compilation and policy use phases and are focused on developing human resources to undertake NCA. This should allow knowledge exchange from both local and international experts to introduce new methodologies and other needed technical assistance to expand and enhance NCA knowledge base among experts in the Philippines. A systematic approach shall be adopted which should include training sessions on NCA and UN SEEA frameworks, localization of Ecosystem Typology (ET) or NCA terminology, as well as development, review, and updating of training kits and manuals to complement the training sessions.

Section 11. *Dissemination*¹. Communication initiatives with multi-sectoral engagement are necessary to maintain and strengthen the demand for NCA and raise public awareness on NCA and its significance in policy analysis. Partnerships between data producers, compilers, and users can be strengthened through dissemination efforts.

- a) Establishment of NCA Community of Practice
- b) Crafting of NCA Communication Plan.
- c) Establishment of coordination and feedback mechanism among the NCA players.
- d) Publication of State of the Philippine Environment and Natural Resources (SOPENR).
The SOPENR will be published by the DENR, in partnership with the PSA, every two or three years. This publication will provide an overview of the nation's natural wealth and the status of its ecosystems. The scope will depend on the results of the environmental asset and flow accounts as well as the ecosystem accounts in selected ecosystem sites and technical discussion with the compilers and users.

RULE IV

INSTITUTIONAL ARRANGEMENT FOR THE IMPLEMENTATION OF PENCAS

To ensure the effective implementation of PENCAS, the following bodies shall be tapped:

Section 1. Philippine Statistics Authority (PSA) Board shall oversee the implementation of PENCAS. The PSA Board shall direct the relevant interagency committees created under Section 10 of Republic Act No. 10625 to assist the PSA in addressing agency and sectoral concerns that may arise in the development of natural capital accounts, particularly on the (1) techniques and methodologies in generating environment and natural resources statistics; (2) areas of duplication, discrepancies, and gaps; and (3) workable schemes for the improvement of data systems of accounts including production, dissemination and archiving of data and information.

Section 2. The Interagency Committee on Environment and Natural Resources Statistics shall have the following specific functions¹:

- (a) Provide support in ensuring that data requirements for NCA are being generated by all concerned agencies
- (b) Adopt, implement, and update on a regular basis the NCA Roadmap that will (1) guide short-term, medium-term, and long-term activities for natural capital accounts development; and (2) prioritize areas for budget support and monitoring and evaluation of NCA implementation in the country
- (c) Formulate and recommend statistical measures, strategies, and policies for the improvement of NCA and ecosystem statistics and accounts to the PSA Board
- (d) Recommend a list of officially designated statistics on natural capital and ecosystem accounts and statistics to the PSA Board and conduct regular monitoring on its implementation, prioritization, and updating.

Section 3. A Technical Working Group (TWG) on NCA shall be established under the IACENRS¹. The TWG shall consist of the PSA as lead accounts compiler, the Department of Environment and Natural Resources (DENR) as main data producer, the

National Economic and Development Authority (NEDA), and the Department of Agriculture (DA). The PSA shall serve as chair and shall provide secretariat support to the TWG.

The TWG NCA shall perform the following roles and responsibilities:

- (a) Provide immediate support to achieve the priority activities across all components of the NCA Roadmap such as ensuring the inclusion of proposals, through program convergence budgeting to avoid duplication of funding for similar program, activity, or project for PENCAS, by the implementing agencies for budgetary or financial and technical support and collaborating with development partners for project preparation and implementation;
- (b) Serve as a forum for discussion and resolution of issues and concerns in the compilation, processing, and dissemination of natural capital and ecosystem statistics and accounts and other related indicators in terms of accuracy, completeness, timeliness, and relevance;
- (c) Review and recommend enhancements on the concepts, techniques, and methodologies used in the collection, processing, and reporting of natural capital and ecosystem

statistics and accounts to ensure conformity with the prescribed statistical standards and classification system;

- (d) Identify and recommend statistical measures, strategies, and policies for the improvement of natural capital and ecosystem statistics and accounts to IACENRS;
- (e) Recommend improvements in the methodology of compiling natural capital and ecosystem statistics and accounts and formulate measures to ensure that the data requirements of the same are being generated and addressed by all concerned agencies.
- (f) Prioritize outputs that will address the more urgent statistical requirements in the Philippine Statistical Development Plan and its Results Matrices, and the Philippine's obligations in multilateral environmental agreements; and
- (g) Update the PSA Board and the IACENRS on developments in natural capital and ecosystem statistics and accounts.

