FY 2022
COUNTRY
REPORT

CHAPTER 1
Contextual Information

Breaking New Ground:
Shifting Gears in Extractives Governance

Chapter I: Contextual Information

Executive Summary

Breaking Ground: Shifting Gears in Extractives Governance highlights a transformative period for the Philippines' extractive resource management, where policy reforms and global trends converge to drive economic recovery, sustainability, and transparency. As the 10th installment in a series of comprehensive annual country reports, this milestone publication focuses on the year 2022, serving as both a record of fiscal performance and a baseline for future governance. It reflects the Philippines' resolve to advance transparency, climate resilience, and inclusive development in the extractive industries.

Contextual Developments

The year 2022 was pivotal for EITI implementation in the Philippines. As an election year, it introduced new national leadership with priorities that significantly influenced natural resource governance. The election of a President with a strong climate-forward agenda reinforced the country's focus on renewable energy (RE), energy transition, and climate action. These priorities aligned with global decarbonization efforts, highlighting the Philippines' commitment to reducing greenhouse gas (GHG) emissions and enhancing energy security.

Key policy events also unfolded before and after the elections. The lifting of both the moratorium on new mineral agreements and the national ban on open-pit mining in 2021 began to show early outcomes in 2022. Meanwhile, the reopening of global economies after two years of COVID-19 lockdowns spurred increased demand for resources, raising fuel prices and exacerbating supply chain issues, particularly amid the Ukraine-Russia war.

From an economic perspective, 2022 marked the government's implementation of "red carpet" and "green lanes" strategies, positioning the Philippines as a prime investment destination. Extractive industries emerged as critical tools for resource mobilization and economic growth at both national and subnational levels.

EITI Implementation Milestones

The prolonged 2021 EITI Validation, concluded in early 2022, brought lasting implications for the Philippines. Corrective actions for Requirement 1.3 on civil society engagement—triggered by alleged constraints on freedom of expression, operation, and association within the EITI process—culminated in the country's temporary withdrawal from EITI shortly before the Marcos administration took office. However, just over two months later, the new administration recommitted to EITI implementation, creating confusion among industry stakeholders regarding their reporting obligations and disrupting reporting cycles.

A significant outcome of the Philippines' 2021 Validation experience was the establishment of standing committees in 2022 and 2023 to support the Multi-Stakeholder Group (MSG). Among these, the Governance and Oversight Committee (GOC) played an instrumental role in addressing extractives-related issues raised by communities, ensuring these were deliberated, referred to the appropriate agencies, and monitored effectively.

This 2022 Report reflects over a decade of commitment to transparency in extractive industries. It provides a comprehensive account of economic and reconciled fiscal data from 2022 while contextualizing policy shifts aimed at revitalizing mining and advancing renewable energy (RE) and electric vehicle (EV) industries as key drivers of post-pandemic economic growth. These actions reflect a strategic pivot toward sustainable development and resource mobilization.

The report covers 41 metallic mining companies (40 metallic mining projects), 26 non-metallic mining companies (46 non-metallic projects), three oil and gas companies (three projects), eight national agencies, 54 local government units (LGUs) for direct payments, and 141 LGUs for shares in national wealth. Reconciled revenue and other taxes for 2022, excluding royalties to Indigenous Peoples (IPs) and mandatory social and environmental payments, amounted to **PhP 64.8 billion**, with 97% reconciled and a 0.3% unreconciled variance. This figure represents a 12% and 31% increase compared to 2021 and 2020, respectively. The Department of Energy's oil and gas sector was the largest contributor, with revenue increases of 22% (PhP 5.9 billion) and 36% (PhP 9.6 billion) compared to 2021 and 2020. Revenue streams from the Bureau of Internal Revenue also rose by 97% (PhP 4.7 billion) compared to 2021, driven by higher oil prices and demand. Despite these gains, the mining and quarrying sector's gross domestic product (GDP) contribution remained stable at around 1%, with a share of 0.8% in both 2021 and 2022.

Looking Ahead

This 2022 Report sets the stage for a new era of transparency in extractive governance. Its publication in 2024 coincides with the mid-term of the Marcos administration, offering an opportunity to assess the early impacts of national policies and sector developments.

At its core, the report emphasizes systematic disclosure and accountability aligned with the newly adopted 2023 EITI Standard, which introduced new requirements on energy transition and anticorruption, reflecting the evolving global context and stakeholder needs. It also highlights trends in civic engagement, subnationalization, and local government empowerment in extractive governance, ensuring that resource extraction benefits reach directly affected communities.

As the Philippines celebrates a decade of EITI implementation and EITI marks 20 years globally, the 2022 Report reflects both achievements and challenges. It provides a foundation for future governance, offering stakeholders evidence-based insights to optimize extractive industry benefits for the government and communities alike.

Summary of the Philippines' compliance with the EITI Standard

Requirement 1: Oversight by the multi-stakeholder group The EITI requires effective multi-stakeholder oversight, including a functioning multi-stakeholder group that involves the full, active, and effective engagement of government, companies, and civil society.
In 2022, the Philippines reaffirmed its dedication to the Extractive Industries Transparency Initiative (EITI) Standard, highlighting the country's commitment to transparency, accountability, and sustainable governance in the extractive sector. This commitment was demonstrated through the active participation of government agencies, industry players, and civil society, even as the country navigated challenges such as a temporary withdrawal under the Duterte administration. The Philippine government, led by the Department of Finance (DOF), played a central role in EITI implementation, supported by high-level policies like Executive Orders 79 and 147 and Department Administrative Orders mandating extractive companies to disclose data. The DOF mobilized resources, including a dedicated secretariat, to ensure compliance with EITI standards. Key agencies like the Department of Environment and Natural Resources (DENR) and the Department of Energy (DOE) provided technical expertise, particularly in areas like contract transparency and energy transition. In addition to its national efforts, the government proposed amendments to EO 147 to enhance the inclusivity and effectiveness of the Multi-Stakeholder Group (MSG) and ensure sustainable funding for EITI activities. The extractive industry also demonstrated its support for the initiative. Industry associations such as the Chamber of Mines of the Philippines (COMP) actively participated in MSG meetings, while efforts were made to increase engagement from the oil and gas sector. These contributions reinforced the private sector's role in promoting accountability and data transparency. Civil society, represented by Bantay Kita—Publish What You Pay, played an equally vital role. Following the 2021 EITI Validation findings, civil society groups collaborated with the MSG to address issues related to stakeholder engagement and civic space. This effort included the development of an action plan to protect civic participation, proposing measures to address red-tagging of civil society actors, and enhancing provisions for civil society engagement in EITI processes. The MSG served as a platform for collaboration between government, industry, and civil society, adapting to challenges like the COVID-19 pandemic by holding virtual meetings. The creation of four committees—covering implementation, stakeholder engagement, governance, and finance—strengthened the MSG's decision-making processes. Regular publication of meeting minutes ensured transparency, while the group worked to implement Validation corrective actions and enhance EITI processes. Under the Marcos administration, the Philippines renewed its engagement with EITI, attending board meetings in Brussels and Oslo and hosting EITI Chair Helen Clark during a country mission. At the PH-EITI National Conference, former Finance Secretary Benjamin Diokno emphasized the importance of data-driven governance and highlighted the sector's significant contribution to government revenues. He outlined efforts to institutionalize transparency, boost local government capacity, and promote inclusive governance. The 2022 PH-EITI work plan builds on the achievements of the MSG in recent years. It included the implementation of commitments and continuing or recurring activities. It aligns with global initiatives and responds to issues and concerns raised in public forums. In identifying priorities, several reports and documents have been the bases, including the 2017 and 2021 Validation recommendations and corrective actions, the Department of Finance's Open Government Partnership (OGP) commitment, the PH-EITI Mainstreaming Action Plan, scoping study on gender in extractives, the Opening Extractives engagement plan for the Philippines, and Bantay Kita's 2021 shadow report.

The plan focused on key priorities, including validation, systematic disclosures, gender inclusion, legislative advocacy, energy transition, and resource mobilization. Although budgetary constraints posed challenges, the government allocated funds to sustain EITI implementation and proposed additional measures to secure financial resources. Aligned with the EITI Standard 2023, the Philippines has actively embraced the call for energy transition. The PH-EITI prioritized energy transition as a key component of its 2022 work plan. Energy transition has become a recurring topic in MSG discussions, reflecting its centrality to PH-EITI's strategic agenda. It is consistently spotlighted during stakeholder engagement activities, ensuring inclusive dialogue and fostering collaboration among government agencies, industry players, civil society, and local communities. In line with this priority, the PH-EITI, in collaboration with the Department of Energy's Energy Policy and Planning Bureau (DOE-EPPB), organized a roundtable discussion on energy transition. This event offered stakeholders an in-depth understanding of the government's existing policies and planned programs to shift towards a sustainable and low-carbon economy. Through this dialogue, the PH-EITI and DOE-EPPB provided a platform for knowledge exchange, enabling participants to explore strategies, identify challenges, and foster collaborative efforts to achieve the nation's energy transition goals. Through its collective efforts, the Philippines underscored its resolve to make EITI a cornerstone of its transparency agenda. The renewed commitment and strengthened governance mechanisms positioned the country to enhance its extractive sector governance.
Requirement 2: Legal and institutional framework, contracts, and licenses The EITI requires disclosures on how the extractive sector is managed, enabling stakeholders to understand the laws and procedures for the award of exploration and production rights; the legal, regulatory, and contractual frameworks that apply to the extractive sector; and the institutional responsibilities of the state in managing the sector.
The Philippine government has established a robust framework for systematically disclosing critical information related to laws, regulations, governance, and fiscal regimes governing the mining, oil, and gas sectors. Transparency and accountability are upheld by making key legislations, such as the 1987 Philippine Constitution and the Philippine Mining Act of 1995, accessible through official channels like the Official Gazette and agency-specific websites. Notable high-level directives, including Executive Order No. 79 (2012) and Executive Order No. 147 (2013), which regulate extractive activities and promote environmental stewardship, are also available online. Government agencies play distinct roles in managing resources and overseeing extractive governance. Executive Order No. 79 outlines the mandates of these agencies, while individual websites provide further clarity on their responsibilities. For example, the Department of Environment and Natural Resources (DENR) enforces environmental regulations, the Mines and Geosciences Bureau (MGB) manages mining activities under the Philippine Mining Act, and the National Commission on Indigenous Peoples (NCIP) ensures compliance with the Indigenous Peoples' Rights Act. Agencies like the Department of Budget and Management (DBM) and the Commission on Audit (COA) support fiscal management and accountability, strengthening governance structures across the sector. The Philippine legal framework governing mineral and petroleum rights is detailed in various legislative acts, including the Philippine Mining Act of 1995, the People's Small-Scale Mining Act of 1991, and the Oil Exploration and Development Act of 1972. These laws, alongside reforms and implementing rules and regulations (IRR), are systematically disclosed on official platforms like the MGB and Department of Energy (DOE) websites, ensuring stakeholders have comprehensive guidelines for compliance.

Fiscal policies and revenue-sharing mechanisms for mining and energy activities are equally transparent. Mechanisms such as the PH-EITI Contracts Portal provide public access to detailed information on mineral and petroleum rights, licenses, and revenue-sharing agreements. Recent developments in the mining sector reflect the Philippine government's commitment to advancing transparency and economic growth. Executive Order No. 130, issued in April 2021, lifted the moratorium on the issuance of Mineral Agreements, enabling new opportunities for resource development. For instance, in March 2022, the DENR granted a Mineral Production Sharing Agreement (MPSA) to Semirara Mining and Power Corporation (SMPC) for its Hamalian Limestone Project in Antique, allowing the company to conduct mining operations for 25 years, renewable for an additional period. The government integrates its extractive industries reporting under the PH-EITI framework, summarizing the legal environment, fiscal regime, and roles of government entities. EITI reporting highlights fiscal devolution mechanisms and planned reforms in the mining sector while ensuring systematic disclosure of contracts and licenses. Although anti-corruption laws are not explicitly featured in these disclosures, the regulatory frameworks mitigate corruption risks through rigorous transparency and accountability measures. The Philippines has made significant progress in meeting the EITI's beneficial ownership (BO) transparency requirements, particularly through its involvement in the Opening Extractives (OE) Programme, a collaborative initiative between the Extractive Industries Transparency Initiative (EITI) and Open Ownership. During the Extractive Transparency Week (ETW) in November 2022, the Philippines organized various activities focused on beneficial ownership, including panel discussions, meetings with key government figures, and BO orientation and training workshops for civil society, journalists, and media practitioners. These events emphasized the importance of transparency and practical use of beneficial ownership data. High-level discussions also took place during the ETW, where EITI Chairperson Helen Clark and former Finance Secretary Benjamin Diokno discussed promoting the goals of the EITI and the OE program, with a focus on improving resource governance and inclusive participation. The Philippines also maintains a Beneficial Ownership Registry, which is an essential tool in tracking and publicly disclosing the beneficial owners of companies involved in the extractive sector.
Requirement 3. Exploration and production The EITI requires disclosures of information related to exploration and production, enabling stakeholders to understand the potential of the sector.
The Philippines has made comprehensive information about its extractive sector and its potential publicly available. This includes details of recent, ongoing, and planned significant exploration activities, systematically disclosed through the websites of the Department of Energy (DOE) and the Mines and Geosciences Bureau (MGB). These disclosures ensure accessibility and transparency, meeting all aspects of the exploration data requirement under the EITI Standard. Summaries of this information are also regularly presented in PH-EITI Reports, further supporting public awareness and stakeholder engagement. The Philippines has fully complied with the production data requirement. The MSG has released comprehensive estimates of average commodity prices for coal, oil, and gas, alongside corresponding production value estimates. This ensures transparency regarding production volumes and economic contributions of the extractive sector to the national economy.
Requirement 4. Revenue Collection

An understanding of company payments and government revenues can inform public debate about the governance of the extractive industries. The EITI requires comprehensive disclosure of company payments and government revenues from the extractive industries.
The Philippines has made significant progress in meeting the EITI requirements for revenue collection, including comprehensive financial disclosures and efforts to enhance subnational transparency through the Environment and Natural Resources Data Management Tool (ENRDMT) system. However, gaps persist, particularly in coal revenue disclosures, non-reporting entities such as Semirara Mining and Power Corporation (SMPC), and subnational payment transparency. Ongoing initiatives, such as engaging stakeholders and improving reporting tools, demonstrate a commitment to addressing these issues and achieving greater transparency in the extractive sector.
Requirement 5. Revenue management and distribution The EITI requires disclosures of information related to revenue allocations, enabling stakeholders to understand how revenues are recorded in the national and, where applicable, subnational budgets and to track social expenditures by companies.
In the Philippines, all extractive revenues are recorded in the national budget, providing transparency at the national level. However, information on the management of earmarked revenues remains relatively sparse in the public domain, particularly concerning subnational transfers. This gap highlights an area for improvement to enhance stakeholder understanding of how revenues are utilized at the local level. While the Local Government Code outlines provisions for revenue-sharing with local governments, detailed, systematic disclosures on subnational transfers of extractive revenues are limited. This presents an opportunity for strengthening governance by increasing transparency and public accessibility to such information. The country is advancing efforts to integrate greenhouse gas (GHG) emissions reporting into its environmental governance. The Environmental Management Bureau (EMB) under the DENR could play a lead role in encouraging disclosure of GHG emissions data. A notable example is the Semirara Mining and Power Corporation, which has disclosed GHG data as part of its compliance with environmental regulations. These initiatives align with global sustainability commitments and signal a shift towards more comprehensive environmental reporting in the extractive sector.
Requirement 6. Social and economic spending The EITI encourages disclosures of information related to revenue management and expenditures, helping stakeholders to assess whether the extractive sector is leading to desirable social, economic, and environmental impacts and outcomes.
The Philippines discloses mandatory social expenditures as part of mining companies' SDMP. EITI reporting enables public understanding of extractive companies' social and environmental contributions, and provides a basis for assessing extractive companies' compliance with their legal and contractual obligations to undertake social and environmental expenditures. Requirement 6.2 (SOE quasi-fiscal expenditures) does not apply to the Philippines. The Philippines publishes extractive industries' contribution, in absolute and relative terms, to GDP (including informal activities), exports, and employment. Public disclosures on the government's extractive industry revenues are confined to the four material sub-sectors: metallic and non-metallic mining, coal, and oil and gas. However, PH-EITI reporting has openly addressed some constraints, such as legal taxpayer confidentiality provisions, that limit the disclosure of government revenues from extractive industries.

The country enables stakeholders to evaluate the sufficiency of the regulatory framework and monitoring efforts for managing the environmental impact of extractive industries, as well as assess companies' compliance with environmental obligations. EITI reporting includes company disclosures of their contributions to environmental funds.

Requirement 7. Outcomes and Impact

Regular disclosure of extractive industry data is of little practical use without public awareness, understanding of what the figures mean, and public debate about extractive sector governance. The EITI Requirements related to outcomes and impact seek to ensure that stakeholders are engaged in dialogue about natural resource revenue management. EITI disclosures lead to the fulfilment of the EITI Principles by contributing to wider public debate. It is also vital that lessons learned during implementation are acted upon; that recommendations from EITI implementation are considered and acted upon where appropriate; and that EITI implementation is stable and sustainable.

The Philippines fosters an evidence-based public discussion on extractive industry governance, which includes topics like corruption risks, energy transition, gender, and revenue collection. The MSG ensures that government and company disclosures are comprehensible, actively promoted, and publicly accessible. This effort is focused on making information easy to understand and widely distributed to key audiences such as the government, civil society, companies, and the media.

Transparency tools like the Extractives Data Generator (EDGe), Contracts Portal, and the Beneficial Ownership Registry on the PH-EITI website receive continuous maintenance and updates, supported by the Department of Finance's Central Management Information Office (CMIO). The Online Reporting in the Extractives (ORE) tool is maintained and used for data collection from EITI-participating companies for the FY 2021 country report.

To spread awareness and facilitate dialogue about the governance of extractive resources, the MSG engages stakeholders and organizes outreach events, ensuring that EITI disclosures are discussed across the country inclusively. For instance, during the Extractives Transparency Week (ETW), a Constituency Meeting brought together stakeholders from government, industry, and civil society to engage in Transparency Talks on vital EITI-related topics such as beneficial ownership transparency, transfer pricing, extractive integrity, energy transition, and civic engagement. The meeting included breakout sessions for each constituency to discuss priority issues in extractive industries.

In 2022, PH-EITI placed a strong emphasis on gender inclusivity, recognizing the critical role of women and other vulnerable groups in the extractive sector. Initiatives like the Women's Leaders Forum, in partnership with Angat Bayi, discussed subnational EITI implementation and gender inclusion in extractives. EITI Chair Helen Clark participated, adding significant value to the discussions. Furthermore, the 2022 PH-EITI National Conference (FORGE PH) highlighted the FY 2020 country report and provided a platform for stakeholders to voice concerns and viewpoints on extractive industries and natural resource governance.

PH-EITI ensures that information is presented in a clear, accessible style and in appropriate languages to meet the information needs of different genders and subgroups. This approach, which includes the use of explainer videos, addresses access challenges and ensures comprehensive understanding of the data.

To help stakeholders understand revenue distribution, the MSG summarizes and compares the share of each revenue stream to the total amount of revenue accruing to each government level. Transparency tools, such as EDGe, country reports, and highlights from ETW, support this effort.

Finally, the MSG undertakes capacity-building efforts, particularly with civil society, to improve the understanding of information and data from reports and online disclosures. These efforts encourage the use of information by citizens, the media, and others. For example, the BO Data Use Workshop for CSOs, Academe, and the Media, conducted by Open Ownership (OO) and other experts, educated journalists, and media practitioners on the importance of BO transparency and its application in media reporting.

Through these comprehensive measures, the Philippines ensures that relevant data is actively communicated to key stakeholders in ways that are accessible and reflective of their needs, thus enabling evidence-based public debate on extractive industry governance.

"With agriculture, mining, and then industry and services all growing, then we can actually lift a lot of people out of poverty." - Former Finance Secretary Benjamin Diokno[1].

Musings

- *How can the PH-EITI play a role in monitoring whether resource utilization contributes to effectively addressing the government's priority economic challenges?*
- *How can the MSG help protect the integrity of contract allocation processes as the extractive sector opens to more investments?*
- *What risks should the MSG and stakeholders watch out for with the growing investments in renewable energy projects?*

A Trifecta of Challenges: Justifications for Mobilizing Extractive Industries

In 2022, the Philippines navigated a year filled with challenges, yet brimming with opportunities. The country, still reeling from the global health and economic crises wrought by the COVID-19 pandemic, found itself beginning to emerge from the worst of the crisis. With successful vaccination efforts and the easing of mobility restrictions, the economy started to reopen. However, the scars left by the pandemic remained evident, especially as the nation grappled with a trifecta of challenges: rising inflation fueled by geopolitical events, a government deficit primarily due to the pandemic-induced economic slowdown, and the ongoing struggle to reduce poverty, exacerbated by the global health crisis. A fourth challenge, though also seen as a necessary consequence of efforts to address the fiscal deficit and ensure the uninterrupted delivery of services and projects—including ambitious infrastructure spending—is the ballooning debt-to-GDP ratio.

Between the tail end of the Duterte administration and the first six months of the newly elected Marcos Jr. government, the government placed its focus on efforts and policies designed to address the foregoing, beginning with stabilizing the economy and laying the groundwork for long-term growth. It adopted a comprehensive strategy, embodied in what the Department of Finance (DOF) called as the Medium-Term Fiscal Framework (MTFF)[2], that sought to balance fiscal responsibility with the urgent need for social development. Among the government's immediate and general strategies for the year were to: (i) manage inflation, (ii) grow the economy to create jobs and lift "a lot of people out of poverty"[3] while increasing revenues, and (iii) improve tax and revenue administration. Specifically, the MTFF seeks to reduce the deficit, reduce poverty level to a single-digit rate, and achieve upper-middle-income status for the country[4] by promoting fiscal sustainability, boosting agriculture to reduce import dependence, and supporting infrastructure spending at 5–6% of GDP annually[5], among others. With this multifaceted approach, there was—and still is—a clear intention to include the mobilization of extractive industries such as mining and energy in the government's toolkit to confront strong headwinds. Among initial considerations under the MTFF was to capitalize on rising metals prices, aiming to contribute to achieving

[1] Former Finance Secretary Benjamin Diokno. Source: https://www.dof.gov.ph/diokno-vibrant-agriculture-sustained-economic-growth-key-to-poverty-reduction/

[2] https://www.dof.gov.ph/diokno-bares-six-year-plan-for-fiscal-stability-and-economic-development/

[3] Ibid. Former Finance Secretary Benjamin Diokno. Source: https://www.dof.gov.ph/diokno-vibrant-agriculture-sustained-economic-growth-key-to-poverty-reduction/

[4] https://www.dof.gov.ph/dominguez-cites-reforms-initiated-by-dof-on-his-watch-says-diokno-best-possible-choice-for-finance-portfolio/

[5] The government has around 200 infrastructure projects ready for implementation, with ample opportunities for private sector involvement in rail development, telecommunications, and ecozones for high-tech industries. https://www.dof.gov.ph/govt-welcomes-private-sector-investment-in-infra-other-industries/

economic goals[6]. Against this backdrop, the government undertook policy declarations and actual reforms to further open the economy, introducing a handful of measures that sooner or later would have a direct impact on the mining, oil, gas, coal, and renewable energy (RE) sectors.

