



MALACAÑAN PALACE
MANILA

BY THE PRESIDENT OF THE PHILIPPINES

EXECUTIVE ORDER NO. 127

**DIRECTING THE FORMULATION OF THE PHILIPPINE CARBON MARKET POLICY
FRAMEWORK, CREATING THE INTER-AGENCY COMMITTEE ON CARBON
MARKETS, AND DESIGNATING THE DEPARTMENT OF ENVIRONMENT AND
NATURAL RESOURCES AS THE NATIONAL AUTHORITY FOR CARBON
MARKETS IN THE PHILIPPINES**

WHEREAS, Section 16, Article II of the Constitution declares it a policy of the State to protect and advance the right of the people to a balanced and healthful ecology in accord with the rhythm and harmony of nature;

WHEREAS, Section 2 of Republic Act (RA) No. 9729 or the "Climate Change Act of 2009," as amended by RA No. 10174, declares it a policy of the State to systematically integrate the concept of climate change in various phases of policy formulation, development plans, poverty reduction strategies, and other development tools and techniques by all agencies and instrumentalities of the government;

WHEREAS, Section 15 of RA No. 9729, as amended, mandates the Department of Environment and Natural Resources (DENR) to oversee the establishment and maintenance of a climate change information management system and network, including on climate change risks, activities, and investments, in collaboration with other concerned national government agencies, institutions, and local government units;

WHEREAS, Section 4 of RA No. 9729, as amended, established the Climate Change Commission (CCC) as the lead policy-making body of the government tasked to coordinate, monitor, and evaluate the programs and action plans of the government in order to ensure the mainstreaming of climate change into the national, sectoral, and local development plans and programs of the government;

WHEREAS, Executive Order No. 174 (s. 2014), institutionalizing the Philippine Greenhouse Gas Inventory Management and Reporting System, designated the CCC as the overall lead agency in providing guidance and developing a system for greenhouse gas emissions reporting and inventories;

WHEREAS, the Philippines, as a Party to the United Nations Framework Convention on Climate Change (UNFCCC), the Kyoto Protocol, and the Paris Agreement, recognizes, among others, the urgency of limiting the global average temperature rise to well below 2°C above pre-industrial levels and pursuing efforts to

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limit the temperature increase to 1.5°C above pre-industrial levels and making finance flows consistent with a pathway towards low greenhouse gas emissions and climate-resilient development;

WHEREAS, in accordance with Article 4 of the Paris Agreement, all Parties are required to prepare, communicate, and maintain successive nationally determined contributions (NDCs), and to pursue domestic mitigation measures to achieve the objectives of such contributions;

WHEREAS, Article 6 of the Paris Agreement enables Parties to pursue voluntary cooperation in the implementation of their NDCs including through the use of internationally transferred mitigation outcomes (ITMOs), establishes a mechanism to contribute to the mitigation of greenhouse gas emissions, and recognizes non-market approaches to assist in the implementation of such contributions, and pursuant thereto, the Conference of the Parties serving as the meeting of the Parties to the Paris Agreement (CMA), through Decision 3/CMA.3, requires a participating Party to designate a national authority for the Article 6, paragraph 4 mechanism;

WHEREAS, the National Climate Change Action Plan (NCCAP) 2011-2028 provides the strategic framework for the Philippines' climate change response and action, recognizes energy security as a challenge in the energy sector in light of climate change impacts, and identifies carbon markets as a financing mechanism for climate change mitigation;

WHEREAS, in view of the Philippines' commitments under the UNFCCC, the Kyoto Protocol, the Paris Agreement, and consistent with RA No. 9729, as amended, and NCCAP 2011-2028, there is a need to formulate a national carbon market framework aligned with international standards, through a whole-of-government approach, to support the achievement of the country's NDCs, enable the management and implementation of carbon crediting projects, contribute to national plans and strategies consistent with international treaties, and facilitate access to climate finance, technology, investments, and capacity building; and

WHEREAS, Section 17, Article VII of the Constitution vests in the President the power of control over all Executive departments, bureaus, and offices, and the mandate to ensure the faithful execution of laws;

NOW, THEREFORE, I, FERDINAND R. MARCOS, JR., President of the Republic of the Philippines, by virtue of the powers vested in me by the Constitution and existing laws, do hereby order:

Section 1. Directing the Formulation of the Philippine Carbon Market Policy Framework. The DENR shall formulate, subject to the approval of the Inter-Agency Committee on Carbon Markets (IACCM) created herein, the Philippine Carbon Market Policy Framework, which shall serve as the primary national policy framework for the Philippines' participation in carbon markets, including cooperative approaches under Article 6 of the Paris Agreement and voluntary carbon markets (VCM).