For discussion purposes only

RULE V

SPECIFIC FUNCTIONS OF NATIONAL GOVERNMENT AND OTHER BUREAUS ON PENCAS

Section 1. The PSA shall have the overall responsibility for the institutionalization and progressive implementation of PENCAS following the SEEA Framework.

As the implementing agency, the PSA shall have the following functions:

- (a) It shall develop and maintain the compilation of natural capital accounts as well as the environmental and ecosystem accounts at the national and, as necessary, at the sub-national levels.
- (b) It shall coordinate with and provide technical support to interagency committees, task forces, technical working groups, national government agencies, and local government units (LGUs) in the generation, compilation, and use of environmental accounts, statistics, and indicators; and
- (c) In coordination with concerned agencies, it shall designate the required environment and economic statistics in agencies and bureaus responsible for generating data.

Section 2. *Environment and Natural Resources and Ecosystem Accounts Service (ENREAS)*. There shall be established under the Sectoral Statistics Office of the PSA, an Environment, Natural Resources, and Ecosystem Accounts Service to be headed by an Assistant National Statistician (ANS) equivalent to Director IV in government agencies.

The Environment, Natural Resources, and Ecosystem Accounts Service shall be responsible for the development, enhancement, and implementation of natural capital and ecosystem accounts useful for development planning and policy making at the national and sub-national levels.

Under the Service, three (3) Divisions shall be created:

a) Environment and Natural Resources Accounts Division

The Environment and Natural Resources Accounts Division shall compile environment and natural resources accounts such as asset, flow, and activity/purpose accounts in physical and monetary terms at the national level and subnational-level, including the development of methodologies and preparation of statistical reports.

b) Ecosystem Accounts Division

The Ecosystem Accounts Division shall compile ecosystem accounts such as ecosystem extent, condition, services flows, and asset accounts in physical and monetary terms at the national level and subnational-level, including the development of methodologies and preparation of statistical reports.

c) Environment Statistics and Indicators Division

The Environment Statistics and Indicators Division shall compile the Compendium of Philippine Environment Statistics, climate change and disaster-related statistics and indicators, including the development of methodologies and preparation of statistical reports. It shall conduct studies towards the development of adjusted macroeconomic indicators and continuous improvement of the environment and natural resources accounts, and ecosystem accounts. It shall assist in the

monitoring of environment and natural resources-related indicators in the Philippine Development Plan Results Matrix and Sustainable Development Goals.

Section 3. *The ANS for the Environment and Natural Resources and Ecosystem Accounts Service.* – The ANS to be appointed by the President of the Philippines, upon the recommendation of the National Statistician, shall possess the following minimum qualifications:

- a) Master's Degree appropriate to the position; and
- b) Relevant experience in statistics, economics, environment, and related fields.

Section 4. *Creation of Additional Positions in PSA RSSOs and PSOs.* There shall be creation of subnational level division that includes additional statistical, technical, financial, and administrative regular plantilla positions at the PSA Regional Offices and Provincial Statistical Offices to support the implementation of the PENCAS.

Section 5. *The Department of Environment and Natural Resources (DENR)* The DENR is responsible for providing NCA data to PSA. The DENR shall ensure the participation of its concerned offices, bureaus, and attached agencies. It shall spearhead the establishment of site-specific ecosystem accounts.

Specifically, the DENR shall perform the following functions:

- a) In the Environmental Impact Assessment (EIA), the DENR shall ensure that the natural environment, ecosystem services, and natural capital are framed as opportunities, benefits, or assets that may be put at risk;
- b) The DENR shall ensure the wide availability of frameworks, tools, methods, and skills including, but not limited to, the Extractive Industries Transparency Initiative (EITI), and use of available temporal and spatial NCA data in the conduct of EIA.

To perform the foregoing functions, the DENR shall be strengthened through the creation of new plantilla positions, subject to existing laws, rules and regulations.

Section 6. *National Economic and Development Authority (NEDA)* The NEDA, including its regional offices, shall ensure that NCA is included in the national and regional development priorities based on the usefulness of the accounts in policy analysis, development planning, and investment programming. It shall provide strategic guidance on improving uptake on policy use and application, enhancing institutional capacity, and raising awareness and transparency of NCA work.

Section 7. *Department of Agriculture (DA)* The DA shall assist the PSA in the generation and provision of the NCA information relative to agricultural areas, and fisheries and aquatic resources, and closely coordinate on associated ecosystem NCA with the DENR.