Red Carpets and Green Lanes: PH Extractives Open for Business

To stimulate economic growth, the government aggressively sought both domestic and foreign investments. In particular, the first few months of the Marcos Jr. administration were spent embarking on international roadshows, rolling out the red carpet for potential investors, and packaging the Philippines as a prime investment destination[7]. These efforts were bolstered by economic liberalization measures, including the amendments to the Retail Trade Liberalization Act[8], Public Service Act, Foreign Investments Act, and the rules on the Build-Operate-Transfer (BOT) Law[9] [10], all designed to reduce barriers for foreign businesses, enhance the country's competitiveness, and attract job-generating investments[11].

In these roadshows, emphasis was also placed on the Philippines' increasingly open extractive industries, backed by significant policy shifts initiated during the Duterte administration in 2021. While the legal framework and fiscal regime for the sector largely remained the same as in previous years, two major policy shifts played a pivotal role in revitalizing the mining sector, like a double parting gift from the outgoing administration. First, the nine-year moratorium on new mineral agreements was lifted through Executive Order No. 130, s. 2021, which amended Section 4 of Executive Order No. 79, s. 2012. This policy allowed the government to enter into new mineral agreements, removing the previous prerequisite for a new mining fiscal regime, while maintaining it as a goal for the sector. This change is seen as paving the way for increased investments in the mining industry, creating jobs and stimulating growth in the countryside. Come 2022, the virtual coal monopoly and long-time EITI-elusive Semirara Mining and Power Corporation (SMPC) became the first to benefit from the mining industry's reopening. On March 10, 2022, the DENR granted Mineral Production Sharing Agreement (MPSA) No. 352-2022-VI for SMPC's Hamalian Limestone Project, covering a 3,807.0571-hectare contract area located on Semirara Island, Caluya, Antique[12]. This new MPSA allows SMPC the exclusive right to undertake mining operations for 25 years, renewable for another 25 years.

Second, the Department of Environment and Natural Resources (DENR) issued Department Administrative Order (DAO) No. 2021-40, lifting a four-year old nationwide ban on open-pit mining for copper, gold, silver, and complex ores. Delayed for over a decade, the USD 5.9 billion Tampakan Copper-Gold Project (TCGP)[13], operated by Sagittarius Mines, Inc. (SMI), stands to gain the most from this reversal. Touted as the largest copper mine in Southeast Asia, the TCGP is projected to commence operations by 2026[14], according to SMI, which is now entertaining investors interested in

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[6] https://www.dof.gov.ph/diokno-bares-six-year-plan-for-fiscal-stability-and-economic-development/

[7] https://www.dof.gov.ph/with-economy-returning-to-normal-and-the-fastest-growing-in-region-dominguez-tells-us-investors-now-is-best-time-to-do-business-in-the-philippines/

[8] The Retail Trade Liberalization Act (RA 11595) lowers the minimum capital requirement for foreign retailers from P125 million to P25 million and simplifies qualifications. Source: https://www.dof.gov.ph/dominguez-thanks-president-duterte-congress-for-amended-retail-trade-liberalization-act/

[9] https://www.dof.gov.ph/marcos-admin-streamlines-private-sector-participation-processes-to-encourage-investments/

[10] https://neda.gov.ph/revised-2022-irr-of-the-bot-law-ra-7718/

[11] https://www.dof.gov.ph/ipas-point-to-covid-19-high-costs-of-doing-business-and-foreign-equity-restrictions-as-among-barriers-to-investments-in-the-philippines/

[12] https://mgb.gov.ph/2015-05-13-02-02-11/mgb-news/1150-denr-grants-first-mpsa-after-the-issuance-of-eo-130

[13] https://www.smi.com.ph/our-project.do

[14] https://www.smi.com.ph/newsevents.do?id=27371

taking part in the venture[15] [16]. This progress comes despite a series of challenges in 2022, including the back-and-forth over the lifting of a local government ban on open-pit mining[17] and the revocation of a local government permit[18]—complications that are a story of their own.

In the energy sector, Presidential Decree No. 87 (PD 87), also known as the Oil Exploration and Development Act of 1972, remains the primary law governing the exploration, development, and production of petroleum resources in the Philippines. It establishes a service contract system that allows both local and foreign private companies to explore and extract petroleum, with government oversight and revenue-sharing mechanisms. While there have been no updates to the law, the Department of Energy (DOE) has released several circulars and issuances to improve investment attractiveness and operational efficiency in the petroleum sector. In fact, one of the game-changing reforms in the government's arsenal during international investment forums, which would later bear significant results in 2023 and 2024, was the amendment to Section 19 of the Implementing Rules and Regulations (IRR) of Republic Act No. 9513, also known as the Renewable Energy Act of 2008. In November 2022, the DOE issued Department Circular No. 2022-11-0034, removing the Filipino ownership requirements that had previously been imposed on the exploration, development, and utilization (EDU) of solar, wind, hydro, and ocean or tidal energy resources[19]. This amendment now allows for full foreign ownership in these sectors. The DOE Circular followed the release of Department of Justice (DOJ) Opinion No. 21, s. 2022, which clarified that the Filipino ownership restrictions under Section 2, Article XII of the 1987 Philippine Constitution, concerning the EDU of natural resources, do not apply to solar, wind, hydro, and ocean or tidal energy resources.

Another effort in the energy sector to encourage investments and accelerate the transition from coal to renewable energy was the launch of the Philippines' first Offshore Wind Roadmap[20] in April 2022, developed by the Department of Energy (DOE) in collaboration with the World Bank Group[21]. This roadmap leverages the country's offshore wind potential of 178 gigawatts. It complements the Philippine Energy Plan 2020-2040[22], which includes programs like the Green Energy Option Program, the Green Energy Auction Program, and policies that support full foreign participation in large-scale geothermal projects.

Earlier in 2022, Congress passed the Electric Vehicle Industry Development Act (EVIDA), which aims to accelerate the development and commercialization of electric vehicles (EVs) in the country. While not directly affecting resource extraction, the law is expected to have related impacts due to the increased demand for nickel and lithium, key materials required for EV batteries. The act is also anticipated to reduce the country's dependence on imported oil, generate high-value jobs, and attract investments[23]. In the same year, the DOE led public consultations to develop the law's IRR. These consultations put a spotlight on incentivizing EV adoption, including a target of 5% EV share in corporate and government fleets, the development of charging station infrastructure, and fiscal incentives for manufacturing and importing EVs.[24]

EVIDA was complemented by Executive Order No. 12, s. 2023 (EO 12)[25], which temporarily reduces import duties on EVs, parts, and components to support the growth of the EV industry in the

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24 https://doe.gov.ph/press-releases/doe-conduct-series-public-consultations-evida-irr

25 https://lawphil.net/executive/execord/eo2023/eo_12_2023.html

Philippines. This order promotes reduced reliance on imported fuel, cuts transportation sector emissions, and enables cleaner alternatives. The duty reduction will last for five years, with a review after one year. In 2024, the National Economic and Development Authority (NEDA) Board approved expanded tax breaks for two- and three-wheeled battery electric vehicles (BEVs), hybrid electric vehicles (HEVs), and plug-in hybrid electric vehicles (PHEVs) through 2028[26]. This expansion of EO 12 also includes e-motorcycles, e-bicycles, e-tricycles, and PHEV jeepneys and buses, making electric and hybrid vehicles more accessible.

As green as the go traffic light signal, the efforts toward transitioning to renewable energy are complemented by measures designed to make doing business in the Philippines easier for investors. While not a major highlight in 2022, EO No. 18, s. 2023 (EO 18)[27] aligns with the government's ongoing efforts to attract investments. EO 18 establishes green lanes for strategic investments, streamlining the process of issuing permits, licenses, certifications, and authorizations. It also mandates the creation of a One-Stop Action Center, designed to serve as a fast-tracked, centralized point of entry for all qualified investments, making it easier to conduct business in the country.

As of September 2024, the Board of Investments (BOI) has certified 126 projects, 114 of which are in the RE sector, representing PhP 3.77 trillion of the total PhP 4.13 trillion in project value[28].

After EO 18, and building on the Offshore Wind Roadmap of 2022, President Ferdinand “Bongbong” Marcos, Jr., who made windmills a fixture of his election campaign, issued yet another EO focused establishing a policy and administrative framework for offshore wind (OSW) development in the Philippines. EO 21, s. 2023[29] streamlines the permitting process and cuts through red tape in the sector. The DOE in consultation with stakeholders, issued implementing guidelines to ensure efficient OSW project rollouts[30]. These include creating a unified permitting system through the Energy Virtual One-Stop Shop (EVOSS), integrating the responsibilities of various government agencies and local governments into a centralized process.

The latest initiative supporting OSW development is an October 2024 memorandum of agreement (MOA)[31] between the Department of Energy (DOE) and the Department of Environment and Natural Resources (DENR). This MOA streamlines the exploration and development of OSW projects by granting the DOE access to offshore and auxiliary areas across all phases—from pre-development to commercial operations—while maintaining environmental safeguards. According to the DOE, the agreement is pivotal in meeting the administration’s target of generating electricity from OSW by 2028. By eliminating the need for separate agreements with the DENR, it simplifies compliance and accelerates project timelines, fostering faster progress and attracting more investments in the OSW sector.

Across RE sectors, the DOE introduced streamlined guidelines[32] to encourage investment in different parts of the archipelago and meet RE targets. Developers can now initiate permits, surveys, and feasibility studies before their 25-year contract starts, using a Certificate of Authority (COA). COA is valid for up to three years for biomass, geothermal, hydropower, ocean, and onshore/offshore wind projects; two years for floating solar; and one year for land-based solar. It may be revoked if progress is insufficient.

The DOE also simplified duty-free importation incentives, enabling developers to secure a Certificate of Registration (COR) upon contract signing or financial closing. The guidelines further open contract areas to new investments, offering extended terms and capacity-expansion incentives.

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[26] https://doe.gov.ph/press-releases/media-statement-doe-welcomes-expansion-executive-order-no-12

[27] https://boi.gov.ph/executive-order-no-18/

[28] https://boi.gov.ph/boi-fast-tracks-php4-13-trillion-in-strategic-investments-via-green-lane-initiative/

[29] https://doe.gov.ph/laws-and-issuances/executive-order-no-21-s-2023

[30] https://doe.gov.ph/press-releases/doe-issues-implementing-guidelines-eo-21

[31] https://doe.gov.ph/press-releases/doe-and-denr-sign-agreement-accelerate-offshore-wind-energy-development

[32] https://doe.gov.ph/press-releases/doe-issues-new-re-application-guidelines-greater-ease-doing-business

Another key issuance was the Department Circular No. DC2023-10-0028, titled "Guidelines on Petroleum Data Declassification and Free Data Access." This circular enhances transparency by declassifying certain petroleum data and reports, making them freely accessible to eligible individuals and entities for a minimal processing fee. The initiative aims to encourage investor participation by providing easier access to valuable data.

Finally, in tax administration, the government is strengthening its case for ease of doing business in the Philippines with the passage of Republic Act No. 11976, or the Ease of Paying Taxes (EOPT) Act. Covering all taxpayers, including businesses engaged in the extractive industries, the EOPT Act represents a significant step in modernizing the country's tax system[33]. Its goal is to simplify tax compliance by streamlining processes, strengthening taxpayer rights, and reducing administrative burdens. The law facilitates easier tax filings, offers electronic payment channels, and enhances accessibility for taxpayers. Key provisions include classifying taxpayers based on gross sales to tailor tax systems to their needs, expediting VAT refunds, and expanding digital services to ease compliance further. This initiative aligns with the government's efforts to boost revenue collection while fostering economic and social development and building investor confidence in the Philippine tax system.

[Stuck?] In The Pipeline: Rationalizing the Mining Fiscal Regime

Perhaps the single most important reform that extractive industry stakeholders have been waiting for over a decade is the new mining fiscal regime. For nine years, it was a prerequisite before the government could enter into new mineral agreements. However, in 2021, the Philippine government lifted the nine-year moratorium on new mineral agreements to address fiscal deficits and stimulate economic growth, effectively reopening the industry. However, establishing a simplified and equitable fiscal framework remains a priority for both the government and industry stakeholders. Such a framework is essential for ensuring a fair revenue share for the state, fostering industry growth, enhancing its contribution to GDP, and supporting local economic development. Ongoing issues like revenue-sharing disputes and frequent policy shifts continue to impede potential investments, creating an unstable business environment.

Under the Marcos Jr. administration, the President has emerged as a strong advocate for this reform. In his second State of the Nation Address, he identified the rationalization of the mining fiscal regime as a priority legislative measure, aligning it with the tax reforms outlined in the government's Medium-Term Fiscal Framework (MTFF). This endorsement has propelled Congress to accelerate the passage of this long-delayed legislation, which has undergone multiple iterations over the years.

In September 2024, Senate Bill No. 2826, titled the "Enhanced Fiscal Regime for Large-Scale Metallic Mining Act," was introduced by Senator Joseph Victor G. Ejercito. The bill aims to streamline the taxation of large-scale metallic mining operations by implementing a unified fiscal regime applicable to all such operations, irrespective of their location within or outside mineral reservations. Key provisions include the imposition of royalties on all mining operations and the introduction of a windfall profits tax to capture extraordinary gains from high commodity prices. The bill also proposes aligning the tax treatment of mining operations under Mineral Production Sharing Agreements (MPSA) with those under Financial and Technical Assistance Agreements (FTAA), creating a single tax structure for both.[34]

As of February 5, 2025, Senate Bill No. 2826 is pending in the Conference Committee, where harmonization of differing provisions from the House and Senate versions is underway. Prior to this, the House of Representatives, on December 13, 2023, has approved House Bill No. 8937, which proposes a bifurcated fiscal regime. This regime differentiates tax rates for large-scale mining operations within mineral reservations (proposing a 4% rate) and those outside (suggesting a

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33 https://www.dof.gov.ph/newly-signed-ease-of-paying-taxes-act-to-modernize-ph-tax-administration-and-strengthen-taxpayer-rights/

34 Senate Bill No. 2826. Available at: https://legacy.senate.gov.ph/lisdata/4494440872%21.pdf

graduated, margin-based system). The Senate version advocates for a simplified approach, proposing a 5% tax rate for all large-scale mining operations, irrespective of location.[35]

Mining groups have expressed support for the fiscal provisions of Senate Bill 2826 but have raised concerns about other aspects, such as the proposed ban on the export of raw ores. They argue that such a ban could lead to unintended consequences, including mine closures and increased unemployment, adversely affecting government revenues and economic activities in mining communities. These groups emphasize the need for improved infrastructure, reduced energy costs, and enhanced regulatory stability to attract investments in mineral processing, rather than implementing an export ban.[36]

In February 2025, the Chamber of Commerce of the Philippine Islands (CCPI) expressed support for modernizing the country's mining fiscal regime. They argue that such reforms would stimulate growth across various sectors, including automotive and semiconductor industries.[37]

This marks the furthest progress the bill has achieved after years of being filed, refiled, and stalled. It would be a significant loss if the measure fails to pass before the current Congress concludes its session. However, with no less than Senate President Francis Escudero prioritizing the bill, there is optimism that this could finally be the year the new fiscal regime is enacted. Given the legislative calendar, there is optimism that the rationalization of the mining fiscal regime could be finalized by June 2025, following the election break. Stakeholders remain hopeful that this year will mark the enactment of the new fiscal regime.[38]

Monitoring New Contracts

Available data indicates that MPSA No. 352-2022-VI for SMPC's Hamalian Limestone Project was the sole mineral agreement awarded in 2022. This information was presented to the Multi-Stakeholder Group (MSG) in one of its meetings, and no discrepancies were raised regarding other new mineral agreements for the year covered.

The process for awarding and transferring mining licenses in the Philippines follows the legal framework established under the Philippine Mining Act of 1995 (RA 7942) and its implementing rules and regulations, particularly DENR Administrative Order No. 2010-21. The technical and financial criteria for license awards include compliance with capitalization requirements, work program commitments, and environmental protection measures. Where projects impact indigenous communities, the Free, Prior, and Informed Consent (FPIC) process, mandated under the Indigenous Peoples Rights Act (RA 8371), is facilitated through the National Commission on Indigenous Peoples (NCIP). These processes have also been discussed in detail in previous reports.

In the energy sector, the DOE's Philippine Conventional Energy Contracting Program (PCECP) endorsed the awarding of two native hydrogen petroleum service contracts in 2022, although information on the names of these projects and whether the endorsements were eventually approved was not readily available.[39]

In the Bangsamoro Autonomous Region in Muslim Mindanao (BARMM), the DOE has recognized the need for a joint awarding process in accordance with the Bangsamoro Organic Law. The

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[35] BusinessWorld. “Legislator Sees Mining Fiscal Regime Approval in June After Election Break.” February 10, 2025. Available at: https://www.bworldonline.com/economy/2025/02/10/652334/legislator-sees-mining-fiscal-regime-approval-in-june-after-election-break

[36] BusinessMirror. "Mining Groups Back Senate Bill 2826's Fiscal Provisions, but Reject Raw Ore Export Ban." January 29, 2025. Available at: https://businessmirror.com.ph/2025/01/29/mining-groups-back-senate-bill-2826s-fiscal-provisions-but-reject-raw-ore-export-ban-citing-economic-concerns

[37] The Manila Times. "Business Group Backs Mining Bill." February 6, 2025. Available at: https://www.manilatimes.net/2025/02/06/business/top-business/business-group-backs-mining-bill/2050583

[38] BusinessWorld. “Legislator Sees Mining Fiscal Regime Approval in June After Election Break.” February 10, 2025. Available at: https://www.bworldonline.com/economy/2025/02/10/652334/legislator-sees-mining-fiscal-regime-approval-in-june-after-election-break

[39] Facebook. "DOE Endorses the Awarding of Native Hydrogen Petroleum Service Contracts." Available at: https://m.facebook.com/100057197750633/photos/1134552295128018

department now works closely with the Ministry of Environment, Natural Resources, and Energy (MENRE) for review and evaluation, reflecting evolving governance structures in resource management. In 2022, the first Coal Operating Contract (COC) in BARMM was awarded to FCF Minerals Corporation for coal exploration.[40] The DOE has also launched the world's first bid round for native hydrogen exploration, which has attracted significant international interest.

Still in 2022, Shell Philippines Exploration B.V. (SPEX) transferred its 45% operating interest in Service Contract 38 (SC38) to Prime Energy, while Chevron's 45% interest in the same contract was transferred to Udenna Corporation in 2021. Both transactions were regulated under the 2007 Department Circular No. DC2007-04-0003, which governs the transfer of rights and obligations in petroleum service contracts.[41] [42]

The following year saw the issuance of the Department Circular No. DC2023-12-0033, titled "Guidelines on the Awarding of Petroleum Service Contracts for Development and Production." This addresses regulations concerning development and production rights, especially for contracts nearing their 50-year maximum term. This circular allows operators to apply for Development and Production Petroleum Service Contracts (DP PSC) through direct negotiation with the DOE, as long as the application is submitted before the existing production term expires. For example, Service Contract 6B reached its 50-year limit and expired on February 28, 2024. In anticipation of this, the SC 6B Consortium submitted a letter of intent to the DOE on January 5, 2024, to apply for a DP PSC before the term ended.

Industry Contribution to the Economy

Production

Coal and Oil & Gas

Data from the DOE indicates that the country's electricity consumption increased by 6.2% from 2021 to 2022, with the commercial sector seeing the most significant rise as the pandemic's impact gradually diminished[43]. The commercial sector led in consumption growth, rising by 3,175 MWh (from 106,115 MWh in 2021 to 111,516 MWh in 2022). This increase reflects the return of many businesses and establishments to full operation after being affected by pandemic-related closures, which had significantly reduced energy consumption in the previous year.

In response to the growing demand, coal-fired power plants, the primary energy source, increased their share of electricity generation to 59.6% in 2022. In the same way, coal production also rose by 1,715 MT, an 11.9% increase from 2021, aligning with the rise in the country's total power generation, which grew by 5.0% from 106,114 GWh in 2021 to 111,515 GWh in 2022, or an additional 5,401 GWh. Semira Mining Corp. dominated the country's local coal production in 2022, accounting for 99.33% of the total with 15,985 tonnes of coal produced.

Meanwhile, both oil and natural gas production declined during the reporting period. Natural gas production decreased by 74,012 BBLS (about 11.7%), driven by a reduction in its share of the energy mix to 791 GWh (4.2%) in 2022 compared to 2021. This decline was attributed to the shutdown of the 1,200 MW Ilijan Natural Gas-Fired Power Plant in mid-2022 and a reduced supply of domestic natural gas[44]. Oil production followed a similar trend, dropping by 8,916.76 MMSCF (approximately 7.4%) from 2021 to 2022.

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[40] Power Philippines. "DOE Awards First Coal Operating Contract in BARMM." Available at: https://powerphilippines.com/tag/coal-operating-contract
[41] Department of Energy. "DOE Extensively Reviews Malampaya Sales Purchase Agreement." Available at: https://doe.gov.ph/press-releases/doe-extensively-reviews-malampaya-sales-purchase-agreement
[42] Philippine News Agency. "DOE Approves Shell Transfer of Interest in SC 38 to Prime Energy." Available at: https://www.pna.gov.ph/articles/1185192
[43] Department of Energy (DOE), "Power Situation Report 2022", accessed from: https://doe.gov.ph/sites/default/files/pdf/electric_power/2022_Power_Situation_Report_as_of_02Dec2024_ADLGB_DICE_CLEAN_rev1_FINAL.pdf
[44] Department of Energy (DOE), "Power Situation Report 2022", accessed from: https://doe.gov.ph/sites/default/files/pdf/electric_power/2022_Power_Situation_Report_as_of_02Dec2024_ADLGB_DICE_CLEAN_rev1_FINAL.pdf. pg. 8

Table I-1. Coal, Oil & Gas Production

Extractive Industries	Units	2021	2022
Coal (Run-of-Mine)	MT	14,378	16,093
Oil	MMSCF	121,088.76	112,172
Gas	BBLS	632,287	558,275

Source: Department of Energy (DOE) and Mining and Geosciences Bureau (MGB)

Metallic Minerals

The Philippine gold mine production has fluctuated over the years, with a notable increase from 29.248 tonnes in 2013 to 44.749 tonnes in 2017, peaking before showing a decline to 25.564 tonnes in 2020, influenced by the global COVID-19 pandemic, when the country also experienced its lowest year-to-date decline at negative 26.21%. When looking against the backdrop of the Asian market, the Philippines' share of the total for Asia rose steadily from 4.41% in 2013 to again a peak of 6.47% in 2017, indicating an increasing relative performance in the Asian context during these years.

