



REPUBLIC OF THE PHILIPPINES
Congress of the Philippines
Metro Manila

[REPUBLIC ACT NO. 11995, May 22, 2024]

AN ACT INSTITUTIONALIZING THE PHILIPPINE ECOSYSTEM AND NATURAL CAPITAL ACCOUNTING SYSTEM, MANDATING ITS USE IN POLICY AND DECISION-MAKING, DESIGNATING THE AGENCIES RESPONSIBLE INSTITUTIONAL ARRANGEMENTS AMONG RESPONSIBLE AGENCIES, AND APPROPRIATING FUNDS THEREFOR

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

Section 1. Short Title. - This Act shall be known as the "Philippine Ecosystem and Natural Capital Accounting System (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 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 policy making 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. Definition of Terms. - As used in this Act:

- (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, and fisheries, depletion, and greenhouse gas emissions and pollution damage;
- (b) Ecosystem refers to all living things in a given area, as well as their interactions with each other, and with their non-living environments (such as Weather, earth, sun, soil, climate, atmosphere, water);
- (c) 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;

(d) Ecosystem services refer to the benefits supplied by the functions of ecosystems 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 services, and cultural services;

(e) 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;

(f) Natural capital refers to the stock of renewable and non-renewable resources, including plants, animals, air, water, soils, 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;

(g) 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;

(h) 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 environmental and ecosystems, and the stocks and changes in stocks of natural assets, as they bring benefits to humanity; and

(i) Valuation refers to determining the value or worth, in both physical and economic terms, of natural capital and the service it provides at national and subnational levels.

Section 4. *Philippine Ecosystem and Natural Capital Accounting System.* The PENCAS is hereby institutionalized within the government bureaucracy. The PENCAS shall be based on internationally accepted environmental-economic accounting frameworks. The PENCAS framework shall include, among others, a list of the 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 5. *Objectives of the PENCAS.* - The PENCAS shall have the following major objectives:

(a) Support economic, environmental, and health policy development and decision-making;

(b) 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) Serve as a comprehensive data framework in the generation of natural capital statistics and accounts towards their progressive integration in macroeconomic indicators;

(d) Provide tools and measures that contribute to the protection, conservation, and restoration of ecosystems; and

(e) Provide valuation of ecosystem services such as provisioning, regulating and maintenance, and cultural services.

Section 6. *Institutional Arrangement for the Implementation of PENCAS.* - To ensure the effective implementation of PENCAS, the following bodies shall be tapped:

(a) The Philippine Statistics Authority (PSA) Board shall oversee the implementation of PENCAS.

(b) 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.

The Interagency Committee on Environment and Natural Resources Statistics (IACENRS) shall provide support in ensuring that data requirements for NCA are being generated by all concerned agencies. It shall adopt, implement, and update an NCA Roadmap that will (1) guide short-term, medium-term, and long-term activities areas for budget support and monitoring and evaluation of NCA implementation in the country.

(c) A Technical Working Group (TWG) on NCA shall be established under the IACENRS. 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 shall perform the following roles and responsibilities:

- (1) 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;
- (2) 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;
- (3) 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;
- (4) Identify and recommend statistical measures, strategies, and policies for the improvement of natural capital and ecosystem statistics and accounts to IACENRS;
- (5) 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;
- (6) Prioritize outputs that will address the more urgent statistical requirements in the Philippine Statistical Development Program, including those required to monitor and measure the accomplishment of relevant chapters of the Philippine Development Plan and its Results Matrices, and the Philippine's obligations in multilateral environmental agreements; and
- (7) Update the PSA Board and the IACENRS on developments in natural capital and ecosystem statistics and accounts.

Section 7. *Specific Functions of National Government on PENCAS.* - The following agencies shall have the following specific roles and responsibilities in the implementation of this Act:

(a) The PSA shall have the overall responsibility for the institutionalization and progressive implementation of PENCAS following the SEEA framework. 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. 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. In coordination with concerned agencies, it shall designate the required environment and economic statistics in agencies and bureaus responsible for generating data.