Specifically, the DA shall perform the following functions:

- a) The Bureau of Fisheries and Aquatic Resources (BFAR), in line with its mandate, shall provide support in the creation of data and information on fisheries valuation and accounting.
- b) The National Fisheries Research and Development Institute (NFRDI) shall continue to conduct research and development activities and studies to support the assessment, including the profiling of the status of fish stocks of the country.
- c) The Bureau of Soils and Water Management (BSWM) shall ensure that NCA is considered to ensure soil fertility and hydrological stocks and services.

- d) Further, the DA, BFAR, BSWM, and NFRDI shall create natural capital units through additional plantilla positions, subject to existing laws, rules and regulations, and approval of the DBM.

Section 8. *Department of Interior and Local Government (DILG)*. The DILG shall consolidate and submit NCA-related data and statistics from local governments to PSA and DENR. Further, the DILG shall ensure that LGUs utilize and mainstream NCA into their local policies, plans, and programs.

Section 9. The Department of Education (DepEd), Commission on Higher Education (CHED), Technical Education and Skills Development Authority (TESDA), and state universities and colleges (SUCs) shall craft modules in all levels and modalities of basic, technical, vocational, and higher education to capacitate the citizenry to avail of participatory mechanism in relation to PENCAS.

Section 10. *Professional Regulation Commission (PRC)*. The PRC shall incorporate NCA concepts in the continuing professional education programs and develop the understanding of the impact of different professions on the environment.

Section 11. *Department of Finance (DOF)*. The DOF shall integrate NCA considerations into fiscal policies and regulations and develop incentive mechanisms that will drive NCA investments.

Section 12. The Department of Energy (DOE) and the Department of Human Settlements and Urban Development (DHSUD) shall integrate NCA considerations into the performance of their mandate and ensure that its planning and decision-making consider natural capital.

Section 13. National Renewable Energy Board (NREB)

Section 14. Department of Science and Technology, BAGASA and PHIVOLCS

Section 15. Other bureaus, as necessary.

RULE VI

INVOLVEMENT OF OTHER STAKEHOLDERS

Section 1. Involvement of other stakeholders. The TWG on NCA shall involve other relevant agencies, private sector, and nongovernment organizations, including indigenous peoples and local communities, in the implementation of PENCAS, particularly on the generation and provision of NCA data as well as the use of natural capital and ecosystem accounts.

Section 2. Subject to the implementing rules and regulations of this Act and national security concerns, all stakeholders shall regularly publish NCA information on their website and/or such other medium deemed appropriate.

RULE VII

VIOLATIONS AND PENALTIES

SECTION 1. *Applicability of Other Laws*. — For purposes of implementing the provisions of this Act, penalties provided in Republic Act No. 9485 or the "Anti-Red Tape Act of 2007," as

amended by Republic Act No. 11032 or the "Ease of Doing Business and Efficient Government Service Delivery Act of 2018," and Republic Act No. 10625 or the "Philippine Statistical Act of 2013," shall apply.

RULE VIII

PARTICIPATORY MECHANISMS AND CITIZEN REMEDIES

SECTION 1. *Consultative Mechanisms and Mass Collaboration Measures.* — The concerned agencies shall institute consultative mechanism and mass collaboration measures to effectively popularize PENCAS and ensure wide comprehensibility and usage of the accounts.

SECTION 2. *Citizens' Rights and Remedies.* —

- a) Right to information — Any citizen shall have the right to information on Major PENCAS accounts, results on nature's wealth and the economic value of ecosystem services, and loss and damage associated with disasters or climate change generated under this Act. The national economic data, such as Gross National Income (GNI), Gross Domestic Product (GDP), and other often-released measures of the state of the country's economic health and highlight the contribution of resources and ecosystems to the economy, incomes and employment shall also be released.
- b) Right to compel performance — Any citizen shall have the right to have the standing to compel the performance of any of the mandates under this Act.
- c) Right to seek justification — Any citizen shall have the right to seek justification from any government agency that may have ignored or neglected PENCAS accounts and indicators in their policy or decision-making.

RULE IX

RIGHTS OF NATURE

Nothing in this Act shall be construed to mean that nature has no inherent and intrinsic value separate and distinct from its economic value.

The maintenance of nature's vital cycles, functions, and processes ensures the sustainability and health of natural ecosystems. This is in recognition of the fact that there are limits to the ability of these natural ecosystems to regenerate and that human development that alters or affects them must be sustainable and must allow for their renewal and restoration.