Table I-2. Metallic Mineral Production, 2021-2022

Metallic Mineral	Unit Used	CY 2021 Quantity	CY 2021 Estimated Value	CY 2022 Quantity	CY 2022 Estimated Value
Gold	Kgs	25, 332	₱72.2	29,007	₱91
Silver	Kgd	30,856	₱1.2	56,227	₱2.1
Copper Concentrate	DMT	214,684	₱17.3	258,729	₱25.7
Nickel Direct Shipping Ore	DMT	32,933,346	₱56.3	29,390,870	₱61.6
Nickel-Cobalt Mixed Sulfide	DMT	75,400	₱32.8	80,991	₱55.5
Scandium Oxalate	Dry-Kgs	16,008	₱ 0.41	20,148	₱0.5
Chromite	DMT	30,721	₱0.26	147,492	₱1.5
Iron Ore	DRMT	68,191	₱0.19	75,771	₱0.2
TOTAL			**₱ 180.71 B**		**₱238.10 B**

Source: MGB, "Metallic Production Value Remains Robust in 2023", accessible at https://mgb.gov.ph/attachments/article/1513/Metallic-Production-Value-Remains-Robust-in-2023.pdf

Table I-3. Philippine Gold Mine Production (tonnes), 2013-2020

	2013	2014	2015	2016	2017	2018	2019	2020
Philippines	29.25	28.42	30.64	36.67	44.75	42.77	34.65	25.56f
% of Asia	4.41%	4.06%	4.24%	5.10%	6.47%	6.11%	5.59%	4.19%
% of Global	0.92%	0.87%	0.91%	1.04%	1.25%	1.17%	0.96%	0.73%

Source: Gold Mine Production (tonnes), "Metals Focus Gold Focus 2024"

Between 2021 and 2022, gold production increased from 25,332 kg to 29,007 kg, reflecting a 15% rise. Meanwhile, its estimated value grew from ₱72.21 billion in 2021 to ₱91 billion in 2022, marking a 25.95% increase.

Silver production also saw a significant surge, rising from 30,856 kg in 2021 to 56,227 kg in 2022, an impressive 82% growth. Its estimated value also increased notably, from ₱1.2 billion in 2021 to ₱2.1 billion in 2022, a 77.81% rise. However, while the value increase is considerable, it lags behind the sharp rise in production, suggesting that silver prices did not increase as significantly as production levels (see Table 3).

Copper concentrate production grew by 21% in volume and 48% in value, driven by higher output and elevated copper prices throughout the year.

Nickel direct shipping ore production fell by 11%, but its value rose by 9%, driven by a significant increase in nickel prices, which climbed from $6.25 per lb in 2020 to $11.86 per lb in 2022. The decline in nickel production was incurred by shortfalls in most nickel projects. In a statement, an MGB spokesperson said the push for a global transition to the electrification of vehicles (EV) is expected to push the demand for nickel, which is required for producing lithium-ion batteries[45].

The production and value of nickel-cobalt mixed sulfide saw substantial growth, driven by increasing demand for battery technologies and other applications and higher market prices. Chromite production and value also surged, supported by a significant increase in output and a sharp rise in demand and prices. Similarly, iron ore production and value experienced gains, reflecting stronger demand, likely driven by infrastructure development and higher market prices.

Overall, the total value of metallic mineral production saw a significant increase of 31.73% to 238.05 billion in 2022 from P180.71 billion in 2021, driven by a favorable market environment for these minerals. According to the MGB report, the mining industry's strong performance was further supported by the long-awaited implementation of key government policies, including the lifting of the moratorium on accepting applications for mineral agreements under Department Administrative Order No. 201021, as well as the removal of the ban on open-pit mining for copper, gold, silver, and complex ores under DAO No. 2021-40[46].

Non-Metallic Minerals

Limestone is the largest non-metallic minerals contributor in both quantity and value, with 28.8 million tons worth ₱3.35 billion, accounting for 45% of the total quantity and 40% of the total value. Limestone is a key material for construction and cement production, explaining its dominance in mining. Marble limestone, at 11,116 tons, is much smaller in quantity but still valued at ₱812,684, representing 0.02% of the total quantity and 0.01% of the total value. Meanwhile, marbleized limestone, with 99,787 tons valued at ₱30.49 million, accounts for 0.16% of the total quantity and 0.36% of the total value due to its more specialized use and lower demand compared to regular limestone.

Shale, with 4,485,815 tons valued at ₱501.15 million, has significant production, representing 7% of the total quantity and 6% of the total value, as it's important in brickmaking, ceramics, and oil and gas production.

Aggregates, with a total of 1.73 million tons valued at ₱438.91 million in 2022, are crucial for construction, driven by strong demand linked to infrastructure growth under the previous Duterte administration's "Build, Build, Build" program. This represents 3% of the total quantity and 5% of the total value.

Dolomite, with 832,827 tons valued at ₱103.16 million, has a relatively low value, making up 1% of both the total quantity and total value. Similarly, clay, at 1.24 million tons valued at ₱88.54 million, reflects moderate demand in construction and ceramics, accounting for only 2% of the total quantity and 1% of the total value.

Basalt, with 3.21 million tons valued at ₱742.85 million, has significant output, indicating strong demand for construction, roadbuilding, and landscaping, and representing 5% of the total quantity and 9% of the total value. Volcanic tuff, with 213,007 tons valued at ₱55.38 million, is a smaller quantity but priced higher per ton, accounting for 0.3% of the total quantity and 0.7% of the total value.

Pozzolan, with 1,581,415 tons valued at ₱271.82 million, is in strong demand for cement production, representing 2% of the total quantity and 3% of the total value. Other materials like perlite, bentonite, blasted basalt, zeolite, and greywacke total 72,964 tons valued at ₱24.47 million, accounting for 0.1% of the total quantity and 0.3% of the total value.

Lastly, Silica, with 832,128 tons valued at ₱284.59 million, makes a significant contribution, reflecting its broad use in industries such as glass manufacturing and electronics and representing 1% of the total quantity and 3% of the total value.

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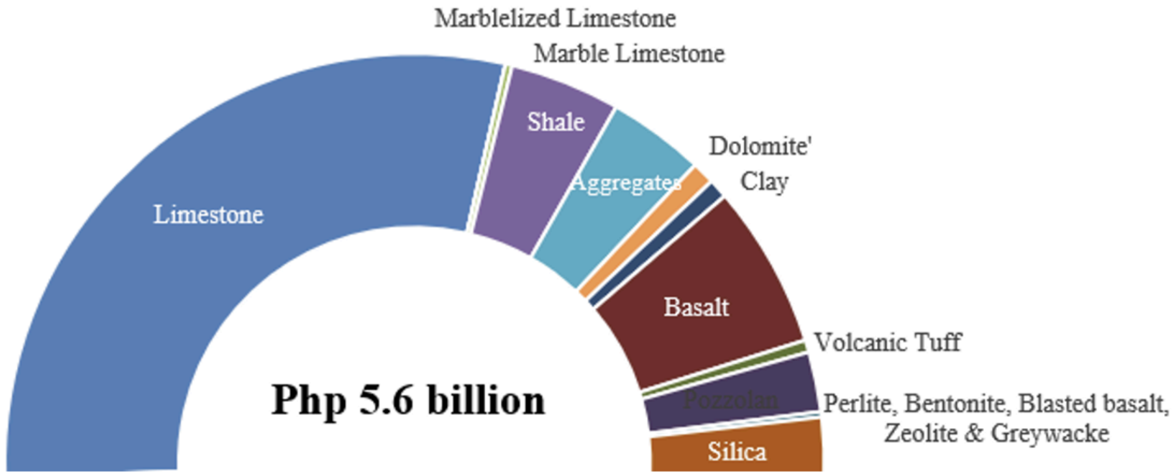
[45] Rivera, Danesa (March 8, 2023). "Philippine metal production up 32% in 2022", accessed from: https://www.philstar.com/business/2023/03/08/2249973/philippine-metal-production-32-2022?fbclid=IwY2xjawHA3XtleHRuA2FlbQIxMAABHVQ1QOS1z8nF3KDGaJtwWgHK_7Ry3m_b4FgmkMSUFQMHBhIIXEfzsMnrEQ_aem_mK7Icxg09qZQ7gecViiK4g
[46] Rivera, Danesa (March 8, 2023). "Philippine metal production up 32% in 2022", accessed from: https://www.philstar.com/business/2023/03/08/2249973/philippine-metal-production-32-2022?fbclid=IwY2xjawHA3XtleHRuA2FlbQIxMAABHVQ1QOS1z8nF3KDGaJtwWgHK_7Ry3m_b4FgmkMSUFQMHBhIIXEfzsMnrEQ_aem_mK7Icxg09qZQ7gecViiK4g

Chart I-1. Philippines Large Scale Non-Metallic Mines CY 2022



Source: Mines and Geosciences Bureau (MGB) CY 2022

Exports

Volume and Value

Copper exports from the Philippines saw a decline in both quantity and value between 2022 and 2023. The export quantity dropped by approximately 7.5%, and the value decreased by 13.3% in PHP and 15.7% in USD. Copper production is largely dominated by three major companies: Carmen Copper (50.48%), Philex Mining (20.46%), and OceanaGold (29%) in 2022.

In contrast to copper, gold exports from the Philippines showed a positive performance in 2023. Gold export quantity increased by 18.3%, while the value rose by 9.3% in PHP and 8.8% in USD. Philippine Gold and Refining (28.7%), FCF Minerals (16.5%), and OceanaGold (14.9%) together account for a combined share of 60% of the country's total gold export production in 2022.

Gold remains a popular investment during periods of economic uncertainty, particularly during the COVID-19 pandemic, as it is still considered a safe-haven asset. Increased demand for gold, particularly from investors seeking to hedge against inflation and geopolitical risks (e.g., economic uncertainty from the remnants of the COVID pandemic and the Ukraine-China war, among others), boosted its exports. It also helps with the increased appetite for gold because its global price is on an upward trend, further contributing to the rise in export value.

Table I-4. Historical Prices of Selected Metallic Minerals, 2020-2022

Commodity	2020	2021	2022	Price Trends
Copper (LME) (/lbs)	$2.80	$4.21	$4.00	
Gold (BSP) (/oz)	$1,770.21	$1,800.39	$1,802.28	
Silver (BSP) (/oz)	$20.45	$25.45	$21.76	
Nickel (LME) (/lbs)	$6.25	$8.35	$11.86	
Iron (WB) (/dmt)	$108.92	$161.71	$121.30	
*** Exchange rate Peso to US Dollar (BSP)	₱49.62	₱49.25	₱54.48	

Source: MGB “Mining Industry Statistics”

Silver exports also experienced growth, although at a more modest rate. The quantity of silver exported increased by 0.4%, while the export value surged by 13% in PHP and 11.3% in USD. Silver’s application in electronics, solar panels, and other high-tech industries spurred demand. The growing interest in green technologies and the transition to renewable energy sources may have also led to greater consumption of silver[47]. In the country, TVI Resource Development (41.3%), Apex Mining (21.16%), and OceanGold (11.9%) together make up about 74.3% of the country's total silver exports in 2022.

Nickel exports from the Philippines, closely linked to global demand for electric vehicle (EV) batteries, experienced a decline in both quantity and value. The quantity fell by 1.8%, and the value decreased by 17.9% in PHP and 31.4% in USD. Century Peak (12%), Cagdianao Mining (11%), and Sr Metals are the major players in the country's nickel exports, with double-digit shares.

Nickel exports from the Philippines, closely linked to global demand for electric vehicle (EV) batteries, experienced a decline in both quantity and value. The quantity fell by 1.8%, and the value decreased by 17.9% in PHP and 31.4% in USD. Century Peak (12%), Cagdianao Mining (11%), and Sr Metals are the major players in the country's nickel exports, with double-digit shares.

Chromite exports faced a substantial decline in both quantity and value. Export quantity dropped by 50.5%, while the value fell by 19.8% in PHP and 12.6% in USD. This significant drop in exports can be attributed to a slowdown in global steel production, particularly in key markets such as China, which slowed down in 2015 and during the pandemic in 2020, resulting in a reduced demand for chromite[48]. Chromiteking is the only company that exports chromite from the Philippines.

Scandium exports also saw a decline, with a 13.7% drop in quantity and a 38% decrease in value in PHP and a 41.5% decline in USD. Scandium, used in specialized industries such as aerospace, defense, and advanced battery technologies, faced lower demand. Similarly, Taganito Hpal Nickel (a subsidiary of Sumitomo Metal Mining Co. Ltd. of Japan) is the sole exporter of scandium from the Philippines.

Overall, the estimated value of exports of non-metallic minerals between 2020 and 2023 was lower by 14.7 million pesos, or a negative 7.7% growth.

Table I-5. Exports of Select Metallic Mineral (in Gross Kilo and in PHP/ USD)

(in 000,000)	2022 (QTY)	in PHP	in USD	2023 (QTY)	in PHP	in USD
Copper (DMT)	269,941	28,550	528	249,812.16	24,728	445
Gold (KGS)	22,775	65,773	1,207	27,016.71	71,960	1,314
Silver (KGS)	53,856	1,831	33	54,055.95	2,071	37
Nickel (DMT)	23,212,125	62,576	1,337	22,800,984.06	51,368	916
Mixed Nickel-Cobalt Sulfide (DMT)	82,452	44,050	825	69,533.63	38,267	686
Chromite (DMT)	40,453	434	7	20,038.20	348	6
Scandium (DMT)	21,251	472	9	18,379.03	292	5
TOTAL		**203.7 B**	**3.9 B**		**189.0 B**	**3.4 B**

Source: MGB

Overall Historical Price Analysis of Minerals, Ores and Metals

The global price index for minerals, ores, and metals, based on 2015 prices, has shown an upward trend over the past decade, despite fluctuations from year to year. Prices increased from USD 138.4 in 2015 to USD 171 in 2023, reflecting a 24% rise over this period. In contrast, overall commodity prices fell by 7%, decreasing from USD 171 to USD 158.4 during the same time frame. Both categories peaked between 2021 and 2022 due to supply chain disruptions and the ongoing economic effects of the pandemic.

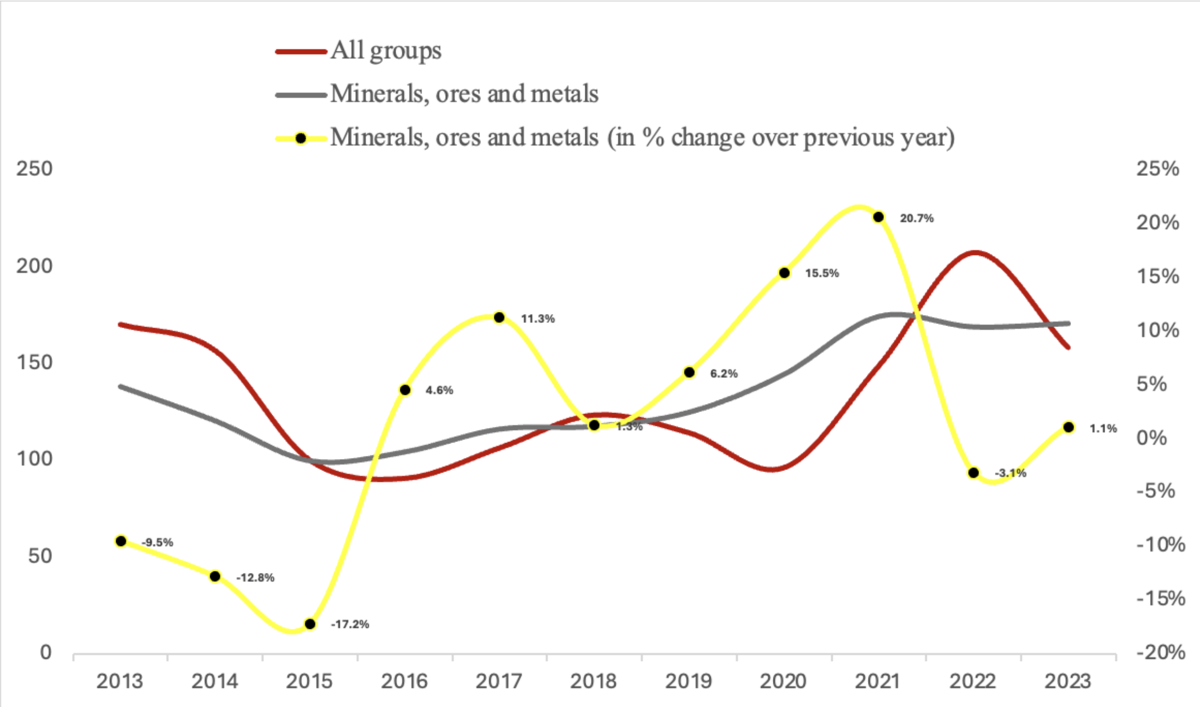
The minerals, ores, and metals sector began to recover in 2016, with prices rebounding by 4.6% after a three-year slump that saw a significant decline of 17% in 2015. Remarkably, the industry recorded a 20.7% growth during the height of the pandemic in 2020, even as overall commodity prices dropped

[47] Guiomar Calvo & Alicia Valero (March 2022). "Strategic mineral resources: Availability and future estimations for the renewable energy sector", *Journal of Environmental Development Volume 41, March 2022, 100640,* accessible from:https://www.sciencedirect.com/science/article/pii/S2211464521000373#:~:text=Only%20in%20certain%20analysis%20it,et%20al.%2C%202013).

[48] "KPMG commodity insights bulletin – chromite"(Nov. 2018), accessed from: https://assets.kpmg.com/content/dam/kpmg/xx/pdf/2018/11/kpmg-commodity-insights-bulletin-chromite.pdf

by 15.8%. However, fears of a recession in May 2022 led to a slight decrease of 3.1% in prices. Fortunately, 2023 has seen signs of recovery, driven by strong growth in China and improved market sentiment. (Source: Janvier Nkurunziza (2023), "World commodity trends and prospects")

Chart I-2. UNCTAD Commodity Price Index, annual (base year = 2015), 2013-2023



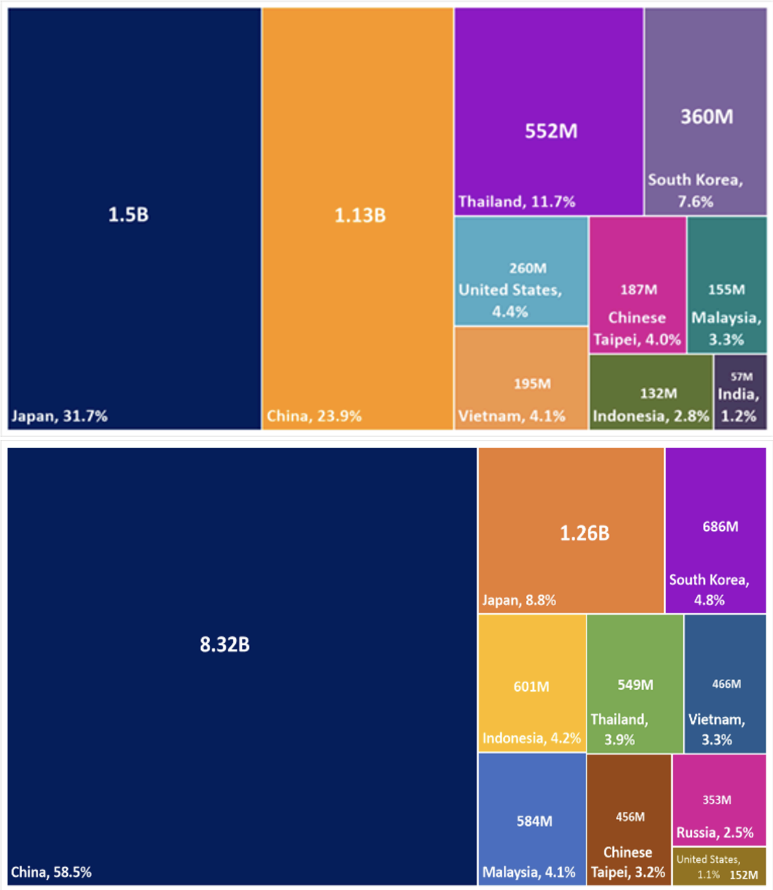
UNCTAD Commodity Price Index, annual (the base year 2015), accessible at https://unctadstat.unctad.org/datacentre/dataviewer/US.CommodityPriceIndices_A

Philippine Metallic Minerals Top Export and Import Destinations

The top five countries—Japan, China, Thailand, South Korea, and the United States—dominate the export market, accounting for over 78% of total exports. This highlights a strong focus on trade with major Asian economies, with Japan and China being the largest partners. Japan is the top export destination, with $1.5 billion (31.7% of total exports), primarily serving industries like electronics, automobiles, and machinery. China follows with $1.13 billion (23.9%), serving as the Philippines' key market for a wide range of goods, from raw materials to finished products. Exports, in total, amounted to $4.72 billion.

China is also the leading source of imports, contributing to over 58% of total imports. Japan and South Korea are significant suppliers as well, with total imports of approximately $1.26 billion and $686 million, respectively. Southeast Asian countries, including Indonesia ($601 million), Malaysia ($584 million), Thailand ($549 million), and Vietnam ($466 million), collectively account for about 15% of the Philippines' metallic mineral imports in 2022. The total for imports in 2022 is $14.2 billion.