The Framework shall provide for, as a minimum, the following:

- a. The Philippines' participation under Article 6 of the Paris Agreement, including:
 - i. guiding integrity principles governing carbon market participation;
 - ii. eligibility requirements and authorization criteria applicable to mitigation activities and entities seeking authorization for the international transfer of mitigation outcomes;
 - iii. the mitigation activity development cycle, including the issuance of a no objection letter, authorization of mitigation activity, issuance of mitigation outcomes, authorization of mitigation outcomes, and first transfer phases;
 - iv. conditions applicable to the application of corresponding adjustments by the Philippines;
 - v. benefit sharing mechanisms and guidelines; and
 - vi. the operation of the Philippine National Carbon Registry in tracking and reporting internationally transferred mitigation outcomes;
- b. The Philippines' participation in the VCM, including:
 - i. the eligibility requirements and general safeguards applicable to mitigation activities and entities not seeking authorization under Article 6 of the Paris Agreement;
 - ii. the recognized carbon crediting standards and associated methodologies applicable to voluntary activities;
 - iii. benefit sharing mechanisms and guidelines; and
 - iv. oversight and reporting requirements applicable to VCM activities under the non-Article 6 track;
- c. The principles governing fees and cost-recovery applicable to mitigation activities under the Framework, including the categories of administrative fees, the specific fee levels, methodologies, and procedures to be prescribed in the rules and regulations through an Operations Manual to be issued by the Designated National Authority (DNA) in accordance with prevailing laws, rules, and regulations;
- d. The institutional arrangements and roles of the DNA, line agencies, and other relevant government entities in the implementation of the Framework; and
- e. Guidance for other types of carbon credits or similar instruments, including, but not limited to, transition credits. Any policy relating to fiscal and revenue generation, carbon pricing, or the possible transition of the VCM to a compliance carbon market, shall be subject to the concurrence of the Department of Finance (DOF).

Section 2. Creation of the Inter-Agency Committee on Carbon Markets. To ensure a whole-of-government approach and coherent policy direction in the implementation of this Order, the IACCM is hereby established to be composed of the heads of the following agencies:

Chair	:	CCC
Vice-Chair	:	DOF
Members	:	DENR

Department of Energy (DOE)
Department of Agriculture (DA)
Department of Transportation (DOTr)
Department of Trade and Industry
Securities and Exchange Commission

The CCC shall serve as the Secretariat of the IACCM and provide the necessary technical and administrative support.

The members of the IACCM may designate their respective alternates, with ranks not lower than Assistant Secretary or its equivalent, who shall be fully authorized to decide for or on their behalf.

The IACCM may invite other departments, agencies, and relevant stakeholders to participate in its meetings as observers, resource speakers, or technical advisers.

Section 3. Duties and Functions of the IACCM. The IACCM shall exercise strategic policy oversight and inter-agency coordination on carbon market governance under this Order and shall exercise the following duties and functions:

- a. Ensure effective inter-agency coordination to promote alignment of carbon market initiatives under this Order with the Philippines' NDCs, the national greenhouse gas inventory, and the Enhanced Transparency Framework under the Paris Agreement, and integrate carbon market outcomes into national, sectoral, and local climate change plans;
- b. Issue policy guidelines and provide strategic direction for the implementation of the Framework, and ensure its consistent application across concerned government agencies and sectors;
- c. Periodically assess the implementation and effectiveness of the Framework and recommend such policy measures, amendments, or updates as may be necessary to strengthen its relevance, integrity, and alignment with national climate objectives and evolving international developments;
- d. Serve as the principal forum for inter-agency consultation, coordination, and consensus-building on matters relating to carbon markets and carbon crediting mechanisms, including issues elevated by the DNA, and facilitate the development of common positions, policy approaches, and best practices to support the effective implementation of the Framework;
- e. Determine and approve the reasonable processing fees to be imposed for applications and/or certifications necessary for or related to carbon markets;
- f. Create such technical working groups, as may be necessary, and invite the private sector, academe and scientific community, non-governmental organizations/civil society organizations, or relevant stakeholders to assist in the attainment of the objectives of this Order; and

- g. Perform such other functions as may be necessary or incidental to its purpose, or as may be directed by the President or the Executive Secretary.

