



## Region

South Asia and Pacific

## Natural capital

The Philippine islands are rich in biodiversity, coastal and marine resources, minerals, and timber. This natural resource wealth underpins the livelihoods of farmers and fishermen and provides an important social safety net especially for the rural poor during times of crisis. Responsible management of natural capital is also critical to ensure future profit streams for private enterprises in the tourism, agriculture and mining sector as well as revenue to local and national governments.

## Critical decision

Despite sustained levels of growth over the last few years, the Philippines still suffers from relatively high levels of poverty. Keen to promote a growth path that is both sustainable and inclusive, the Philippines has identified several options for development, including nature-based tourism and the expansion of responsible mining and agriculture. How can the country optimize its natural-resource use to achieve these goals, especially when faced with a growing population and the rising incidence and severity of natural disasters?

## How will WAVES help?

WAVES will help the Philippines measure its natural resources and evaluate how they can be used equitably and sustainably. WAVES will also provide key decision makers with science-based evidence and information to assess the social, economic and environmental trade-offs of different resource-use scenarios and their implications on sustainable development.

# PHILIPPINES

## Natural capital accounting as a planning tool



The Philippines is an archipelago of more than 7,000 islands in Southeast Asia and has a bounty of minerals, cropland, timber, and coastal and marine resources. These natural resources make up an estimated 36 percent of the nation's wealth.

In recent years, increased investor confidence, accelerated economic activity, and a consistent growth in GDP has made the Philippines one of the fastest growing economies in Asia. Parallel to this growth, rapid urbanization, climate change and non-judicious use of natural resources pose risks to the country's progress and sustained economic prosperity.

The scientific and evidence-based information provided by WAVES will help the government develop policies

in support of the Philippines' medium-term development plans and help effectively manage the often competing and overlapping claims on the country's natural resources.

## Making WAVES in the Philippines

The Philippines was among the few countries that implemented Natural Capital Accounting (NCA) during the 1990s. However, owing to several factors, NCA has only been implemented minimally over the last 10 years though considerable capacity remains. Phil-WAVES is building on these past efforts.

Four priority areas for natural capital accounting have been identified:

## Accounts being developed

Mineral and Mangroves accounts at the national level, Ecosystem accounts at two identified sites—Southern Palawan and the Laguna Lake basin, and Macroeconomic Indicators of Sustainable Development .

## WAVES lead government agency

National Economic and Development Authority (NEDA)

## Country steering committee

The Phil-WAVES Steering Committee (PWSC) is composed of representatives from the: NEDA (Chair), Department of Budget and Management (DBM) — designated as vice-chair, Department of Finance (DOF), Department of Environment and Natural Resources (DENR), Department of Agriculture (DA), Philippine Statistics Authority (PSA), Climate Change Commission (CCC), Office of the Presidential Adviser on Environmental Protection (OPAEP) and the Union of Local Authorities of the Philippines (ULAP).

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## Resources

WAVES Website: [www.wavespartnership.org](http://www.wavespartnership.org)

WAVES 2013 Annual Report: [www.wavespartnership.org/waves/sites/waves/files/images/WAVES-Annual-Report.pdf](http://www.wavespartnership.org/waves/sites/waves/files/images/WAVES-Annual-Report.pdf)

Ecosystem Accounting in the Philippines: [www.wavespartnership.org/waves/waves-listens-and-consults-ecosystem-accounting-philippines](http://www.wavespartnership.org/waves/waves-listens-and-consults-ecosystem-accounting-philippines)

## WAVES

Wealth Accounting and the Valuation of Ecosystem Services (WAVES) is a global partnership led by the World Bank that aims to promote sustainable development by ensuring that the national accounts used to measure and plan for economic growth include the value of natural resources.

- **Mineral Accounts:** The Philippines is the fifth most mineralized country in the world. However, their mineral extraction is beset with conflict, due to overlapping land claims and the associated large environmental and social costs.

The accounts will generate different scenarios of mineral wealth and analyze the associated trade-offs both nationally and as part of the Southern Palawan ecosystem account.

- **Mangrove Accounts:** The Philippines is among the top global disaster hotspots. Mangroves play an important role in mitigating the impacts of weather-induced disasters, while providing a wide range of provisioning and regulating ecosystem services.

The accounts will assess the current state of mangroves and their contribution to economic growth and climate change resilience, both nationally and as part of the Southern Palawan ecosystem account.

- **Ecosystem Accounts at two sites:**

1. **Southern Palawan:** There are numerous competing demands on resources in biodiversity-rich Southern Palawan—the area is home to a number of indigenous tribes and three large protected areas; there is also great potential for ecotourism, agriculture and mining. Ecosystem accounts are expected to provide decision makers with the necessary data and analysis to ensure sustainable and inclusive economic development.

2. **Laguna Lake Basin:** The Laguna Lake Basin is home to one-fifth of the country's population who rely on the lake for water, food, energy, recreation and livelihoods. However, the lake's ecosystem is at risk, and increased rainfall frequently causes flooding.

The ecosystem accounts are expected to provide the necessary information to effectively manage these competing uses.

## The story so far

The WAVES project in the Philippines kicked off with a series of public consultations with various stakeholders in August 2013 (read more about these sessions at: WAVES Listens and Consults on Ecosystem Accounting in the Philippines). Since then, global and local experts have conducted a series of trainings and planning workshops on eco-system accounts and the principles of natural capital accounting.

These workshops helped develop consensus among stakeholders on the policy issues the eco-system accounts would address. The issues to be addressed in the Laguna Lake region are siltation and pollution of the lake. In Southern Palawan, the ecosystem account will help develop a plan for handling conflicting land uses.

Preliminary work on constructing these accounts has begun. Land cover change matrixes were compiled and updated for Southern Palawan and the Laguna Lake Basin. A water use and supply table was compiled and updated for the Laguna Lake Basin.

The free and prior informed consent (FPIC) of Indigenous Peoples (IP) communities in Southern Palawan and the Laguna Lake Basin, the two pilot areas for ecosystem accounting, is in process.

Donor Support: Additional donor support has been confirmed from ABS and the Australian Agency for International Development (AusAID) and the European Space Agency (ESA). ABS/AusAID will provide technical support and training, and ESA will provide satellite imagery and analysis for the two ecosystem accounts.