Chart I-3. Philippines's Top Export (A) and Import (B) for Metallic Minerals in 2022



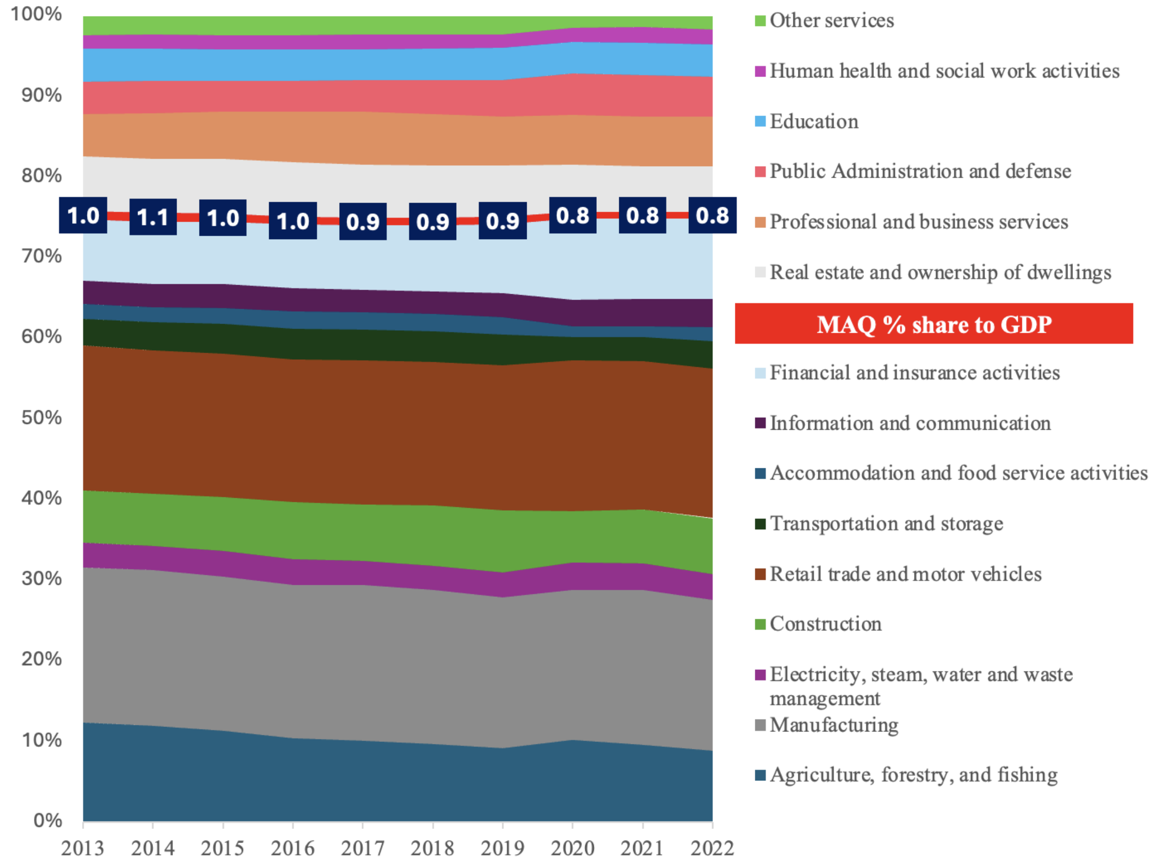
Source: Source: OECD data, "Metals in the Philippines"

Contribution to GDP

GDP Breakdown by Sub-Sector and MAQ's contribution to the country's GDP

Data from the Philippine Statistics Authority (PSA) reveals that the mining and quarrying (MAQ) sector's contribution to the country's GDP has remained relatively small and stable, consistently around 1%, with a share of 0.8% in both 2021 and 2022. In contrast, the Services sector has increasingly become the dominant force in the economy, growing from 58% of GDP in 2013 to 61.4% in 2022. Traditional sectors like agriculture continue to experience a decline in their GDP share, highlighting the challenges these industries face in modernizing and boosting productivity. While the industry sector remains stable overall, it shows less dynamism, particularly within the mining and manufacturing sub-sectors, underscoring the need for greater innovation and adaptation to global economic trends.

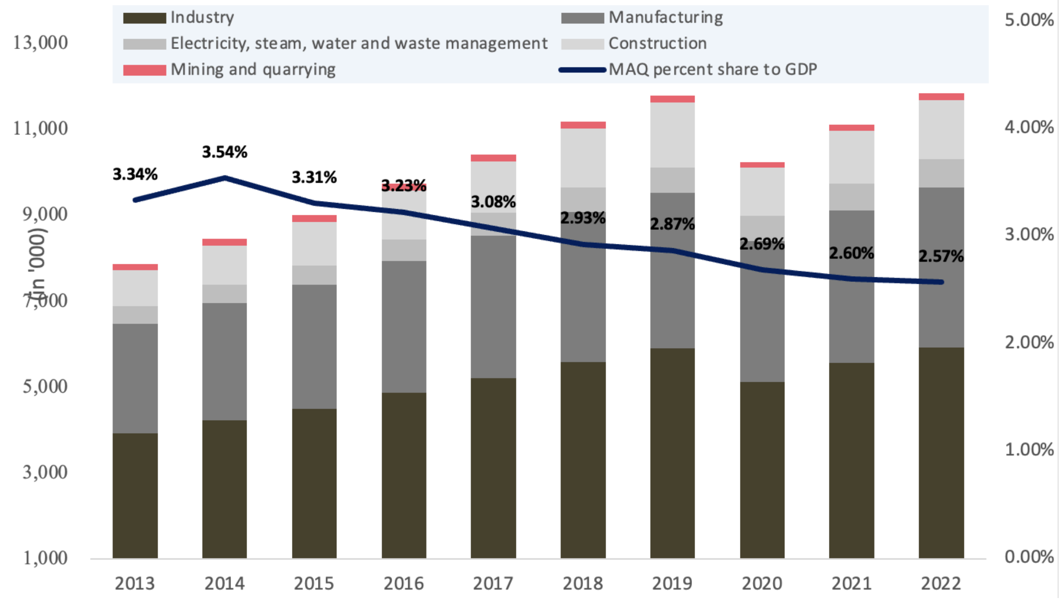
Chart I-4. GDP by Industry at 2018 CPBI (in million pesos), MAQ % share to GDP



Source: PSA OpenStat, 2024

The mining and quarrying sector grew steadily from PHP 130.91 billion in 2013 to PHP 152.18 billion in 2022. However, despite this growth in absolute terms, the sector's contribution to the overall industry has been declining. Its percentage share within the industry sector decreased from 3.34% in 2013 to 2.57% in 2022. This indicates that while the sector has expanded, its relative importance to the broader industrial landscape has diminished over time.

Chart I-5. Industry breakdown at constant 2018 CPBI, MAQ % share to Total Industry



Source: PSA OpenStat, 2024.

Gross Value Added

The Gross Value Added (GVA) measures the total output of a sector without accounting for the intermediate production costs in making the product. In this section, we analyze the GVA for each sub-sector of the extractive industries between 2021 and 2022.

Coal's GVA grew from ₱21.7 billion in 2021 to ₱23.8 billion in 2022, reflecting a 9.4% increase. Coal continues to be the Philippines' dominant energy source, accounting for approximately 30.4% of the country's energy supply in 2022. Between 2000 and 2022, coal supply in the country surged by 312%. Globally, the Philippines ranked 17th in coal consumption.

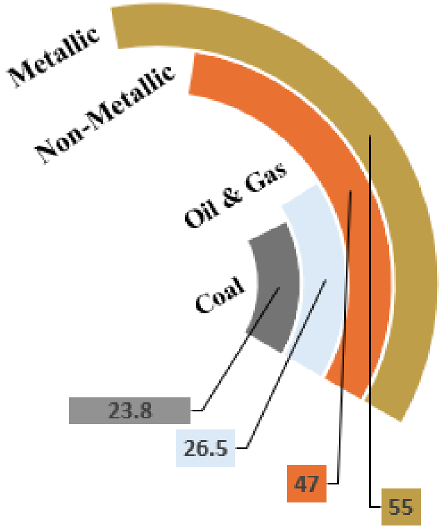
The value of oil and gas decreased from ₱28.3 billion in 2021 to ₱26.5 billion in 2022, marking a 6.47% decline. The sector saw significant drops in 2020 and 2021, with values falling from ₱33.3 billion in 2020 to ₱28.3 billion in 2021, followed by another decrease to ₱26.5 billion in 2022. This reflects the adverse effects of the COVID-19 pandemic on both demand and production, with declines of -17% in 2021 and -15% in 2022.

The metallic minerals sector experienced growth during certain periods, particularly in 2014 and 2021, when the sector grew by 33% and 21%, respectively, driven by a surge in demand as business operations normalized. From 2021 to 2022, the GVA of metallic minerals increased from ₱51.9 billion to ₱54.9 billion, representing a 5.91% rise.

The non-metallic minerals subsector faced a significant downturn in 2020, with a 24% drop due to the pandemic's impact. However, the sector demonstrated resilience, recovering by 12% in 2021, followed by 10.36% growth from ₱42.6 billion in 2021 to ₱47 billion in 2022.

Overall, the total value of the extractive industries increased from ₱144.5 billion in 2021 to ₱152.18 billion in 2022, reflecting a 5.32% growth. This positive trend indicates recovery and strength in the extractive industries sector, despite the decline in oil and gas production.

Chart I-6. Gross Value Added in Mining and Quarrying by Sub-Industries (in billion pesos)



Source: PSA OpenStat, 2024.

Data from the PSA highlights significant regional variations in the GVA of mining and quarrying across the Philippines from 2021 to 2022. Nationally, the sector saw a modest growth of 5.32%, rising from ₱144.5 billion in 2021 to ₱152.2 billion in 2022. This growth was driven by notable performance in several regions, though there were considerable disparities across the country.

Regions such as the National Capital Region (NCR), Region II (Cagayan Valley), Region IX (Zamboanga Peninsula), Region XI (Davao Region), and the Bicol Region saw positive growth. The most remarkable increase occurred in Zamboanga Peninsula, where GVA surged by 93.06%, from ₱450.02 million to ₱868.79 million. Cagayan Valley also experienced significant growth, with a 70.95% increase, rising from ₱6.7 million to ₱11.5 million.

However, certain regions faced considerable declines. The Bangsamoro Autonomous Region in Muslim Mindanao (BARMM) saw the steepest drop of -24.68%, with GVA decreasing from ₱2.2 million in 2021 to ₱1.7 million in 2022. Other regions, including Caraga (-15.27%) and SOCCSKSARGEN (-10.82%), also experienced notable declines in GVA.

Table I-6. Gross Value Added in Mining and Quarrying, by region, at 2018 CPBI, 2021-2022

Region	2021	2022	2021-2022 Growth Rate (%)
NCR	422,308	446,116	5.64%
Cordillera Administrative Region (CAR)	9,532,737	9,490,041	-0.45%
Region I (Ilocos Region)	1,498,162	1,656,938	10.60%
Region II (Cagayan Valley)	6,697,563	11,449,672	70.95%
Region III (Central Luzon)	6,175,289	7,838,660	26.94%
Region IV-A (CALABARZON)	5,310,766	6,133,987	15.50%
MIMAROPA Region	30,983,067	29,392,266	-5.13%
Region V (Bicol Region)	9,354,684	10,173,695	8.76%
Region VI (Western Visayas)	28,197,687	31,392,650	11.33%
Region VII (Central Visayas)	4,484,219	4,406,416	-1.74%
Region VIII (Eastern Visayas)	697,042	798,393	14.54%
Region IX (Zamboanga Peninsula)	450,020	868,793	93.06%
Region X (Northern Mindanao)	3,075,415	3,287,467	6.90%
Region XI (Davao Region)	7,351,597	9,379,388	27.58%
Region XII (SOCCSKSARGEN)	709,160	632,464	-10.82%
Region XIII (Caraga)	27,354,893	23,176,523	-15.27%
Bangsamoro	2,203,492	1,659,706	-24.68%
Philippines	144,498,101	152,183,176	5.32%

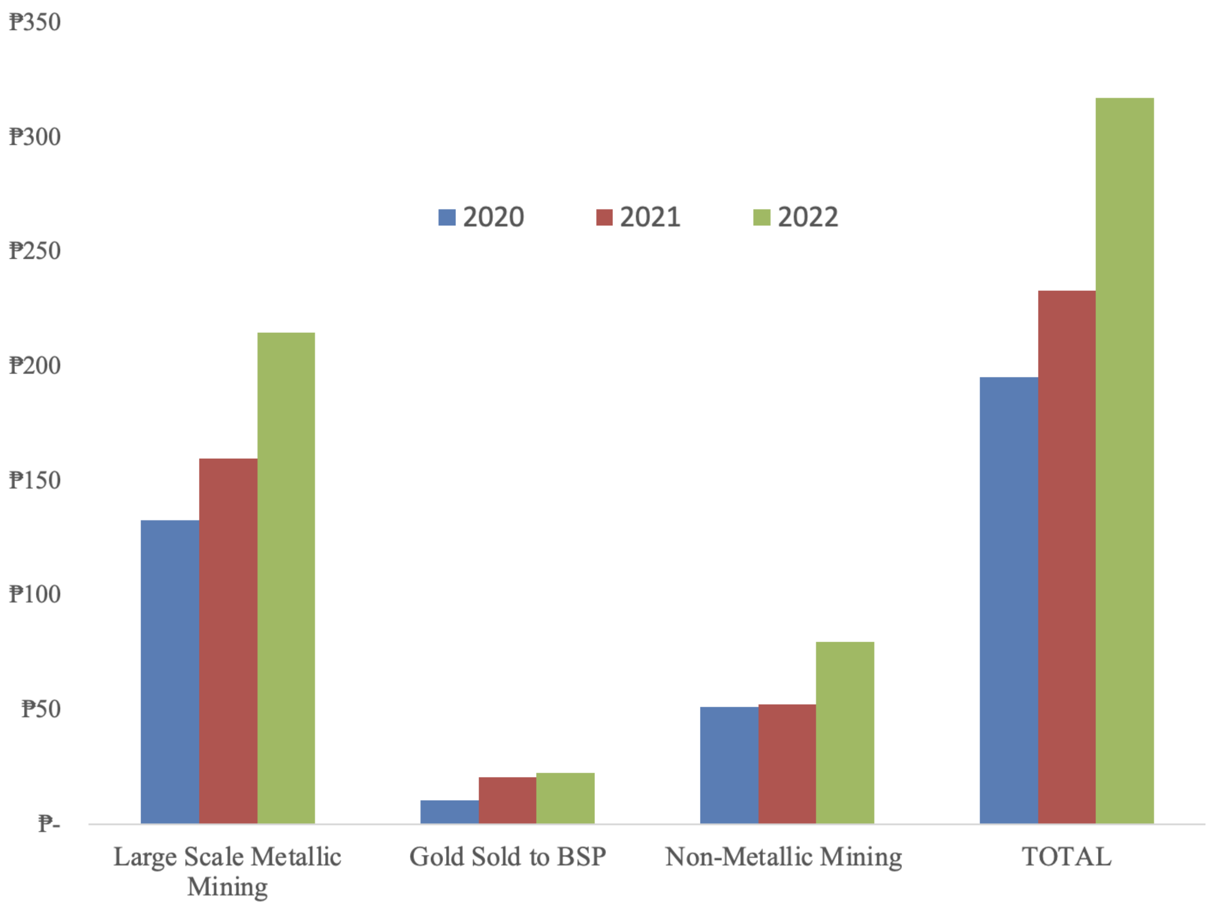
Source: PSA OpenStat, 2024.

Contribution to Government Revenue

In the latest 2023 report from the Mines and Geosciences Bureau (MGB), the mining sector registered only a 2.55% growth in its Gross Production Value (GPV), a significant decline from the 36% year-to-date growth experienced the previous year. This stark contrast can be attributed to the low outputs during the economic slowdown in 2021, when the sector's value was just PHP 233.3 billion. Improvements in 2022 allowed the mining sector to achieve a total GPV of PHP 375.5 billion within that year.

Currently, the mining sector's output is valued at PHP 325.6 billion, primarily driven by gold purchases from the Bangko Sentral ng Pilipinas (BSP), which amounted to PHP 30.8 billion—a 35% year-to-date growth from PHP 22.8 billion in 2022. Large-scale metallic Mining also saw an increase, rising by 1.86% to PHP 218.9 billion. However, Non-Metallic Mining faced challenges, experiencing a decline of 5.01% to PHP 75.9 billion, down from PHP 79.9 billion in 2022.

Chart I-7. Gross Production Value in Mining (in billion pesos)



Source: MGB Mining Industry Statistics, September 2024, accessed from: https://mgb.gov.ph/attachments/article/162/MIS%20as%20of%20Sep%206-2024.pdf

All government agencies reported a 20% increase in revenue collection in 2022 compared to 2021, ranked from largest to smallest year-to-date increase: the national government (23.04%), local government units (LGUs) (21.92%), the Bureau of Internal Revenue (BIR) (12.34%), and the Department of Environment and Natural Resources (DENR) (11.63%). This resulted in a total revenue of PHP 48,216.8 million for that year. However, the gains made in 2022 were offset by a revenue loss of approximately PHP 650.13 million in 2023, with combined revenues from the national level and the DENR decreasing by 32.1%.

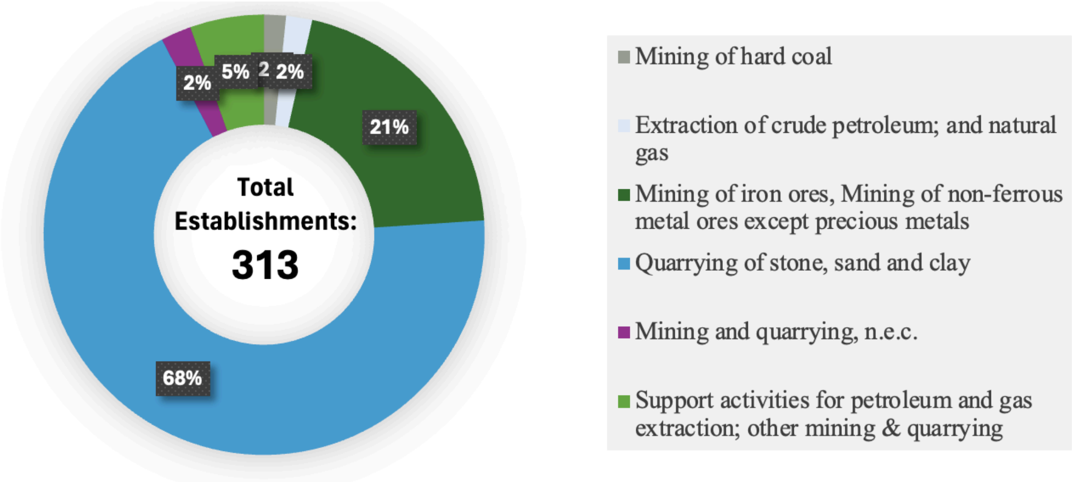
Table I-7. Government Revenue from Mining (in million pesos)

Taxes, Fees and Royalties (in million pesos)	2020	2021	2022
Fees, charges & royalties collected by DENR	₱ 2,174.10	₱ 3,212.50	₱ 3,586.00
Excise tax collected by BIR	5,900.30	7,872.20	8,843.30
Taxes collected by the natil govt agencies	19,769.70	25,384.80	31,234.20
Taxes, fees & charges collected by LGUs	3,434.40	3,734.70	4,553.30
TOTAL	**₱31,278.40**	**₱40,204.20**	**₱48,216.80**

Source: Mines and Geosciences Bureau (MGB), Mining Industry Statistics, https://mgb.gov.ph/attachments/article/162/MIS%20as%20of%20Sep%206-2024.pdf, September 6, 2024, page 1; and https://mgb.gov.ph/attachments/article/162/MIS-Qtrly-2020-to-S1-2023-for-UPLOAD-as-of-24-Aug-2023.pdf, August 24, 2023.

The 2021 Annual Survey of Philippine Business and Industry (ASPBI) reports a total of 313 establishments in the mining and quarrying sector, marking a 32.6% increase from the previous year, which had about 236 establishments. Over the past decade, the number of establishments has more than doubled, rising from just 135 in 2013.

Chart I-8. Distribution of Establishments Under the Mining & Quarrying by Sub-Industry in 2021



Source: PSA OpenStat, 2024.

Among the five sub-industry groups, those engaged in the quarrying of stone, sand, and clay accounted for the largest share, representing 68.4% or 214 establishments of the total. This was followed by the mining of iron ores and non-ferrous metal ores, which registered 64 establishments (21%). Support activities for petroleum and gas extraction, along with other mining and quarrying, comprised 17 establishments (5%). Lastly, activities related to the mining of hard coal, the extraction of crude oil and natural gas, and other mining and quarrying not elsewhere classified (n.e.c.) contributed approximately 2% to the total, corresponding to 5, 6, and 7 establishments, respectively.

In terms of revenue generation, the mining of iron ores and non-ferrous metal ores is the leading sub-industry, contributing ₱153.99 billion, which accounts for 66.78% of the total revenue in the MAQ sector. With a revenue-per-expense ratio of 1.47, it shows solid efficiency in generating income relative to its expenses.

The mining of hard coal follows as another significant contributor, generating ₱42.52 billion in revenue, or 18.44% of the total. It boasts the highest revenue-per-expense ratio at 1.56, reflecting the highest efficiency among the sub-industries.

The extraction of crude petroleum and natural gas also plays a key role, contributing ₱20.17 billion in revenue (8.75% of the total). Its revenue per expense ratio of 1.53 indicates strong profitability and effective cost management.

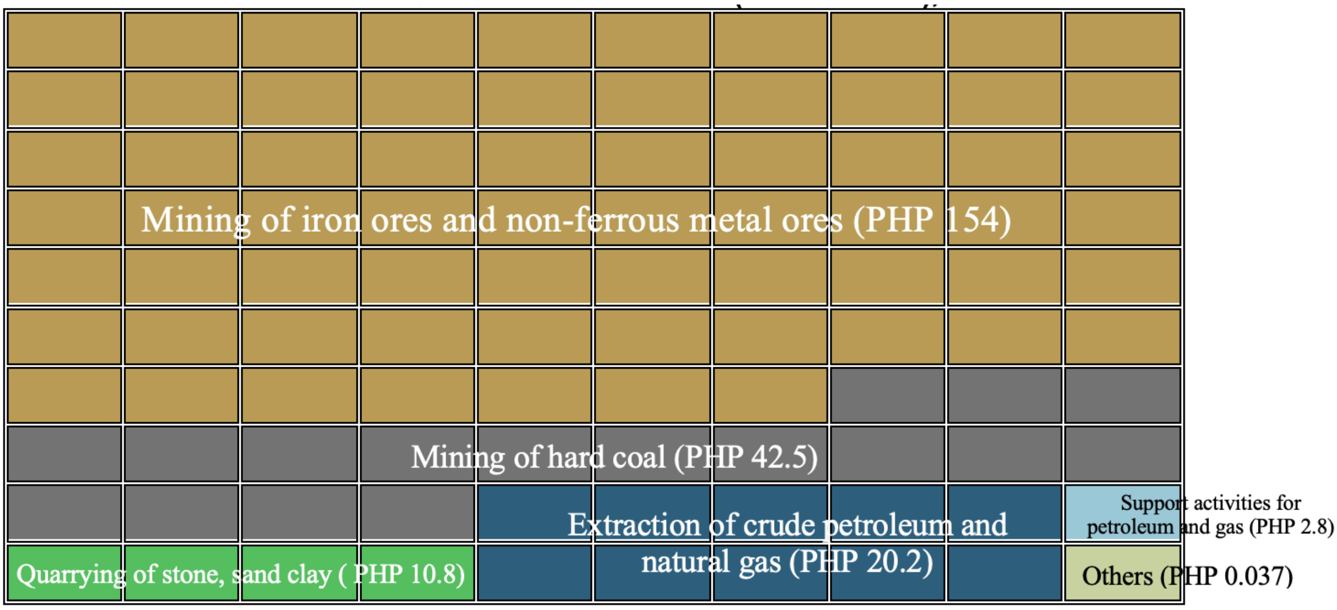
The quarrying of stone, sand, and clay generates ₱10.79 billion in revenue (4.68% share), but with a lower revenue per expense ratio of 1.11, suggesting less efficiency in comparison to the other sub-industries.