Section 4. Designation of the DENR as the DNA. The DENR is hereby designated as the DNA for carbon markets in the Philippines, including international carbon markets under Article 6 of the Paris Agreement, the VCM, and such other carbon market mechanisms as may hereafter be established.

The DENR shall ensure that the participation of the Philippines in the international carbon markets under Article 6 of the Paris Agreement is consistent with the national climate change policies and programs and other international commitments.

Section 5. Role, Duties, and Functions of the DNA. The DENR, as the DNA, shall exercise the following duties and functions:

- a. Serve as the national authority for carbon markets in the Philippines, including the country's participation in international carbon markets under Article 6 of the Paris Agreement, the VCM, and such other carbon market mechanisms that may be established;
- b. Authorize or approve the registration and implementation of carbon mitigation projects;
- c. Establish, manage, and maintain the Philippine National Carbon Registry as a centralized and transparent digital database for the tracking, recording, issuance, authorization, transfer, cancellation, and retirement of carbon credits and ITMOs;
- d. Authorize the imposition of fees and charges as may be allowed under prevailing laws and policies; and
- e. Perform any other function as may be necessary or incidental to effectively carry out its mandate as the DNA and to achieve the objectives of this Order.

Section 6. Roles of Line Agencies. The concerned government agencies, offices, and instrumentalities shall participate in the operationalization and implementation of the Framework by providing technical, policy, regulatory, and sector-specific inputs consistent with their respective mandates, including, but not limited to the following:

- a. DENR, for nature-based solutions, forestry, and the waste sector;
- b. DOE, for the energy sector;
- c. DA and the Philippine Statistics Authority, for the agricultural sector;
- d. DOTr, for transport-related carbon credit projects; and
- e. DOF, for matters relating to fiscal policy, investment promotion, climate finance, and the fiscal implications of carbon market transactions.

Section 7. Issuance of the Philippine Carbon Market Policy Framework. Within thirty (30) days from the effectivity of this Order, the DENR, as the DNA, is hereby directed to draft and submit the Framework to the IACCM for review and

approval. The IACCM shall approve the Framework within thirty (30) days from receipt of the submission, in accordance with existing laws, rules, and regulations.

Section 8. Transitory Provision. Existing carbon crediting projects across all sectors shall transition to the Philippine National Carbon Registry once the same becomes operational. To facilitate such transition, all national government agencies and instrumentalities maintaining records, databases, registries, or other information relating to carbon crediting projects, including records and databases pertaining to the Clean Development Mechanism, shall, within three (3) months from the effectivity of this Order, share, transfer, or otherwise make available such data and information to the DNA, subject to applicable laws, rules, and regulations.

Section 9. Funding. The funding requirements for the initial implementation of this Order shall be charged against the current appropriations of the DENR and other concerned agencies and instrumentalities, subject to applicable government accounting and auditing laws, rules, and regulations. Thereafter, the funding requirements for the continued implementation of this Order shall be included in the budget proposal of the DENR and other concerned agencies and instrumentalities, subject to the usual budget preparation process and consistent with government accounting and auditing laws, rules, and regulations.

Section 10. Separability. If any section or part of this Order is declared unconstitutional or invalid, the other sections or provisions not otherwise affected shall remain in full force and effect.

Section 11. Repeal. All issuances, orders, rules, and regulations, or parts thereof that are inconsistent with the provisions of this Order are hereby repealed or modified accordingly.

Section 12. Effectivity. This Order shall take effect immediately upon its publication in the Official Gazette or in a newspaper of general circulation.

DONE, in the City of Manila, this 13th day of October, in the year of our Lord, Two Thousand and Twenty-Six.

By the President:


RALPH G. RECTO
Acting Executive Secretary