RULE X

APPROPRIATIONS

SECTION 1. *Funds.* – The amount necessary to cover the initial implementation of this Act shall be charged against the current year's appropriations of the departments or agencies concerned. Thereafter, the amount necessary for its continued implementation shall be included in the respective budgets of the departments and agencies concerned in the annual General Appropriations Act.

SECTION 2. *Review of Budgetary Proposals.* – The DBM shall review the budgetary proposals of the concerned agencies and entities involving PENCAS operations.

RULE XI

SEPARABILITY CLAUSE

If any provision of this Act is declared unconstitutional or otherwise invalid, the validity of the other provisions shall not be affected thereby.

RULE XII

REPEALING CLAUSE

All laws, decrees, orders, rules, and regulations, issuances, or parts thereof inconsistent with the provisions of this Act are hereby repealed or modified accordingly.

RULE XIII

EFFECTIVITY

This IRR shall take effect immediately after its publication in the Official Gazette or in a newspaper of general circulation and upon filing at the University of the Philippines Law Center in accordance with law.

Approved and signed this ____ day of ____ 2025 in Quezon City, Philippines.

CLAIRE DENNIS S. MAPA, PhD
Undersecretary

National Statistician and Civil Registrar General
Philippine Statistics Authority

ARSENIO M. BALISACAN, PhD
Secretary
National Economic and Development
Authority

FRANCISCO P. TIU LAUREL, JR.
Secretary
Department of Agriculture

SONNY ANGARA
Secretary
Department of Education

RAPHAEL PERPETUO M. LOTILLA
Secretary
Department of Energy

Dr. RENATO U. SOLIDUM, JR.
Secretary
Department of Science and Technology

CHARLITO A. ZAMORA
Chairperson
Professional Regulation Commission

MARCIAL C. AMARO, JR., CESO II
Assistant Secretary and concurrent Director
Biodiversity Management Bureau

JACQUELINE A. CAANCAN, CESO III
Director
Environmental Management Bureau

MARIA LOURDES G. FERRER, CESO III
Director
Ecosystems Research Development Bureau

Usec. PETER N. TIANGCO, PhD
Administrator
National Mapping and Resource Information
Authority

SENANDO A. SANTIAGO

MARIA ANTONIA YULO-LOYZAGA
Secretary
Department of Environment and Natural
Resources

Atty. BENJAMIN C. ABALOS, JR.
Secretary
Department of Interior and Local Government

RALPH G. RECTO
Secretary
Department of Finance

JOSE RIZALINO L. ACUZAR
Secretary
Department of Human Settlements and Urban
Development

J. PROSPERO E. DE VERA III, DPA
Chairman
Commission on Higher Education

JOSE FRANCISCO B. BENITEZ
Director General
Technical Education and Skills Development
Authority

ARLEIGH J. ADORABLE, CESO III
Director
Forest Management Bureau

Atty. EMELYNE V. TALABIS, CESO IV
Director
Land Management Bureau

Engr. MICHAEL V. CABALDA
Assistant Secretary for Mining Concerns
and concurrent OIC Director
Mines and Geosciences Bureau

Atty. TEODORO JOSE S. MATTA
Executive Director
Palawan Council for Sustainable
Development

ALEXANDER M. LINDE
Officer-In-Charge

Acting General Manager, Vice-Chairman
Laguna Lake Development Authority

Natural Resources Development Corporation

Atty. RICKY A. ARZADON
Executive Director
National Water Resources Board

Atty. ALBERTO B. SIPACO, Jr.
President and CEO
Philippine Mining Development Corporation

ISIDRO M. VELAYO, JR., MDM
Officer in Charge
Bureau of Fisheries and Aquatic Resources

Dr. LILIAN C. GARCIA, CESO V
Executive Director
National Fisheries Research and Development
Institute

**Atty. FATIMA DENNISE D. BRIONES-
MEJICA**
Officer-In-Charge
Philippine Fisheries Development Authority

JOHN C. DE LEON, PhD
Executive Director
Philippine Rice Research Institute

Engr. EDUARDO EDDIE G. GUILLEN
Administrator
National Irrigation Administration

Dr. DEXTER RESPICIO BUTED
Administrator
Philippine Coconut Authority

NATHANIEL T. SERVANDO, PhD
Administrator
Philippine Atmospheric, Geophysical and
Astronomical Services Administration

TERESITO C. BACOLCOL, PhD
Director IV
Philippine Institute of Volcanology and
Seismology

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