Support activities for petroleum and gas extraction and other mining and quarrying bring in only ₱2.74 billion, or 1.19% of total revenue, with a revenue per expense ratio of 0.99. This indicates the lowest efficiency in terms of generating revenue for each unit of expense.

Lastly, the mining and quarrying nec (not elsewhere classified) segment, with the smallest contribution of ₱367.8 million (0.16% share), has the highest revenue per expense ratio at 1.77, showing that it is highly efficient despite its small scale.

In total, MAQ's revenue shares grew by 22% from PHP 189.3 billion in 2021 to PHP 230.6 billion in 2022.

Chart I-9. RI-evenue share of MAQ sub-industries in 2021 (in PHP billion), at 2018 CPBI



Source: Philippine Statistics Authority (PSA)

Employment Analysis with Gender Statistics

This section of the report provides a comprehensive analysis of employment trends and gender dynamics in the extractive industries. It examines national-level data from the Philippine Statistics Authority (PSA) as well as company-level information collected by the PH-EITI for fiscal year 2022.

The analysis reveals that the extractive industries have demonstrated strong employment growth, outpacing the national average. However, it remains a relatively small contributor to overall national employment, consistent with global patterns. Geographically, employment is concentrated in mineral-rich regions such as Caraga, Cordillera Administrative Region, and Central Visayas.

The report delves deeper into the gender composition of the extractive workforce, highlighting significant disparities. The metallic mining subsector exhibits the widest gender gap, with seven men for every woman employed. This imbalance is most pronounced at the rank-and-file operational level, while leadership positions demonstrate better gender balance.

Employment in the Extractive Industries

National Employment Overview

The Philippine labor force participation rate (LFPR) reached 66.4% in December 2022, representing 51.22 million individuals participating in the labor market. This indicates a modest improvement from the previous year's LFPR of 65.1%. However, significant gender disparities persist, with men showing higher LFPR at 76.7% compared to 56.0% for women.[49]

The labor market showed notable improvements in 2022. The unemployment rate fell to 4.3% in December 2022, marking its second lowest level since April 2005. This represents a substantial improvement from the previous year's unemployment rate of 6.6%. In absolute terms, approximately 2.22 million persons aged 15 years and over were unemployed by the end of 2022.[50]

Employment quality indicators also showed positive trends. The underemployment rate decreased from 14.7% to 12.6% in December 2022, while the average weekly hours worked increased from 39.7 to 40.3 hours.[51]

Table I-8 presents employment figures across major industries as classified in the PSA LFS. PSA LFS data for October 2020, October 2021, and October 2022 were used to ensure comparability.[52]

Table I-8. Distribution of Employment by Major Industry, 2020 to 2022 (in Thousands)

	October 2020	October 2021	October 2022
PHILIPPINES	**39,836**	**43,826**	**47,106**
Agriculture	**9,762**	**10,769**	**10,605**
Industry	**7,299**	**7,817**	**8,635**
Mining and quarrying	**156**	**170**	**237**
Manufacturing	3,028	3,326	3,667
Electricity, gas, steam and air conditioning supply	71	65	101
Water supply; sewerage, waste management and remediation activities	70	105	53
Construction	3,974	4,151	4,577
Services	**22,776**	**25,240**	**27,867**

The extractive industries, classified under mining and quarrying (MAQ)[53], employed approximately 237 thousand persons in October 2022. This represents a significant 39.7% year-on-year growth, substantially outpacing the national employment growth rate of 7.48%.

[49] Philippine Statistics Authority, "Unemployment Rate in December 2022 Is Estimated at 4.3 Percent," Press release, February 8, 2023, accessed October 22, 2024, https://psa.gov.ph/statistics/labor-force-survey/press-release/node/175910.

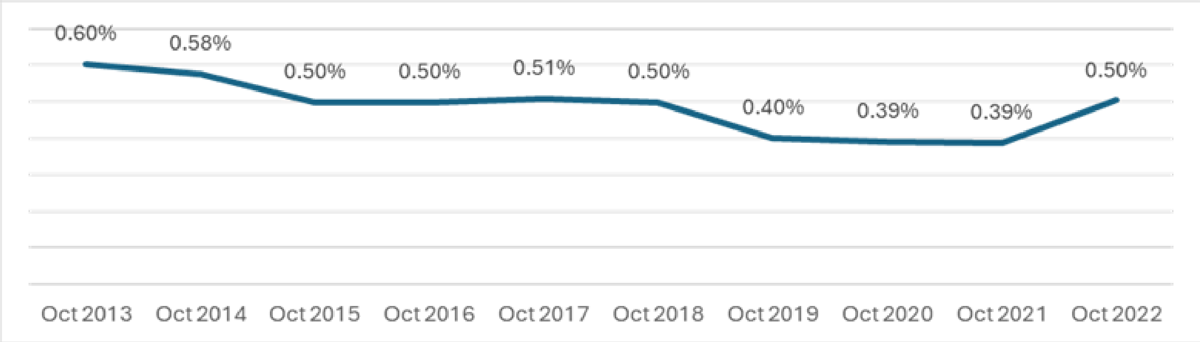
[50] Philippine Statistics Authority, "Unemployment Rate in December 2022 Is Estimated at 4.3 Percent."

[51] Philippine Statistics Authority, "Unemployment Rate in December 2022 Is Estimated at 4.3 Percent."

[52] Philippine Statistics Authority, "Labor Force Survey," Data set (Philippine Statistics Authority), https://psa.gov.ph/statistics/labor-force-survey.

[53] According to the 2009 Philippine Standard Industrial Classification (2009 PSIC), the MAQ sector includes solid minerals (coal and ores), liquids (petroleum), and gases (natural gas), as well as supplementary activities aimed at preparing crude materials for marketing.

Chart I-10. Mining and Quarrying Contribution to National Employment, October 2013 to 2022[54]



Looking at the historical trend data presented in Chart 1-10, the mining and quarrying sector's share of total national employment has remained relatively stable over the past decade, fluctuating between 0.39% and 0.58% from October 2013 to October 2022. While there was a gradual decline from the peak of 0.58% in 2013, the most notable drop occurred in 2020 to 2021 when the share fell to 0.39%, coinciding with the economic slowdown brought about by the COVID-19 pandemic and resulting lockdowns in the Philippines. The sector demonstrated resilience as the economy reopened, showing strong recovery and returning to 0.50% in October 2022.

Despite this recovery and the sector's broader employment growth discussed earlier, MAQ remains among the lowest contributing sectors to national employment. However, this modest share is not unique to the Philippines. According to the International Labour Office, the extractive industries rarely account for more than 1% to 2% of national employment across countries, placing the Philippines' experience within expected global patterns.[55]

Mining and Quarrying Sector Employment

The PSA 2022 Annual Survey of Philippine Business and Industry (ASPBI) provides a more detailed picture of formal employment in the MAQ sector, including trends in employment, geographic distribution, and compensation. Unless otherwise stated, all information presented in this section is based on the 2022 ASPBI.[56]

1. Employment Trends and Industry Distribution

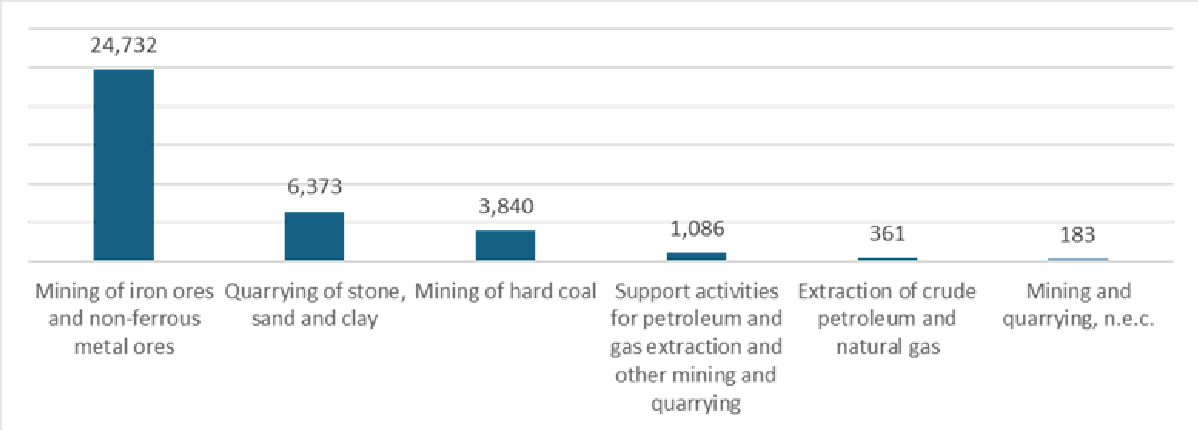
In 2022, the sector employed 36,575 workers across 303 establishments, showing a 4.3% increase from 35,071 workers in 2021. Of these workers, 99.5% were paid employees, indicating high formal employment. Chart I-11 presents the distribution of workers across different industry groups.

[54] Philippine Statistics Authority, "Labor Force Survey."

[55] "Harnessing the Potential of Extractive Industries," International Labour Organization, February 1, 2024, https://www.ilo.org/publications/harnessing-potential-extractive-industries.

[56] Philippine Statistics Authority, "2022 Annual Survey of Philippine Business and Industry (ASPBI) - Mining and Quarrying Section: Preliminary Results," September 24, 2024, accessed October 22, 2024, https://psa.gov.ph/statistics/mining-and-quarrying/aspbi.

Chart I-11. Distribution of Mining and Quarrying Employment by Industry Group, 2022 ASPBI



Among the MAQ industry groups, mining of iron ores and non-ferrous metal ores employed the highest number of workers, accounting for 67.6% (24,732 workers) of the sector's workforce. This was followed by quarrying of stone, sand and clay with 17.4% (6,373 workers) and mining of hard coal with 10.5% (3,840 workers).

2. Geographic Distribution of Employment

Employment in the MAQ sector shows high concentration in mineral-rich areas. Three regions accounted for over half (50.9%) of the sector's workforce, reflecting the geographic distribution of mineral resources across the country: Caraga led with 9,718 workers (26.6%), followed by Cordillera Administrative Region (CAR) with 4,981 workers (13.6%), and Central Visayas with 3,905 workers (10.7%). Notably, CAR demonstrated the highest employment intensity, averaging 623 workers per establishment - more than five times the national average of 121 workers per establishment.

Table I-9. Distribution of Mining and Quarrying Employment by Region, 2022 ASPBI

	Number of Establishments	Number of Workers
PHILIPPINES	303	36,575
National Capital Region (NCR)	20	2,574
Cordillera Administrative Region (CAR)	8	4,981
Region I (Ilocos Region)	33	749
Region II (Cagayan Valley)	3	800
Region III (Central Luzon)	33	1,464
Region IV-A (CALABARZON)	42	2,277
MIMAROPA Region	7	1,638
Region V (Bicol Region)	20	996
Region VI (Western Visayas)	10	3,875

Region VII (Central Visayas)	28	3,905
Region VIII (Eastern Visayas)	21	664
Region IX (Zamboanga Peninsula)	*suppressed data*	*suppressed data*
Region X (Northern Mindanao)	10	182
Region XI (Davao Region)	21	2,405
Region XII (SOCCSKSARGEN)	10	147
Region XIII (Caraga)	31	9,718
Bangsamoro Autonomous Region in Muslim Mindanao (BARMM)	4	80

3. Wages and Compensation

The sector demonstrated strong employment quality indicators, particularly in terms of worker compensation. The average annual compensation reached PhP 434,220 per paid employee in 2022 (PhP 1,670 daily, assuming 260 working days), up from PhP 382,640 (PhP 1,472 daily) in 2021. However, when adjusted for the 2022 inflation rate of 5.8%,[9][57] the real value of the 2022 compensation is approximately PhP 410,417 annually or PhP 1,579 daily. This represents a real increase of 7.7% from 2021's compensation levels. Table I-10 shows each industry group's average annual compensation per paid employee from 2021[58] to 2022.

Table I-10. Average Annual Compensation per Paid Employee, 2021 to 2022 ASPBI (in PhP)

	2021	**2022**
MINING AND QUARRYING	**382,641**	**434,221**
Mining of hard coal	689,770	644,959
Extraction of crude petroleum and natural gas	1,037,501	813,895
Mining of iron ores and non-ferrous metal ores	389,407	460,223
Quarrying of stone, sand and clay	170,895	221,105
Mining and quarrying, n.e.c.	198,514	104,939
Support activities for petroleum and gas extraction and other mining and quarrying	277,401	261,346

Compensation levels varied significantly across industry groups, as shown in Table I-10. Extraction of crude petroleum and natural gas offered the highest average annual compensation at PhP 813,895 (PhP 3,130 daily), followed by mining of hard coal at PhP 644,959 (PhP 2,481 daily) and mining of iron and non-ferrous metal ores at PhP 460,223 (PhP 1,770 daily). When adjusted for inflation, these

57 "Inflation in the Philippines in 2022," report, 2023, https://legacy.senate.gov.ph/publications/SEPO/AAG%20Inflation25Jan2023.pdf.

58 Philippine Statistics Authority, "2021 Annual Survey of Philippine Business and Industry (ASPBI) - Mining and Quarrying Section: Final Results," October 11, 2023, accessed October 22, 2024, https://psa.gov.ph/statistics/mining-and-quarrying/aspbi/node/1684061324.

translate to real values of PhP 769,277 (PhP 2,959 daily), PhP 609,602 (PhP 2,345 daily), and PhP 434,993 (PhP 1,673 daily), respectively.

Gender Analysis

The Philippine Extractive Industries Transparency Initiative (PH-EITI) collects company-level data from participating companies during its reporting cycles for each reporting period. For the reporting cycle covering fiscal year (FY) 2022, employment and gender data from 86 operating sites were gathered, representing 66 unique companies (39 metallic mining companies, 23 non-metallic mining companies, 1 company with both metallic and non-metallic operations, and three oil and gas companies). Some companies, particularly in the non-metallic sector, reported data for multiple operating sites under different Mineral Production Sharing Agreements (MPSAs). Unless otherwise stated, all information presented in this section is based on data collected by the Philippine Extractive Industries Transparency Initiative (PH-EITI) through its Online Reporting in the Extractives (ORE) tool for the FY 2022 Reporting Cycle.[59]

The analysis covers 86 operating sites managed by 66 unique extractive companies across three main sectors, employing 31,308 employees for FY 2022. Table I-11 provides an overview of each sector based on the reporting companies' operations size.

Table I-11. Operating Site Size Distribution based on the Number of Employees, FY 2022

Sector	Scale of Operations[60]	Number of Operating Sites	Average Number of Employees
Metallic Mining	Large-scale (>500)	18	1,217
	Medium-scale (100-500)	13	248
	Small-scale (<100)	10	38
Non-Metallic Mining[61]	Large-scale (>500)	3	1,240
	Medium-scale (100-500)	5	148
	Small-scale (<100)	34	25
Oil and Gas	Medium-scale (100-500)	2	251
	Small-scale (<100)	1	13

[59] Philippine EITI, "FY 2022 Reporting Cycle: Employment and Gender," Data set, PH-EITI Online Reporting in the Extractives (ORE), Unpublished.
[60] Scale of operations is based on the total number of employees: Large-scale (>500), Medium-scale (100-500), Small-scale (<100)
[61] Some companies in the non-metallic sector operate multiple sites under different MPSAs (e.g., Republic Cement Mindanao Inc. - 3 MPSAs, HMDC - 8 sites, RCRDC - 4 MPSAs)

1. Gender Statistics

Tables I-12 and I-13 provide a detailed breakdown of employment data for FY 2022 based on sector and organizational role.

Table I-12. Gender Distribution by Sector, FY 2022

Sector	Total Employment	Male	Female	Gender Ratio[62]
Metallic Mining	25,501	22,300	3,201	7:1
Non-Metallic Mining[63]	5,293	4,654	639	7:1
Oil and Gas	514	360	154	2:1
Total	**31,308**	**27,314**	**3,994**	7:1

Table I-13. Gender Distribution by Organizational Role, FY 2022

Sector	Total Employment	Male	Female	Gender Ratio
Executive	176	130	46	3:1
Managerial	1,162	841	321	3:1
Supervisory	4,570	3,409	1,161	3:1
Rank-and-File	21,565	19,564	2,001	10:1
Total[64]	**27,473**	**23,944**	**3,529**	**7:1**

The data reveals significant variations in gender representation across both sectors and organizational roles. The oil and gas sector demonstrates the most balanced gender distribution, with a ratio of 2 males for every female employee. In contrast, the mining sector shows the widest gender gap, with seven males for every female. In terms of organizational roles, higher positions show better gender balance, with executive, managerial, and supervisory positions having approximately three males for every female employee. However, the gender gap widens considerably at the rank-and-file level, where the ratio increases to 10 males for every female employee.

This pattern suggests that while women who enter the extractive industries have opportunities for career advancement to leadership positions, significant barriers may exist for initial entry into the industry, particularly at operational levels. The disparity is most pronounced in the metallic mining sector, which employs the largest workforce but maintains the highest gender gap among the three sectors.

Table I-14 presents the most reported salary brackets across reporting companies.

[62] Gender ratio represents the rounded number of male employees for every female employee

[63] Some companies in the non-metallic sector operate multiple sites under different

[64] Total for Table 6 may not match total for Table 5 due to some positions being classified under multiple or other categories.

Table I-14. Monthly Compensation Range by Organizational Role and Gender, FY 2022

Role	Male	Female
Executive	Above PhP 100,000	Above PhP 100,000
Managerial	Above PhP 60,000	Above PhP 60,000
Supervisory	Above PhP 50,000	Above PhP 50,000
Rank-and-File	PhP 10,001 – 15,000	PhP 10,001 – 15,000

Analysis of compensation data indicates strong adherence to equal pay principles across the industry, with over 95% of companies reporting equal pay for equal work regardless of gender. The compensation ranges remain consistent between male and female employees within the same organizational level, suggesting that once women enter the industry, they have access to the same compensation opportunities as their male counterparts.

2. Workplace Policies and Support Systems

Based on FY 2022 data, extractive companies demonstrate a strong commitment to employee support and gender equality through comprehensive policy implementation across operating sites. Table I-15 presents the implementation rates of key policies and support programs of reporting companies.

Table I-15. Implementation of Workplace Policies and Support Programs, FY 2022

Policy/Program	Number of Operating Sites	Implementation Rate
Equal Opportunity Policies	79	92%
Anti-Sexual Harassment Policies	83	97%
Sexual Harassment Investigation Procedures	82	95%
Committee on Decorum	74	86%
Skills Training Programs	77	90%
Housing Benefits	54	63%
Gender-Sensitivity Training	42	49%
Gender Development Office	23	27%
Healthcare Benefits[65]	78	91%

Analysis of policy implementation reveals a robust framework for workplace support and gender equality in the extractive industry, with particularly high adoption rates for fundamental policies. Basic protections such as equal opportunity policies and anti-sexual harassment measures show strong implementation rates above 90%, indicating a widespread commitment to creating fair and safe workplaces. However, the implementation rates decrease progressively for more specialized interventions, with Gender Development Offices present in only about a quarter of operating sites.

[65] Healthcare benefits include coverage for both employees and dependents

The high implementation rate of healthcare benefits (91%) suggests strong support for employees' well-being, while the moderate rate of housing benefits (63%) indicates varying approaches to employee welfare across the industry. The relatively low implementation rate of gender-sensitivity training (49%) presents an opportunity for improvement in building more inclusive workplace cultures.

In summary, the analysis of employment trends and gender dynamics in the Philippine extractive industries provides a detailed picture of the sector's workforce. At the national level, the report reveals that the labor market showed notable improvements in 2022, with the unemployment rate falling and employment quality indicators trending positively. However, significant gender disparities persist, with the male labor force participation rate considerably higher than that of women.

Drilling down into the mining and quarrying (MAQ) sector, the analysis showcases its strong employment growth, which substantially outpaced the national average. The sector employed approximately 237,000 persons in 2022, representing a 39.7% year-on-year increase. Geographically, MAQ employment is concentrated in mineral-rich regions like Caraga, Cordillera Administrative Region, and Central Visayas. Additionally, the sector demonstrated robust employment quality indicators, with average annual compensation reaching over PhP 434,000 per paid employee.

Despite these positive trends, the report also highlights significant gender imbalances within the extractive industries. The metallic mining subsector exhibits the widest gap, with seven men employed for every woman. This disparity is most pronounced at the rank-and-file operational level, while leadership positions demonstrate better gender representation.

By implementing a comprehensive and strategic approach to policy development, targeted recruitment and retention, professional development, and inclusive workplace culture initiatives, the extractive industry stakeholders can unlock the full potential of the female talent pool, promote diversity of thought, and drive sustainable growth for the sector. Addressing the barriers to entry for women and investing in their career progression will be crucial for creating a more inclusive and equitable extractive workforce in the Philippines.

Looking Forward: Outlook for the Industry

The extractive industries play a crucial role in the Philippine economy, contributing significantly to national development through revenue generation, employment creation, and infrastructure growth. This industry outlook provides a comprehensive assessment of the extractive sectors' current state and future prospects, focusing on the mining, oil and gas, and coal industries. By examining key trends, challenges, and opportunities, this report aims to inform policymakers, industry stakeholders, and the general public about the dynamic landscape of the extractive industries in the Philippines.

Research Methodology and Data Sources

This industry outlook employs a rigorous methodology to ensure the accuracy, reliability, and comprehensiveness of the analysis. The primary data sources include validated government statistical repositories, such as the DOE and the MGB. These official datasets provide the foundation for examining production volumes, values, and trends across the extractive sectors.

Quantitative analysis forms the core of the methodology, utilizing comparative year-on-year assessment frameworks to identify significant changes and patterns in industry performance. Historical data series from 2012 to 2023 are used to contextualize current trends within a broader temporal framework. Key statistical indicators, such as growth rates, market shares, and economic contributions, are calculated to provide a comprehensive picture of industry dynamics.

Qualitative insights are derived from a thorough review of relevant literature, including government reports, academic studies, and industry publications. This desk research helps to contextualize quantitative findings and provides a deeper understanding of the factors driving industry trends, challenges, and opportunities. Expert opinions and stakeholder perspectives are also incorporated to enrich the analysis and provide diverse viewpoints.

The methodology adopts a structured approach, clearly delineating data sources, analytical techniques, and interpretive frameworks. This transparency enhances the credibility and reproducibility of the findings, enabling readers to assess the robustness of the conclusions drawn. By combining quantitative rigor with qualitative depth, this industry outlook offers a comprehensive and nuanced assessment of the extractive industries in the Philippines.