The PSA shall create a service to be referred to as Environment, Natural Resources and Ecosystem Account Service (ENREAS), under the Sectoral Statistics Office, necessary for the implementation of this Act, subject to the evaluation and approval of the Department of Budget and Management (DBM), and in compliance with the civil service laws, rules, regulations, and guidelines.

(b) The DENR shall be 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.

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. 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.

(c) 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.

(d) 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. The Bureau of Fisheries and Aquatic Resources (BFAR), in line with its information on fisheries valuation and accounting. 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. The Bureau of Soils and Water Management (BSWM) shall ensure that NCA is considered to ensure soil fertility and hydrological stocks and services. Further, the DA, BFAR, BSWM, and NFRDI shall create national capital units through additional plantilla positions, subject to existing laws, rules and regulations, and approval of the DBM.

(e) The Department of the Interior and Local Government (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.

(f) The Department of Education (DepEd), Commission on Higher Education (CHED), Technical Educational 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 mechanisms in relation to PENCAS.

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

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

(j) The Department of Energy (DOE) and 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 8. *Participation of Specific Bureaus Within the Agencies.* - The following offices shall contribute to the collection, generation, analysis and presentation of statistics and data requirements of the PENCAS:

(a) All bureaus of the DENR, and the National Mapping and Resource Information Authority (NAMRIA);

(b) National Water Regulatory Board (NWRB);

(c) The bureaus of the DA, especially the BFAR, the BSWM, Philippine Fisheries Development Authority (PFDA), Philippine Rice Research Institute (PRRI), National Irrigation Administration (NIA) and the Philippine Coconut Authority (PCA);

(d) National Renewable Energy Board (NREB);

(e) Research and development institutes, and science and technology services, especially the Philippine Atmospheric, Geophysical and Astronomical Services Administration (PAGASA) and the Philippine Institute of Volcanology and Seismology (PHILVOLCS) of the Department of Science and Technology (DOST); and

(f) Other bureaus, as necessary.

Section 9. *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.

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.

Section 10. *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.

Section 11. *Participatory Mechanisms and Citizen Remedies.* - The concerned agencies shall institute consultative mechanisms, and mass collaboration measures to effectively popularize PENCAS and ensure wide comprehensibility and usage of the accounts.

Any citizens shall have the right to information on any account generated under this Act, to have the standing to compel the performance of any of the mandates under this Act, and to seek justification from any government

agency that may have ignored or neglected PENCAS accounts and indicators in their policy or decision-making. 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, shall be released along with all releases of 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.

Section 12. *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.

Section 13. *Appropriations.* - 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 14. *Implementing Rules and Regulations.* - Within one (1) year from the effectivity of this Act, the PSA shall constitute an interagency working group, composed of the agencies and offices enumerated under Sections 6 and 7 of this Act, to issue the rules and regulations necessary for the effective implementation of this Act.

The relevant agencies shall integrate internationally recognized best practices and methodologies as they execute and implement this Act and its rules and regulations, ensuring the progressive integration of the SEEA.

The implementing rules and regulations of this Act shall include the timeframe, manner and such other details regarding the collection, renewal, and review of NCA data by government agencies and other stakeholders.

Section 15. *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.

Section 16. *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.

Section 17. *Effectivity.* - This Act shall take effect fifteen (15) days after its publication in the Official Gazette or in a newspaper of general circulation.

Approved,

(SGD.) **FERDINAND MARTIN G. ROMUALDEZ**
Speaker of the House of Representatives

(SGD.) **JUAN MIGUEL F. ZUBIRI**
President of the Senate

This Act was passed by the Senate of the Philippines as Senate Bill No. 2439 on November 22, 2023 and adopted by the House of Representatives as an amendment to House Bill No. 8443 on March 6, 2024.

(SGD.) **REGINALD S. VELASCO**
Secretary General House of Representatives

(SGD.) **RENATO N. BANTUG, JR.**
Secretary of the Senate

Approved: MAY 22 2024

FERDINAND ROMUALDEZ MARCOS JR.
President of the Philippines