Global Context and Market Dynamics

1. Commodity Market Trends and Pricing

Global commodity markets demonstrate varying trajectories across the extractive industries. For the minerals sector, the International Energy Agency (IEA) projects that the aggregate market value of key energy transition minerals—including copper, lithium, nickel, cobalt, graphite, and rare earth elements—will exceed USD 770 billion by 2040 under net-zero emissions scenarios, a substantial increase from the current USD 325 billion baseline.[66]

Global nickel markets demonstrated significant volatility in late 2024, with LME prices reaching four-year lows amid broader economic concerns. Industry projections indicate substantial growth potential, with global nickel production expected to exceed 4 million metric tons by 2030, driven primarily by electric vehicle battery requirements and renewable energy infrastructure development.[67]

In the Philippine context, this global trend is reflected in robust domestic performance. The country's metallic minerals production value reached PHP 249.05 billion in 2023, marking a 4.8% increase from the previous year. The Philippines maintains a significant position in the global nickel market as the world's second-largest producer, accounting for around 11% of global output in 2023.[68] However, the country's market position faces distinct challenges due to its ore characteristics—Philippine reserves predominantly consist of lower-grade nickel ore suitable primarily for High-Pressure Acid Leach (HPAL) technology while facing ongoing depletion of premium reserves.[69]

The Philippines' 2023 mineral resource reserve inventory highlights the country's significant mineral wealth. Table I-16 summarizes the key commodities' grade distributions across various deposit types, providing essential context for its market position. The resource base shows the following distinct characteristics:[70]

- Gold resources demonstrate varying grades from 0.11 to 5.50 gpt Au across 16 projects. The resource base includes large-tonnage deposits like Sagittarius Mines (2.94 billion MT at 0.19 gpt Au) and higher-grade deposits like Tribal Mining Corporation (2.28 million MT at 5.5 gpt Au).

- Copper resources total approximately 5.48 billion MT across 11 projects, with grades ranging from 0.18% to 1.78% Cu. The largest single resource is the Tampakan project at 2.94 billion MT grading 0.52% Cu.

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[66] International Energy Agency (IEA), "Global Critical Minerals Outlook 2024" (IEA Publications, May 2024), https://iea.blob.core.windows.net/assets/ee01701d-1d5c-4ba8-9df6-abeeac9de99a/GlobalCriticalMineralsOutlook2024.pdf.
[67] Jennifer L, "Philippines Aims for Nickel Dominance with New Mining Reforms," Carbon Credits, January 2, 2025, https://carboncredits.com/philippines-aims-for-nickel-dominance-with-new-mining-reforms-aemc/.
[68] Jennifer L, "Philippines Aims for Nickel Dominance with New Mining Reforms."
[69] Chen, Avery. "Philippines seeks to follow in Indonesia's footsteps with nickel export ban." S&P Global, February 7, 2023. https://www.spglobal.com/market-intelligence/en/news-insights/articles/2023/2/philippines-seeks-to-follow-in-indonesia-s-footsteps-with-nickel-export-ban-74109353.
[70] Mines and Geosciences Bureau, "Mineral Resource Reserve Inventory," Data set (Mines and Geosciences Bureau, n.d.), http://databaseportal.mgb.gov.ph/#/public/mineral-resource-reserve-inventory.

- Nickel resources total approximately 0.54 billion MT across 20 projects, with grades ranging from 0.60% to 1.47% Ni. The resources are distributed across multiple regions, with significant concentrations in Region XIII (Caraga) and Region III (Zambales).

Table I-16. Philippine Mineral Resource Reserve Inventory (2023)[71]

Commodity	Total Resource	Grade Range	Projects	Main Regions
Gold	3.72 billion MT	0.11 – 5.50 gpt Au	16	XII, CAR, XI
Copper	5.48 billion MT	0.18 – 1.78 %Cu	11	XII, CAR, XIII
Nickel	0.54 billion MT	0.60 – 1.47 %Ni	20	XIII, III, IV-B

The oil and gas sector exhibits distinct price evolution patterns. World Bank analysis projects a progressive decline in Brent crude prices from USD 80 per barrel in 2024 to USD 72 per barrel by 2026, reflecting fundamental changes in market dynamics.[72] However, the Philippine petroleum industry demonstrates resilience, with projections indicating growth at a Compound Annual Growth Rate (CAGR) of 4.4% from 2024 to 2032, potentially reaching USD 21.54 billion by 2032. Several factors drive this growth: sustained economic expansion and industrial activities increasing energy demand across transportation and industrial sectors; government infrastructure projects boosting petroleum consumption in construction activities; and population growth leading to higher demand for fuel in residential and commercial use. The industry's expansion is further supported by investments in petroleum storage capacities to enhance supply chain efficiency and increased exploration activities in offshore areas seeking to tap domestic oil reserves.[73]

2. Global Supply Chain Patterns

Global processing capabilities and supply chains demonstrate distinct patterns across extractive sectors. Deloitte's analysis reveals significant geographical concentration in processing capabilities in critical minerals. China maintains dominant positions across key processing segments—controlling approximately 100% of graphite processing, 65-75% of lithium and cobalt processing, and about 90% of rare earth elements processing.[74]

China's dominance in processing capabilities has created supply chain vulnerabilities, particularly in critical minerals needed for emerging technologies. In the Philippines, mining operations are concentrated in specific regions, with the Caraga Region as the country's mining capital, with two gold mines, one chromite mine, and 18 nickel mines. However, the country's capacity for downstream processing remains limited, with most minerals being exported in raw or semi-processed form.[75]

The shifting global supply chain dynamics, particularly international sanctions affecting major producers like Russia, have created strategic opportunities for alternative suppliers. With cobalt reserves comparable to Russia's and ranking among the top six global sources, the Philippines stands to benefit from this realignment of supply chains. However, the country has yet to capitalize

[71] Mines and Geosciences Bureau, "Mineral Resource Reserve Inventory."

[72] World Bank, Commodity Markets Outlook, October 2024 (Washington, DC, United States of America: World Bank, 2024), https://doi.org/10.1596/42219.

[73] AstuteAnalytica India Pvt. Ltd., "Philippines Petroleum Industry Valuation to Reach Sky High US$ 21.54 Billion By 2032 | Pharma and Cosmetics Products Demand Ignites Fastest Growth Says Astute Analytica," Yahoo!Finance, October 21, 2024, https://finance.yahoo.com/news/philippines-petroleum-industry-valuation-reach-143000580.html.

[74] Deloitte, "Tracking the trends 2024: Navigating global challenges and opportunities in mining and metals" (Deloitte, 2024), https://www2.deloitte.com/content/dam/Deloitte/global/Documents/Energy-and-Resources/us-tracking-the-trends-2024.pdf.

[75] Mayuga, "MGB Projects 'Strong' Outlook for PHL Mining Industry in 2024."

on value-adding opportunities, such as producing nickel sulphate for lithium-ion batteries, instead of merely exporting raw nickel-cobalt mixed sulphide.[76]

Recent regional trade changes reflect evolving supply chains. Despite Indonesia's 2020 nickel ore export ban, its smelters began buying ore from the Philippines to alleviate shortages[77] This shift in regional trade flows, combined with Chinese investors pledging $7.32 billion in the electric vehicle and mineral processing sectors,[78] offers both opportunities and challenges for domestic processing growth.

In the oil and gas sector, the Philippines relies heavily on imports to meet domestic demand, importing approximately 170 million barrels of crude oil and finished petroleum products annually. Infrastructure developments include expanding storage facilities to increase capacity to over 30 million barrels. The implementation of cleaner fuel standards has also necessitated investments in refining technologies. Current domestic production remains limited at around 23,000 barrels per day from fields like Galoc, highlighting the significant gap between local supply and demand of approximately 471,403 barrels of petroleum per day.[79]

3. Energy Transition Impacts

The energy transition continues to reshape demand patterns across the extractive industries. The oil and gas sector faces significant transformation pressures from energy transition demands. Deloitte's analysis indicates that global oil demand growth is projected to slow substantially, from 1.6 million barrels per day (mb/d) until 2023 to only 0.1 mb/d until 2027. Meanwhile, global biofuel demand is expected to rise by 44% between 2022 and 2027.[80]

The World Bank points to increasing pressure from energy transition policies for the coal sector, particularly in developed markets. However, demand remains strong in developing markets like the Philippines, where coal plays a key role in power generation. This creates a challenging environment for long-term planning as the country balances energy security with reducing greenhouse gas emissions under its Nationally Determined Contribution.[81]

These transition pressures across traditional extractive sectors present both challenges and opportunities for the Philippines. The Philippine Development Plan (PDP) 2023-2028 recognizes this shifting landscape and outlines the government's response through increasing value addition in the mineral industry while ensuring macroeconomic stability and accelerating climate action. This includes developing downstream processing capabilities and promoting research and development in green technologies. The country is strategically positioned in this transition, given its abundant reserves of minerals vital for producing green technologies such as solar photovoltaic cells, wind turbines, and electric vehicle batteries.[82]

Recent market analyses indicate strengthening demand trajectories for critical minerals. While nickel demand faces short-term volatility, industry projections suggest a potential deficit by 2030, driven primarily by electric vehicle battery requirements and renewable energy infrastructure

[76] National Economic and Development Authority, Philippine Development Plan 2023-2028, by Philippines (Quezon City, Pasig City, Philippines: National Economic and Development Authority, 2023), https://pdp.neda.gov.ph/wp-content/uploads/2023/01/PDP-2023-2028.pdf.

[77] Mai Nguyen and Siyi Liu, "Indonesian nickel smelters turn to Philippines for ore as local supply tightens," Reuters, August 30, 2023, https://www.reuters.com/markets/commodities/indonesian-nickel-smelters-turn-philippines-ore-local-supply-tightens-2023-08-30/.

[78] National Economic and Development Authority, "UNLOCKING POTENTIAL: PH MINING SECTOR POISED TO DRIVE GREEN TECH, HIGH-QUALITY JOB GROWTH—NEDA," May 10, 2024, https://neda.gov.ph/unlocking-potential-ph-mining-sector-poised-to-drive-green-tech-high-quality-job-growth-neda/.

[79] AstuteAnalytica India Pvt. Ltd., "Philippines Petroleum Industry Valuation to Reach Sky High US$ 21.54 Billion By 2032 | Pharma and Cosmetics Products Demand Ignites Fastest Growth Says Astute Analytica."

[80] Kate Hardin and Anshu Mittal, "2024 Oil and Gas Industry Outlook," Deloitte Insights, December 1, 2023, https://www2.deloitte.com/us/en/insights/industry/oil-and-gas/oil-and-gas-industry-outlook.html.

[81] World Bank, *Commodity Markets Outlook, October 2024*.

[82] National Economic and Development Authority, Philippine Development Plan 2023-2028.

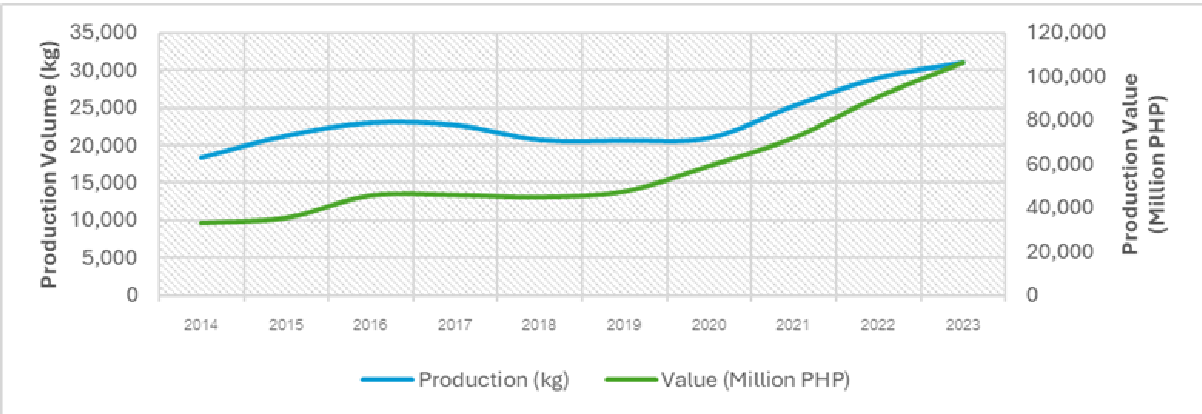
development.[83] This positions the Philippines to potentially capture a larger share of the growing market for energy transition minerals, provided it can develop the necessary processing capabilities and supporting infrastructure.

Philippine Extractive Industries: Analysis and Outlook

1. Sector Performance and Production Trends

Gold production had two distinct growth phases over the past decade (Chart I-12). From 2014 to 2018, production was relatively stable, from 18,423 kilograms to 20,765 kilograms, while from 2019 to 2023, production accelerated significantly, reaching 31,046 kilograms. Production value grew more dramatically, from PHP 32.98 billion in 2014 to PHP 106.64 billion in 2023, reflecting both increased output and price appreciation from USD 1,269.57 to USD 1,942.80 per ounce.[84] This growth is supported by strong domestic market infrastructure through the Bangko Sentral ng Pilipinas, which purchased PHP 21.74 billion worth of gold through five strategically located buying stations across the country.[85] The established buying station network and BSP's consistent purchasing patterns suggest continued stability in domestic gold marketing, which could encourage further production expansion and formalization of small-scale mining operations.

Chart I-12. Gold Production Volume and Value Trends (2014-2023)[86]



Copper production has shown three distinct phases (Chart I-13). From 2014 to 2016, production remained stable at around 335,000 to 349,000 DMT. This was followed by a decline phase from 2017 to 2020, dropping to 242,075 DMT, before recovering in 2021 to 2023, reaching 266,532 DMT. Despite volume declines, production value increased from PHP 22.76 billion in 2014 to PHP 25.41 billion in 2023, supported by price appreciation from USD 3.07 to USD 3.85 per pound.[87] The Tampakan gold-copper project represents a potential turning point, with estimated reserves of 15 million tons of copper. As one of Southeast Asia's largest untapped copper resources scheduled to start operations by 2026,[88] this project could transform the Philippines' position in regional copper markets and support growing demand from green technology manufacturing.

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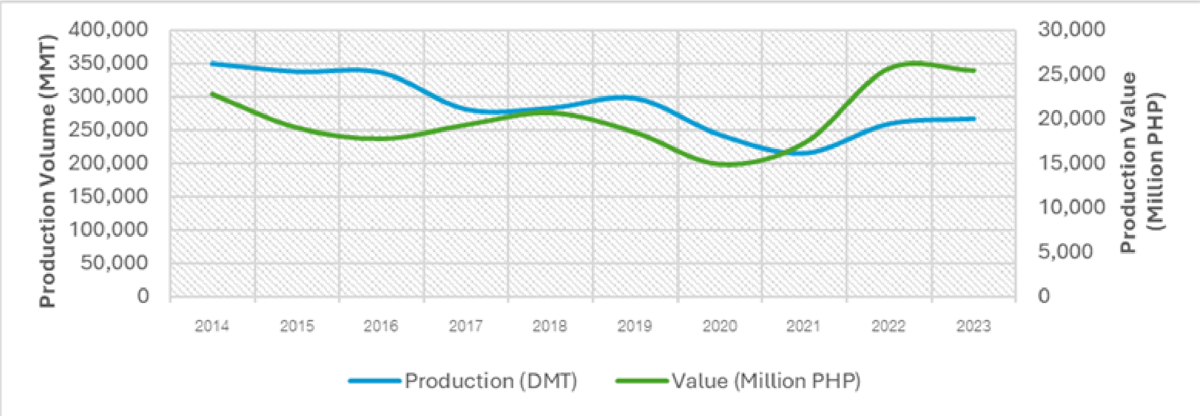
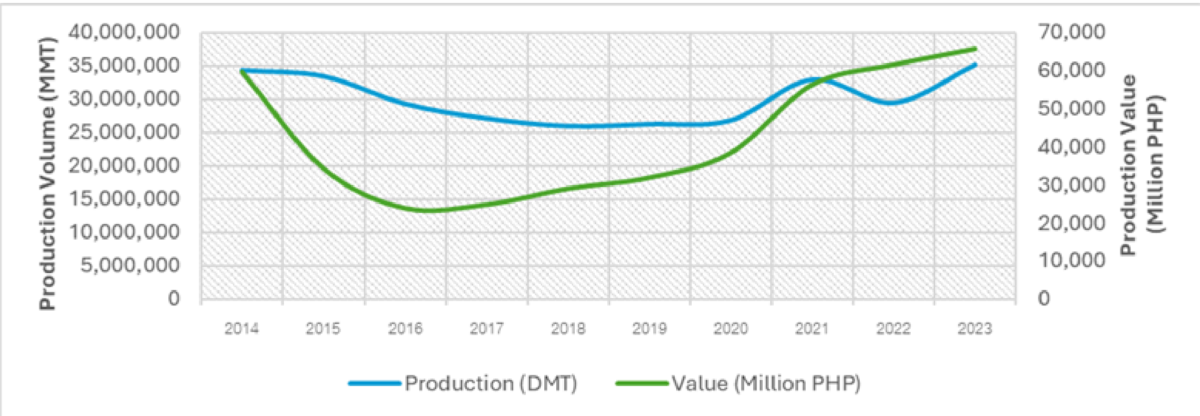
[83] Marcelle Villegas, "Expected Rebound for Nickel Industry Growth in 2025," Philippine Resources Journal, November 1, 2024, https://www.philippine-resources.com/articles/2024/11/expected-rebound-for-nickel-industry-growth-in-2025.
[84] Mines and Geosciences Bureau, "Historical Metal Prices," Data set (Mines and Geosciences Bureau, n.d.), https://mgb.gov.ph/2015-05-13-01-44-56/2015-05-13-01-47-51/23-industry-statistics/1303-msc-price-watch#.
[85] Mayuga, "MGB Projects 'Strong' Outlook for PHL Mining Industry in 2024."
[86] Mines and Geosciences Bureau, "Philippine Metallic Mineral Production," Data set (Mines and Geosciences Bureau, March 7, 2024), https://mgb.gov.ph/2015-05-13-01-44-56/2015-05-13-01-47-51/23-industry-statistics/1306-msc-philippine-metallic-mineral-production#philippine-metallic-mineral-production.
[87] Mines and Geosciences Bureau, "Historical Metal Prices."
[88] Sheldeen Joy Talavera, "Tampakan mining project to start full operations by 2026," BusinessWorld Online, April 4, 2023, https://www.bworldonline.com/corporate/2023/04/05/515162/tampakan-mining-project-to-start-full-operations-by-2026/.

Chart I-13. Copper Production Volume and Value Trends (2014-2023)[89]



Nickel production demonstrates cyclical patterns influenced by both market conditions and seasonal factors (Chart I-14). Production peaked in 2014 at 34.3 million DMT, followed by a trough in 2017 at 27.1 million DMT, before recovering to 35.1 million DMT in 2023. Value fluctuations have been more pronounced, ranging from PHP 59.77 billion in 2014 to a low of PHP 23.72 billion in 2016 before recovering to PHP 65.85 billion in 2023. While the sector faces seasonal production constraints in the nickel-rich Caraga region during the rainy season, Indonesia's nickel ore export restrictions have created new market opportunities. China's increasing demand for Philippine ore, coupled with the global push for electric vehicle batteries, positions the Philippines to potentially capture a larger share of the growing market for energy transition minerals.[90]

Chart I-14. Nickel Production Volume and Value Trends (2014-2023)[91]



The oil sector shows a consistent declining trend from 2012 to 2021, marked by distinct phases of production loss (Chart I-15). Oil production dropped from 1.64 million barrels in 2012 to 0.63 million barrels in 2021, with the most significant decline occurring during 2018-2021. The Galoc field, which has been the primary producer, illustrates this decline pattern—from 1.48 million barrels in 2012 to 0.63 million barrels in 2021. Other fields have shown more dramatic declines: Nido production fell from 73,720 barrels in 2012 to zero by 2020, while North Matinloc decreased from 10,533 barrels to zero over the same period. These trends highlight the systematic maturation of the country's producing fields and the critical need for new exploration investments to offset declining production.

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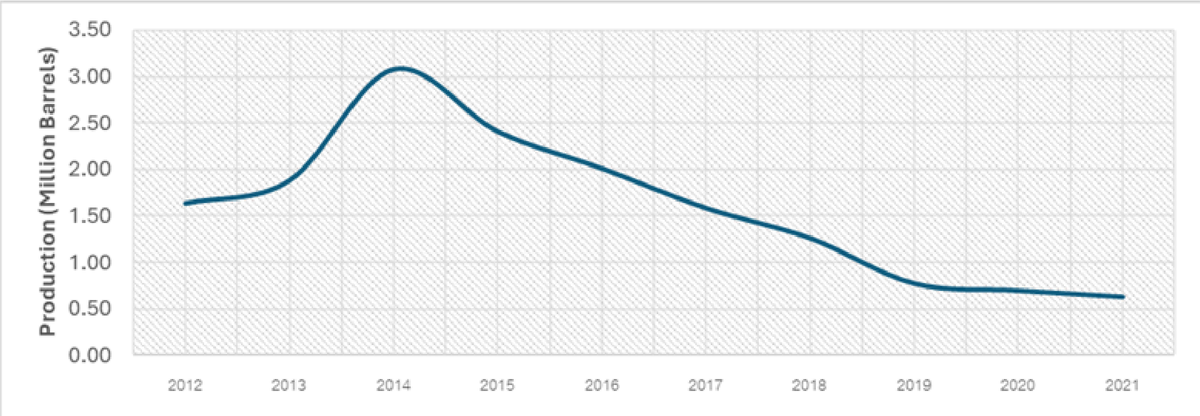
[89] Mines and Geosciences Bureau, "Philippine Metallic Mineral Production."

[90] Mayuga, "MGB Projects 'Strong' Outlook for PHL Mining Industry in 2024."

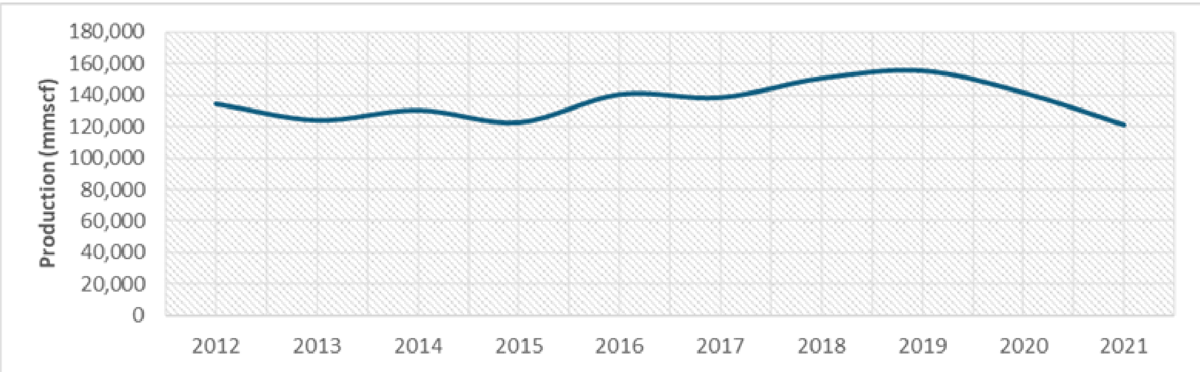
[91] Mines and Geosciences Bureau, "Philippine Metallic Mineral Production."

Chart I-15. Oil Production Trend (2012-2021)[92]



Natural gas production demonstrates three distinct phases from 2012 to 2021 (Chart I-16). From 2012 to 2017, the first phase maintained a relatively stable production of around 130,000 to 138,000 million standard cubic feet (mmscf) annually. This was followed by a brief increase in production in 2018 and 2019, reaching 150,804 mmscf and 155,690 mmscf, respectively. The third phase, from 2020 to 2021, saw a decline in production to 121,088.76 mmscf.

Chart I-16. Natural Gas Production Trend (2012-2021)[93]



The Philippine oil and gas sector demonstrates significant untapped potential despite declining production trends from mature fields. The East Palawan Basin and Recto Bank (Reed Bank) areas are estimated to contain substantial hydrocarbon resources. Recto Bank alone is estimated to hold at least 600 billion cubic feet (Bcf) of gas reserves.[94] This potential has attracted renewed industry interest, evidenced by three new applications for Petroleum Service Contracts in the Recto Bank area alongside the existing SC72.[95]

Furthermore, the renewal of Malampaya Service Contract No. 38 (SC 38) until 2039, alongside the Malampaya Phase 4 (MP4) project, represents a significant commitment to further resource

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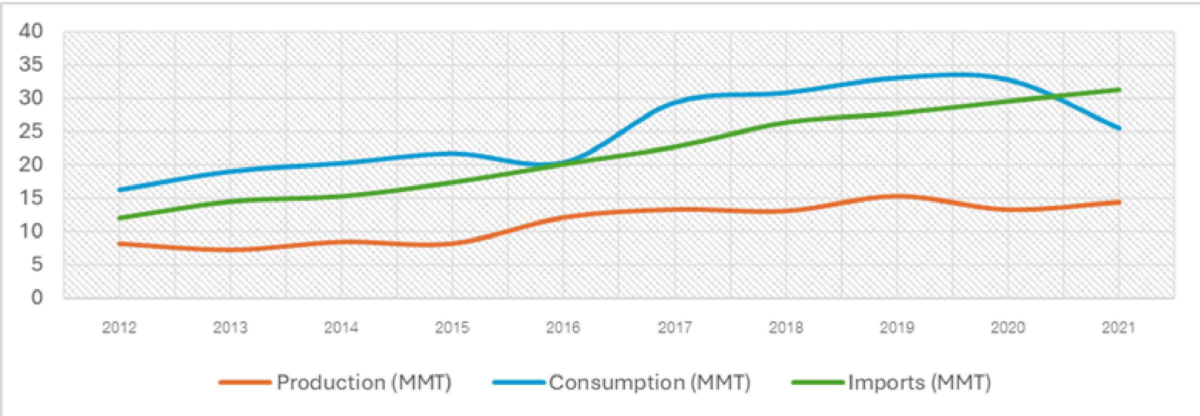
[92] Department of Energy, "Historical Philippine Petroleum Production, 1979-2021," Data set (Department of Energy, n.d.), https://doe.gov.ph/coal-overview?q=energy-resources/petroleum-statistics.
[93] Department of Energy, "Historical Philippine Petroleum Production, 1979-2021."
[94] John Mark Bautista, "Oil and gas exploration in The Philippines," GeoExpro, April 17, 2020, https://geoexpro.com/oil-and-gas-exploration-in-the-philippines/.
[95] Jay Hilotin, "Philippines: Boom time for oil, gas, coal exploration," Gulf News, August 6, 2024, https://gulfnews.com/special-reports/philippines-boom-time-for-oil-gas-coal-exploration-1.1721054279700.

development.[96] The MP4 project involves exploring new deepwater prospects in the Camago and Malampaya East fields, demonstrating industry confidence in additional discoveries.[97]

Among the sectors analyzed, coal demonstrates the most dramatic changes in its supply-demand structure over its 2012-2021 analysis period (Chart I-17). Domestic production showed steady growth from 8.153 MMT in 2012 to a peak of 15.273 MMT in 2019 before moderating to 14.378 MMT in 2021. However, consumption patterns reveal even more significant changes, increasing from 16.163 MMT in 2012 to peak at 33.122 MMT in 2019 before slightly decreasing to 25.483 MMT in 2021. The supply gap has been met through steadily increasing imports, which grew from 11.895 MMT in 2012 to 31.239 MMT in 2021. Notably, the country has maintained export activities throughout this period, ranging from 2.736 MMT in 2011 to 9.333 MMT in 2021, suggesting complex market dynamics where certain coal grades are exported while others are imported.

Chart I-17. Coal Production, Consumption and Imports (2012-2021)[98]



The coal sector in the Philippines has also seen renewed interest in exploration, particularly in BARMM. The DOE has designated one PDA for coal exploration in the Kapai and Tagoloan areas of Lanao del Sur, covering 14,856 hectares.[99] The bidding for this project is exclusively open to local companies, showcasing the government's efforts to promote domestic participation in the coal sector's development. These areas' successful exploration and development could potentially reduce the country's reliance on coal imports and enhance energy security.

These production trends, covering 2014-2023 for minerals and 2012-2021 for oil, gas, and coal, highlight the diverse challenges and opportunities facing the Philippine mining, oil and gas, and coal industries. The minerals sector exhibits mixed performance, with gold demonstrating strong growth supported by institutional frameworks, copper facing production challenges but possessing significant new project potential, and nickel maintaining stable production with emerging market opportunities.

Despite declining production from mature fields, the oil and gas sector has witnessed renewed interest and exploration activities. The extension of the Malampaya Service Contract and the ongoing Malampaya Phase 4 project showcase the government's commitment to leveraging the sector's untapped potential. Furthermore, the identification of promising areas like the Recto Bank and the East Palawan Basin, coupled with the DOE's efforts to attract investments, underscore the sector's growth prospects.

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96 Filane Mikee Cervantes, "Marcos renews Malampaya service contract until 2039," Philippine News Agency, May 15, 2023, https://www.pna.gov.ph/articles/1201484.

97 Hilotin, "Philippines: Boom Time for Oil, Gas, Coal Exploration."

98 Department of Energy, "Overall Coal Statistics as of 2021," Data set (Department of Energy, n.d.), https://doe.gov.ph/oil-and-gas-overview?q=energy-resources/overall-coal-statistics.

99 Hilotin, "Philippines: Boom Time for Oil, Gas, Coal Exploration."

Similarly, while grappling with a widening supply-demand gap and increasing import dependence, the coal sector has seen renewed exploration interest, particularly in the BARMM region. The government's efforts to promote domestic participation in coal exploration and development could reduce reliance on imports and enhance energy security.

2. Policy Framework and Strategic Challenges

The Philippines faces distinct strategic challenges in developing its mineral resources within the evolving regional market landscape. While Indonesia's processed nickel exports reached $33.8 billion in 2022 following its ore export ban strategy, the Philippines must navigate a more complex path given its unique resource characteristics and market position.[100]

The Philippine Development Plan (PDP) 2023-2028 highlights the significant untapped potential in the sector, noting that only 0.17% of known mineral deposits have been developed.[101] This low development rate occurs alongside declining reserves.[102] Recent considerations of export restrictions or taxes by the Department of Trade and Industry (DTI) are driven by the goal of encouraging investment in domestic nickel refining, following Indonesia's development path.[103]

Market dynamics present additional complexities. According to data from the Philippine Statistics Authority, 96.5% of the country's nickel ore exports went to China in 2021.[104] Recent developments have also created new trade patterns, with Indonesian smelters significantly increasing imports of Philippine ore—reaching approximately 500,000 metric tons monthly in April and May 2024, surpassing Indonesia's total Philippine ore imports of 374,454 tons for 2022.[105] With Philippine ore increasingly directed to foreign processors, these export patterns may weaken the viability of developing domestic processing capabilities as local supply becomes committed to established foreign facilities.

The investment landscape shows potential for development, with Chinese investors pledging $7.32 billion in the electric vehicle and mineral processing sectors during President Ferdinand Marcos Jr.'s first state visit to China.[106] However, according to industry analysts, the Philippines faces distinct competitive challenges in developing processing capabilities compared to Indonesia, particularly for HPAL processing of low-grade ore, including higher industrial power costs, stricter environmental requirements, less-developed infrastructure, and smaller nickel reserves with predominantly low-grade ore.[107]

For the oil and gas sector, significant exploration momentum has emerged. Under the "Explore, Explore, Explore" policy, the Department of Energy (DOE) has streamlined regulations and improved contractual terms to expedite petroleum exploration. The response has been significant - over 50 companies have expressed interest in the latest round of exploration opportunities, particularly in frontier areas previously underexplored due to various constraints. For instance, the Cotabato Basin and Sulu Sea Basin areas are now attracting attention following improvements in regional security conditions. The exploration potential is substantial: PDA-BP-1 in the Cotabato Basin has shown oil and gas potential in 10 out of 14 wells drilled. In the Sulu Sea Basin, PDA-BP-2 yielded three gas discoveries from six wells, and PDA-BP-3 showed gas potential in four out of seven wells.[108]

However, the government recognizes the need for a balanced approach to fossil fuel development, considering the country's energy security needs and the global shift towards cleaner energy sources. The PDP 2023-2028 emphasizes the importance of increasing the share of renewable energy in the power generation mix while ensuring a stable and reliable energy supply.[109] Striking

[100] Chen, "Philippines Seeks to Follow in Indonesia's Footsteps with Nickel Export Ban."
[101] National Economic and Development Authority, Philippine Development Plan 2023-2028.
[102] Chen, "Philippines Seeks to Follow in Indonesia's Footsteps with Nickel Export Ban."
[103] Chen, "Philippines Seeks to Follow in Indonesia's Footsteps with Nickel Export Ban."
[104] Chen, "Philippines Seeks to Follow in Indonesia's Footsteps with Nickel Export Ban."
[105] Reuters, "Indonesia buying record amounts of Philippine nickel ore due to quota delays," MINING.COM, May 29, 2024, https://www.mining.com/web/indonesia-buying-record-amounts-of-philippine-nickel-ore-due-to-quota-delays-sources-say/.
[106] Chen, "Philippines Seeks to Follow in Indonesia's Footsteps with Nickel Export Ban."
[107] Chen, "Philippines Seeks to Follow in Indonesia's Footsteps with Nickel Export Ban."
[108] Hilotin, "Philippines: Boom Time for Oil, Gas, Coal Exploration."
[109] National Economic and Development Authority, Philippine Development Plan 2023-2028.

this balance will be crucial for the sustainable development of the extractive industries in the Philippines.

New exploration opportunities have emerged in the coal sector, particularly in the BARMM. The designation of PDA-BC-1 in Kapai and Tagoloan, Lanao del Sur, covering 14,856 hectares, represents a strategic move to expand domestic coal resources.[110] The decision to reserve this opportunity for local companies indicates a policy focus on developing domestic industry capabilities.

The future development of Philippine extractive industries presents both opportunities and challenges within the global context. The increasing demand for energy transition minerals suggests potential opportunities for the Philippines to develop specialized processing capabilities, create higher-value products for growing markets, establish strategic positions in global supply chains, and build technical expertise in emerging technologies.[111] However, these opportunities must be balanced against challenges identified by both global and local assessments, such as balancing development needs with environmental commitments, managing technology adoption costs, and addressing market volatility.[112]

Successful sector development will require integrating these strategic responses while addressing identified operational challenges and capitalizing on emerging opportunities in global markets. This involves strengthening domestic value chains, developing technical capabilities, and enhancing environmental and social governance frameworks in line with international standards.[113]

3. Infrastructure Development and Investment Climate

NEDA identifies several critical sector-wide investment priorities for the Philippine mining industry. Processing technology development is a primary concern, particularly given the specific requirements of the country's predominantly low-grade ore deposits. Value-addition facilities represent another key priority, aiming to capture more of the domestic economy's value chain. Infrastructure development to reduce operational costs, especially in terms of electricity expenses, remains crucial for improving sector competitiveness.[114]

The Philippines' processing infrastructure centers on high-pressure acid leach (HPAL) technology, which is necessitated by the country's predominantly low-grade nickel ore composition. The two operational HPAL facilities—Coral Bay Nickel Corporation and Taganito HPAL Nickel Corporation—demonstrate the potential and limitations of domestic processing development.[115] These facilities require sophisticated infrastructure, including:[116]

- Advanced acid handling and storage facilities with specialized containment systems
- Comprehensive water treatment and management systems for process water recycling
- Specialized waste management infrastructure for neutralized tailings
- Enhanced environmental monitoring capabilities for emissions and effluent control

Environmental compliance adds another layer of complexity, requiring comprehensive emissions control systems, water management facilities, and monitoring networks. These requirements make HPAL projects particularly challenging for small and medium-sized mining companies to develop independently.[117]

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110 Hilotin, "Philippines: Boom Time for Oil, Gas, Coal Exploration."
111 KPMG. "2024 Global Metals and Mining Outlook." KPMG. KPMG International, September 2024. https://assets.kpmg.com/content/dam/kpmgsites/xx/pdf/2024/09/mining-metals-outlook-2024.pdf.coredownload.inline.pdf."
112 World Bank, *Commodity Markets Outlook, October 2024*.
113 National Economic and Development Authority, "UNLOCKING POTENTIAL: PH MINING SECTOR POISED TO DRIVE GREEN TECH, HIGH-QUALITY JOB GROWTH—NEDA."
114 National Economic and Development Authority, "UNLOCKING POTENTIAL: PH MINING SECTOR POISED TO DRIVE GREEN TECH, HIGH-QUALITY JOB GROWTH—NEDA."
115 National Economic and Development Authority, Philippine Development Plan 2023-2028.
116 Deloitte, "Tracking the Trends 2024: Navigating Global Challenges and Opportunities in Mining and Metals."
117 National Economic and Development Authority, Philippine Development Plan 2023-2028.

Digital infrastructure modernization represents a significant component of sector development. The October 2024 launch of a digital application system for mining permits across three regions, with planned nationwide expansion, demonstrates progress in this area. The system's effectiveness is evidenced by the processing of 785 mining-related permits in the first quarter of 2024, including mineral production sharing agreements, financial or technical assistance agreements, and exploration permits. This digital transformation aims to reduce permitting timelines to two years while maintaining robust oversight.[118]

KPMG's Global Metals and Mining Outlook indicates significant workforce challenges ahead, with approximately 50% of the mining workforce in major markets approaching retirement by 2029.[119] While specific Philippine demographics may differ, this global trend suggests the importance of workforce development and technology adoption planning for the local mining sector.

Several converging factors will likely shape investment and infrastructure development in the Philippine extractive sectors. For the oil and gas sector, AstuteAnalytica's analysis points to growing infrastructure requirements driven by increasing urbanization and industrialization, expanding government infrastructure projects, and rising energy demand from population growth.[120] These domestic drivers, combined with the World Bank's identified global challenges of inflation and implementation delays,[121] suggest the need for strategic long-term infrastructure planning to address declining domestic production, enhance import and storage capabilities, improve distribution efficiency, and support transition to cleaner technologies.

The coal sector's infrastructure development trajectory must navigate an increasingly complex landscape. While current needs focus on supporting domestic production and imports, the World Bank highlights emerging considerations that will influence future infrastructure investments, such as growing international pressure for energy transition, evolving environmental standards, and climate policy implications for long-term viability. This suggests the need for flexible infrastructure planning that can adapt to changing energy scenarios while maintaining energy security.[122]

Ways Forward

The Philippine extractive industries, comprising the mining, oil and gas, and coal sectors, constitute a critical pillar of the national economy, driving growth, employment, and infrastructure development. This comprehensive industry outlook explains that these sectors navigate a complex landscape characterized by evolving global market dynamics, the imperative for sustainable resource management, and the country's distinctive geological and socio-economic conditions.

The mining sector, with a particular focus on the nickel subsector, exhibits substantial potential for capturing a greater market share in the emerging energy transition minerals segment. However, actualizing this potential necessitates addressing critical constraints, including the prevalence of low-grade ore deposits, underdeveloped domestic processing infrastructure, and the capital-intensive nature of HPAL technology. Notwithstanding declining production from mature fields such as Malampaya, the oil and gas sector possesses significant untapped reserves in frontier areas like the Recto Bank. Harnessing these opportunities entails streamlining regulatory frameworks, cultivating strategic partnerships, and investing in human capital development. While instrumental to the country's energy mix, the coal sector confronts the dual challenge of satisfying escalating domestic demand while transitioning towards cleaner energy sources, necessitating a judiciously managed transition strategy.

Overarching challenges, including the necessity for comprehensive strategic planning, institutional capacity building, and an enabling environment conducive to responsible investment, underscore the significance of a holistic and integrated approach to extractive industry governance. Striking a delicate balance between economic objectives, environmental stewardship, and social equity is paramount to ensure these vital sectors' sustainable development.

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[118] Jennifer L, "Philippines Aims for Nickel Dominance with New Mining Reforms."

[119] KPMG, "2024 Global Metals and Mining Outlook."

[120] AstuteAnalytica India Pvt. Ltd., "Philippines Petroleum Industry Valuation to Reach Sky High US$ 21.54 Billion By 2032 | Pharma and Cosmetics Products Demand Ignites Fastest Growth Says Astute Analytica."

[121] World Bank, Commodity Markets Outlook, October 2024.

[122] World Bank, Commodity Markets Outlook, October 2024.

In light of these insights, the following ways forward are proposed to guide the sustainable development trajectory of the Philippine extractive industries:

- Develop an integrated strategic framework for the extractive industries that prioritizes value addition, environmental sustainability, and social equity. This requires establishing a unified extractive industries oversight body to coordinate policy implementation across the mining, oil, gas, and coal sectors. The framework should include standardized ESG reporting requirements, clear developmental milestones, and mechanisms for regular stakeholder consultation. Implementation should be supported by a comprehensive digital infrastructure system that enables efficient monitoring and transparent reporting of sector performance.

- Establish a consolidated extractive sector development fund to support critical infrastructure and capacity-building needs. The fund should prioritize processing technology upgrades, particularly HPAL facilities for the nickel sector; environmental compliance support systems; skills development programs; research and innovation initiatives; and transition support for communities affected by extractive operations. Fund allocation should follow clear governance frameworks with measurable outcome indicators and regular performance reviews.

- Implement an integrated environmental and social governance system incorporating standardized monitoring protocols, comprehensive mine closure guidelines, and community benefit-sharing mechanisms. This system should establish clear environmental performance standards, require progressive rehabilitation planning, and mandate regular environmental impact assessments. Social components should include formalized community consultation processes, transparent revenue-sharing arrangements, and dedicated programs for local economic development.

- Create a streamlined regulatory framework that reduces administrative barriers while maintaining robust oversight. This includes implementing a single-window approval system for permits and licenses, digitalizing key regulatory processes, and establishing clear timelines for administrative decisions. The framework should also include mechanisms for regular policy review and updates to ensure alignment with evolving international standards and market conditions.

- Develop sector-specific action plans aligned with national development goals:
  - Mining: Establish a comprehensive nickel industry roadmap focusing on domestic processing expansion, technological upgrading, and strategic market positioning.
  - Oil and Gas: Streamline exploration regulations and approval processes while developing clear frameworks for benefit sharing and environmental protection.
  - Coal: Create a structured transition strategy that balances energy security needs with environmental commitments, supported by specific timelines and measurable targets.

Environmental Reporting and EMB's Role in EITI Implementation

The EITI Standard mandates that implementing countries disclose information on the environmental and social impacts of extractive activities, strengthening transparency and accountability in the sector. PH-EITI has consistently adhered to this by including relevant disclosures in its reports over the past nine years. These reports have not only highlighted regulatory updates but also emphasized key environmental issues of significant interest. Companies are also required to share information on their impact management, particularly regarding social, gender, and environmental matters. This data is reported through the MGB, EMB, or PH-EITI's ORE tool.

A review of the past four reports offers an overview of evolving issues and updates covered each fiscal year. The 2021 report raised concerns about the costs and benefits of Executive Order No. 130, which lifted the moratorium on new mineral agreements. The 2020 report focused on DAO No. 2021-40, which lifted the ban on open-pit mining. The 2019 report re-examined initiatives like Executive Order No. 79, the Social Development and Management Program (SDMP), the Contingent Liability and Rehabilitation Fund (CLRF), and the Environmental Protection and Enhancement

Program (EPEP), with an emphasis on their relevance to monitoring the social and environmental impacts of extractive activities. It also highlighted the EMB website, which hosts a master list of environmentally critical projects (ECPs) with Environmental Compliance Certificates (ECCs). The 2018 report emphasized the contributions of the Local Government Code of 1991 (RA 7160) to pollution control and environmental protection efforts. That year, new policies were introduced to strengthen environmental and social safeguards and improve sector governance, such as MGB's MC 2018-0273, which implemented a Standard Monitoring System and a performance rating system for contractors and permit holders.

PH-EITI's annual reports also publish comprehensive data on the social spending and environmental payments of extractive companies. These payments fund community development programs, environmental protection, and rehabilitation efforts, providing insight into companies' commitment to responsible mining practices and their regulatory compliance.

Social spending often flows through mechanisms like the SDMP and other community development programs aimed at addressing the needs of host communities affected by mining. The reports provide details on program funding, specific projects, and the number of beneficiaries. Environmental spending data is also collected and reconciled, focusing on restoration, preservation, and rehabilitation efforts to minimize the long-term environmental impacts of extractive activities.

For this 2022 report, special attention is paid to the EMB's role in EITI implementation. While EMB has been involved in EITI activities, its support for EITI data publication and operationalization of an 8-year-old department administrative order remains unclear.

As a review and background, the EMB, an agency under the Department of Environment and Natural Resources (DENR), plays a key role in environmental governance in the Philippines. Its responsibilities include overseeing the Environmental Impact Assessment (EIA) process, regulating air and water quality, managing waste, and enforcing environmental laws. EMB ensures industrial projects, particularly in mining, oil, and gas, comply with environmental standards by issuing ECCs and monitoring regulations. It also promotes environmental education and disseminates information to foster sustainable development practices.

EMB oversees environmentally critical areas (ECAs) and projects (ECPs), with Proclamation No. 2146 (1981) designating oil, gas, and mining projects as ECPs, requiring them to meet stringent environmental regulations. EMB manages ECC applications for various industrial projects and has recently issued guidelines for the ECC application of renewable energy projects, such as Offshore Wind (OSWs) and Photovoltaic (PV) installations. As a member of the Multi-Partite Monitoring Team (MMT), the EMB supervises MMTs and manages the Environmental Impact Statement (EIS) System, which is central to the environmental review and approval process.

The EMB's mandate aligns closely with PH-EITI's objectives, particularly in monitoring environmental performance and enforcing compliance with environmental laws, which is vital to enhancing transparency in the extractive sector. A significant intersection between EMB and PH-EITI is found in DENR Department Administrative Order (DAO) No. 2017-07, which mandates both the MGB and EMB to disclose requested information to PH-EITI for annual transparency reporting.

To clarify EMB's role under the DAO, a discussion was held with a representative from EMB, the consultant for the 2022 report, and the PH-EITI Secretariat. The discussion revealed that EMB's engagement with EITI has been limited to presentations and Q&A sessions during PH-EITI activities, such as community visits and LGU roadshows. However, EMB has not actively worked on operationalizing DAO 2017-07, with annual reporting focusing mostly on the roles of MGB and DOE.

DAO 2017-07, issued by former DENR Secretary Regina Lopez in March 2017, strengthened transparency in the extractive sector by mandating mining contractors to participate in PH-EITI. While MGB coordinates disclosures from mining companies, EMB is tasked with ensuring compliance with environmental reporting requirements, particularly monitoring ECCs. Noncompliance with DAO 2017-07 could result in penalties, including the suspension of ECCs or the denial of transport and export permits. However, these penalties have not been enforced, as PH-EITI has worked primarily with MGB over the past seven years using formal request and show-cause letters. Since EMB manages ECC issuance and monitoring, it appears it is better positioned to enforce penalties, such as suspending ECCs.

EMB shared that non-compliance with ECC conditions can trigger enforcement actions like show-cause orders and notices of violation, with repeated offenses leading to ECC suspension. However, PH-EITI compliance is not currently a condition for obtaining an ECC. If PH-EITI compliance were to be included, it would require changes to existing rules and a transition period for companies to adjust. EMB emphasized the need for clear guidelines on the data required by PH-EITI, including timelines, to prevent confusion and ensure that mining companies understand their disclosure obligations.

Specific reporting requirements to EMB depend on the project phase. During the application phase, companies must submit specific documents when applying for an ECC, and during the operational phase, they must submit permits related to waste management and the export of mined minerals. A checklist could specify which documents are publicly accessible under Freedom of Information (FOI) guidelines, which citizens can access via EMB or its regional offices, or by checking the EMB website for issued ECCs and Environmental Performance Reports (EPRs). To minimize redundancy in reporting, PH-EITI could explore direct data sharing with EMB. This approach would leverage existing reporting systems and reduce unnecessary duplication. If companies already fulfill reporting obligations with EMB, such as environmental compliance, these could also meet PH-EITI's transparency requirements. The aim is to provide public access to relevant information while streamlining reporting efforts.

Looking ahead, PH-EITI and the EMB have an opportunity to collaborate closely to enhance transparency and sustainability in the Philippines' extractive industries. Clearer guidelines and integrating PH-EITI reporting requirements into existing regulatory frameworks are essential to streamline compliance. This collaboration will improve public access to environmental and operational data, promote accountability, and ensure the extractive industries contribute fairly to national development while mitigating their environmental impact.

Another potential collaboration lies in including greenhouse gas (GHG) emissions reporting in line with the new 2023 EITI Standard. The EMB has started efforts on GHG emissions, particularly with past collaborations with the Japanese government. While some companies voluntarily measure and disclose their emissions, there is no nationwide requirement for industries to report GHG emissions. This gap underscores the need for industry-specific GHG emission standards, which could be incorporated into the ECC conditions. The EMB's mandate to monitor air quality under the Clean Air Act, along with its broader environmental oversight, could align with GHG emissions reporting, providing a comprehensive framework for emissions control. If not directly through EMB, its former Climate Change Division—now under the Climate Change Service—could play a key role in monitoring and enforcing GHG reporting for the extractive industries. Alternatively, companies' sustainability disclosures to the Securities and Exchange Commission (SEC) could be reviewed to check for emission disclosures or their potential inclusion.

Indeed, the EMB plays a pivotal role in PH-EITI implementation by monitoring environmental compliance and guiding the extractive industries. Through its oversight of ECCs, environmental performance, and corporate social responsibility programs, the EMB ensures that mining companies meet both environmental and transparency standards. The partnership between PH-EITI and the EMB is crucial for fostering a transparent, accountable, and sustainable extractive sector in the Philippines. As the country refines its approach to extractive industry governance, the EMB's role will remain integral to the success of PH-EITI and the broader goals of environmental protection and sustainable development.

Beneficial Ownership

Countries around the world, including the Philippines, have been making strides in improving financial transparency across sectors through the disclosure of beneficial owners of companies. A beneficial owner, as defined by the Philippines' corporate sector regulator Securities and Exchange Commission (SEC), as a natural person who ultimately owns or controls a corporation. Making beneficial owners of companies known is a step towards battling corruption, money laundering, and financial crimes that could be crossborder in nature, sometimes involving multiple countries.

Understanding that a country's natural resources ultimately belong to its people, the EITI Standard requires transparency on who ultimately reaps benefits from natural resources. Other international institutions such as the World Bank (WB), Financial Action Task Force (FATF), and the International Monetary Fund (IMF) all recognize the importance of beneficial ownership transparency in strengthening the integrity of the private sector, procurement processes, and financial institutions. Greater transparency levels the playing field for all and reduces financial and reputational risks for investors, companies, and governments alike.

In 2021, EITI and Open Ownership (OO) launched a joint programme called Opening Extractives (OE) that aims to improve beneficial ownership transparency in more countries through improved disclosure systems, tools, and stakeholder capacity through knowledge exchange and peer learning. The Philippines has been actively participating in such programs through public fora and the continuous efforts to improve BO transparency in the country, especially in the extractives sector through PH-EITI, which launched a BO transparency roadmap in 2016.

While the country's corporate sector regulator SEC required the submission of the beneficial ownership information through the companies' annual filing of the General Information Sheet (GIS) by virtue of its Memorandum Circular No. 15 Series of 2019, the commission fell short of publishing beneficial ownership information, and so to this day, access to beneficial ownership information of companies is restricted to law enforcement agencies and competent authorities with a data sharing agreement (DSA) with the SEC.

Without a data sharing agreement, extractive companies in the Philippines need to directly and voluntarily disclose to PH-EITI information on their company's beneficial owners through a submission of their company's GIS, similar to what they submitted to the SEC. Aside from this, companies also need to execute a waiver and consent to the publication of BO data. Considering the advisory opinion issued by the National Privacy Commission weighing in on the concerns around data privacy, the MSG resolved to only collect information on the name, country of residence, nationality, percentage of ownership, type and category of ownership, and political exposure status of beneficial owners.

Amid legal and practical constraints detailed in this chapter, the MSG continues to collaborate with relevant government agencies, especially the SEC, and continues to lead outreach activities in order to increase awareness on the benefits of beneficial ownership transparency and improve disclosure compliance of companies that hold licenses and permits to extract the country's natural resources. BO discussions have been a staple in country roadshows since 2020, even amid the COVID-19 pandemic. Through the annual Extractives Transparency Week, the production of knowledge materials, and several fora, experts and regulators together with the MSG and the Secretariat engage the public and other stakeholders in improving BO transparency in the country. All disclosed beneficial ownership information with consent to publication is also featured in the BO registry that is maintained by the PH-EITI Secretariat.

Disclosure through PH-EITI

Following consultations with the SEC and the National Privacy Commission (NPC), the MSG resolved to directly ask companies to submit their BO information to PH-EITI and voluntarily give consent to the publication of BO information in adherence to Requirement 2.5 of the EITI Standard.

Companies are asked to submit documentary requirements through the ORE tool. These documents include the companies' BO information as part of their GIS submitted to SEC for the fiscal year covered by the report; a duly notarized affidavit attesting to the presence–or lack of–politically exposed persons (PEP) in the roster of their beneficial owner(s); a notarized company waiver and consent to the publication of BO information by PH-EITI; and a notarized board resolution or secretary's certificate authorizing the execution of the above documents by the authorized personnel. The table below offers a summary of BO disclosure for this reporting cycle (FY 2022).

Table I-17. Summary of BO Disclosure for FY 2022 Reporting Cycle

FULLY PARTICIPATED	PARTIALLY PARTICIPATED
1. Cagdianao Mining Corporation 2. Century Peak Corporation 3. Dolomite Mining Corporation 4. Eagle Cement Corporation 5. Global Min-Met Resources Inc. 6. Greenstone Resources Corporation 7. Helix Mining and Development Corporation 8. Hinatuan Mining Corporation 9. Johson Gold Mining Corporation 10. Lazi Bay Resources Development, Inc 11. Libjo Mining Corporation 12. LNL Archipelago Minerals Incorporated 13. Montalban Millex Aggregates Corporation - 14. Rio Tuba Nickel Mining Corporation 15. Semirara Materials and Resources Inc. 16. Sinosteel Philippines H.Y. Mining Corp. 17. Solid Earth Development Corporation 18. Solid North Mineral Corp. 19. Taganito Mining Corporation 20. Techiron Resources Inc. 21. Zambales Diversified Metals Corporation	1. Agata Mining Ventures Inc. 2. Apo Land & Quarry Corporation 3. Atro Mining-Vitali Inc. 4. Austral-Asia Link Mining Corporation 5. B.L. Gozon & Co., Inc 6. Carmen Copper Corporation 7. Carrascal Nickel Corporation 8. Citinickel Mines and Development Corporation 9. C.T.P Construction and Mining Corporation 10. Dinapigue Mining Corporation 11. Elysee Industries, Inc 12. Eramen Minerals, Inc. 13. Hallmark Mining Corporation 14. Hardrock Aggregates, Inc. 15. Ibalong Resources and Development Corporation 16. Ipilan Nickel Corporation 17. Island Quarry and Aggregates Corporation 18. JLR Construction and Aggregates, Inc. 19. Krominco, Inc. 20. Lepanto Consolidated Mining Company 21. NPG PTY LTD. 22. Oceanagold (Philippines) Inc. 23. Philex Mining Corporation 24. Philsaga Mining Corporation 25. Platinum Group Metals Corporation 26. PNOC Exploration Corporation 27. Prime Energy Resources Development B.V. 28. Republic Cement & Building Materials, Inc. 29. Republic Cement Land & Resources, Inc. 30. Republic Cement Mindanao, Inc. 31. Shangfil Mining and Trading Corp. 32. TVI Resources Development Phils., Inc. 33. UBS Marketing Corporation 34. Verum Terra Geoscience Inc. 35. Westernshore Nickel Corporation

Of the 121 companies covered in the fiscal year 2022 reporting period, only 21 companies, or about 17% of reporting companies, provided complete BO disclosure documents and gave consent to the publication of their information. 35 companies, or about 29% of reporting companies, partially participated. Those who partially participated did not fulfill all disclosure requirements set by the MSG in compliance with the EITI Standards. They may have declared whether they have politically exposed persons (PEP) as beneficial owners or consented to the publication of BO information yet did not provide complete BO information, waivers, board resolution, or Secretary's Certificate. Considering all submissions, 56 companies participated, fully or partially, in the BO disclosure and publication process, and 65, or about 54%, of the companies covered in this reporting cycle did not participate at all.

Annex I-1 lists all declared beneficial owners of the participating companies and available information the companies consented to be published. This information includes items required by the EITI Standard—country of residence, nationality, type of beneficial ownership, and information about Politically Exposed Persons (PEP).

Based on the available BO information disclosed and for publication in this report, 111 names were declared as beneficial owners, but one of the entries was a company name (Century Peak Holdings Corporation) and not a real person as defined by the SEC and the EITI Standard, which requires a beneficial owner to be a natural person. This BO disclosure of Century Peak Corporation has been consistent since PH-EITI started reporting on beneficial owners of extractives companies in the Philippines, which is based on what the company voluntarily reports to PH-EITI, which should be consistent with the BO declaration form that they submit to the SEC as part of their regular filing of company GIS.

Of the 111 BO entries, 65 were unique names of beneficial owners with some names also being indicated as beneficial owners of other companies such as those that belong with a similar parent company. Companies who belong to the same parent company listed the same beneficial owners.

The majority of the beneficial owners disclosed to PH-EITI were classified under Category I based on the categorization of the SEC and as stated on the BO declaration form submitted by companies as part of their GIS. This category is reserved for when there are no natural persons identifiable who ultimately own or exert control over the corporation after exhausting all available means of identification. Most of the beneficial owners identified under Category I belong to the board of directors or hold executive positions in the company. Meanwhile, 17 beneficial owners were identified to be holding a position as a Chairman, Director, or Board Member without specifying them as belonging to Category I. Category A is the second most common category of beneficial ownership, which indicates that the natural person owns at least 25% of voting rights, shares, or capital of the reporting corporation, whether directly or indirectly or through a chain of ownership. It is important to note, however, that the EITI Standard encourages adopting a 10% or lower threshold of ownership.

The table below lists the frequency of how much each category of beneficial ownership appeared in the BO declarations of companies who allowed the publication of such information.

Table I-18. Frequency of Beneficial Ownership Categories in Published Declarations of Companies

Category	Frequency	Description
A	23	Natural person(s) owning, directly or indirectly or through a chain of ownership, at least twenty-five percent (25%) of the voting rights, voting shares, or capital of the reporting corporation.
B	8	Natural person(s) who exercise control over the reporting corporation, alone or together with others, through any contract, understanding, relationship, intermediary, or tiered entity.
C	7	Natural person(s) having the ability to elect a majority of the board of directors/trustees, or any similar body, of the corporation.
D	8	Natural person(s) having the ability to exert a dominant influence over the management or policies of the corporation.
E	7	Natural person(s) whose directions, instructions, or wishes in conducting the affairs of the corporation are carried out by the majority of the members of the board of directors of such corporation who are accustomed or under an

		obligation to act in accordance with such person's directions, instructions, or wishes.
F	5	Natural person(s) acting as stewards of the properties of corporations, where such properties are under the care or administration of said natural person(s).
G	1	Natural person(s) who actually own or control the reporting corporation through nominee shareholders or nominee directors acting for or on behalf of such natural persons.
H	2	Natural person(s) ultimately owning or controlling or exercising ultimate effective control over the corporation through other means not falling under any of the foregoing categories.
I	57	Natural person(s) exercising control through positions held within a corporation (i.e., responsible for strategic decisions that fundamentally affect the business practices or general direction of the corporation, such as the members of the board of directors or trustees or similar body within the corporation; or exercising executive control over the daily or regular affairs of the corporation through a senior management position). This category is only applicable in exceptional cases where no natural person is identifiable who ultimately owns or exerts control over the corporation, the reporting corporation having exhausted all reasonable means of identification and provided there are no grounds for suspicion.
No category specified	17	*Indicated Director, Chairman, Board Member*

Beneficial owners were listed with varying combinations of ownership categories based on SEC classifications. Below are unique category combinations based on disclosed beneficial ownership information:

- B, D, E, F
- B, F
- D, E, B, C, I
- A, D, F
- A, B, C
- F, G, H
- A, C, D
- I, E, H
- C, D
- C, E
- C, D, E, F
- D, E

Of the declared beneficial owners of all participating companies, only one was declared a Politically Exposed Person (PEP), not counting those listed as beneficial owners of a government-owned and controlled corporation. Citinickel Mines and Development Corporation listed their beneficial owner Caroline L. Tanchay, was a politically exposed person as a representative of the Social Amelioration and Genuine Intervention on Poverty (SAGIP) partylist. Tanchay was listed as a category D and category I beneficial owner as a Chairman and President of the Oriental Peninsula Resources Group, Inc. with 98.59% ownership of the company.

Five unique beneficial owners were identified as Japanese citizens, one as Taiwanese, two as Chinese, and one as Russian. They were listed as Category I beneficial owners who hold positions as President, CEO, or Director. The beneficial owner whose citizenship is identified to be Russian is a Category A beneficial owner.

Disclosed beneficial owners were identified to be residents of the following countries other than those in the Philippines: Japan, Hong Kong, China, and the United Arab Emirates.

Meanwhile, 25 companies in the oil and mining sector are publicly listed in the Philippine Stock Exchange based on publicly available data.[123]

Table I-19. Publicly Listed Oil and Mining Companies in the Philippine Stock Exchange

Company Name	Stock Symbol	Listing Date
Atok-Big Wedge Co., Inc.	AB	Jan 08, 1948
Apex Mining Co., Inc.	APX	Mar 07, 1974
Abra Mining and Industrial Corporation	AR	Dec 24, 1969
Atlas Consolidated Mining and Development Corporation	AT	Nov 17, 1970
Benguet Corporation	BC	Jan 04, 1950
Coal Asia Holdings Incorporated	COAL	Oct 23, 2012
Century Peak Holdings Corporation	CPM	Oct 06, 2009
Dizon Copper-Silver Mines, Inc.	DIZ	Feb 10, 1988
ENEX Energy Corp.	ENEX	Aug 28, 2014
Global Ferronickel Holdings, Inc.	FNI	Dec 14, 1994
GEOGRACE Resources Philippines, Inc.	GEO	Feb 07, 1972
Lepanto Consolidated Mining Company	LC	Apr 30, 1947
Manila Mining Corporation	MA	Dec 17, 1959
Marcventures Holdings, Inc.	MARC	Jan 10, 1958
NiHAO Mineral Resources International, Inc.	NI	Oct 03, 1990
Nickel Asia Corporation	NIKL	Nov 22, 2010
Oriental Petroleum and Minerals Corporation	OPM	Oct 14, 1970
Oriental Peninsula Resources Group, Inc.	ORE	Dec 19, 2007
The Philodrill Corporation	OV	Sep 25, 1969
Philex Mining Corporation	PX	Nov 23, 1956
PXP Energy Corporation	PXP	Sep 12, 2011
United Paragon Mining Corporation	UPM	Aug 31, 1972
NexGen Energy Corp.	XG	Jul 16, 2024
Citicore Renewable Energy Corporation	CREC	Jun 07, 2024
OceanaGold (Philippines), Inc.	OGP	May 13, 2024

Since the pilot disclosure of BO information in the Sixth Country Report covering fiscal year 2018, the percentage of company participation in the disclosure and publication exercise has remained more or less the same, with at least half of reporting companies participating and nearly half the number of reporting companies fully participating with the submission of complete documentary requirements. However, with the MSG deciding to expand the coverage of reporting for the fiscal year 2022 to include all large-scale metallic and non-metallic mines and those oil, gas, and coal companies with material government payments, the number of companies covered in this report increased significantly compared with previous years. Now covering 121 companies, BO disclosure

[123] PSE Edge. (n.d.). Company List. Retrieved December 16, 2024 from https://edge.pse.com.ph/companyDirectory/form.do.

and publication participation pales in comparison with previous years, with over half of the companies not participating yet in the BO disclosure exercise through PH-EITI.

Table I-20. Comparison of BO Disclosure and Publication Participation

PH-EITI Reporting Cycle	Number of Reporting Companies	PH-EITI Reporting Companies		
		Fully Participated	Partially Participated	Did Not Participate
FY 2018 | 6th Report	65	44%	18%	37%
FY 2019 | 7th Report	79	45%	19%	36%
FY 2020 | 8th Report	79	46%	17%	37%
FY 2021 | 9th Report	67	45%	17%	38%
FY 2022 | 10th Report	121	18%	28%	54%

Challenges and Legislative Recommendations

Despite efforts done over the recent years, the challenges encountered since the pilot implementation of beneficial ownership disclosures through PH-EITI in 2018 persist.[124] While the disclosure of beneficial owners of extractives companies are required by the SEC, disclosure through PH-EITI remains far from 100% of all reporting companies covered in this fiscal year. Moreover, consent to publication of beneficial owner information remains voluntary. This could be attributed to the lack of legislation that will require all companies in the country, including the extractives sector, to disclose and publish their BO information. As extractives companies currently have to submit multiple documents to more than one government office — the SEC and the PH-EITI — the sector could benefit from streamlined reporting mechanisms and a shared public BO registry across all government institutions to make for more efficient data submission, collection, and accessibility, which would benefit all stakeholders.

Open Ownership (OO) has recently listed a comprehensive set of policy recommendations to improve BO transparency in the country by observing OO principles for effective beneficial ownership disclosure, namely having clear definitions and threshold, sufficient coverage of all types of entities, sufficient detail to understand and use the data, a central register, accessible data, structured data, data verification, and up-to-date historical records.[125] Aside from having a robust and catch-all definition of beneficial ownership, OO recommends legislation that sets a sufficiently low threshold such that all individuals with beneficial ownership and interests are included in the disclosures, considering risks and sector.

Notably, there exists no data verification mechanism in the current BO disclosure practices in the Philippines, although the SEC may conduct, at any time, on-site inspection of records and a desk review based on risk factors or direct requests. In 2022, the SEC issued Memorandum Circular No. 10 which increased penalties and highlighted non-financial penalties on corporations that fail to submit correct and timely BO information through the GIS. Stock corporations may face suspension or dissolution and a fine of up to two million pesos for non-disclosure while non-stock corporations will face a penalty of up to one million pesos. Directors, officers, and trustees are also subject to penalties of up to 200,000 pesos. This circular took into effect in January 2023. The SEC again issued an updated fines and penalties for late and non-submission of the GIS through its Memorandum Circular No. 6 Series of 2024. As it stands, the veracity and accuracy of BO disclosure through PH-EITI

[124] Espinosa, M. K., & Chan, L. M. (2020). Synergizing Transparency for Sustainability: The Sixth PH-EITI Report. In *PH-EITI*. Retrieved December 2024, from https://pheiti.dof.gov.ph/download/sixth-ph-eiti-report-fy-2018/

[125] Espinosa, M. K., & Manuel, E. (2024). Beneficial ownership transparency in the Philippines. In *Open Ownership*. Open Ownership. Retrieved December 6, 2024, from https://www.openownership.org/en/publications/beneficial-ownership-transparency-in-the-philippines/2-open-ownership-principles-for-effective-beneficial-ownership-disclosure-in-the-philippines/

relies on the legally notarized sworn statement of reporting companies' board of directors, corporate secretary, or authorized personnel. This subjects companies to penalties for perjury in case of providing wrong information.

In 2021, the Philippines, along with 22 other countries, was placed on the grey list of the intergovernmental body Financial Action Task Force (FATF) for having deficiencies in anti-money laundering and counter-terrorism financing (AML/CFT) efforts. FATF maintains a global standard against money laundering and counter-terrorist financing. To exit the grey list of countries needing "close monitoring," the Philippines would have to enhance efforts in several areas, including beneficial ownership information.

In 2023, in a bid to strengthen the country's AML/CFT efforts, the SEC launched an amnesty program[126] for corporations who failed to comply with the reportorial requirements mandated by the Republic Act No. 11232, or the Revised Corporation Code of the Philippines (RCC), which includes the submission of GIS to the SEC which contains corporations' beneficial ownership information.[127] The commission also launched an Enhanced Compliance Incentive Plan (ECIP)[128] in 2024 to improve corporations' compliance in repertorial requirements of the SEC. This led to increased compliance for BO disclosure and submission of GIS.

According to the SEC, the development of a BO registry is underway although it will remain inaccessible to the public and only competent authorities–and those with DSA with the commission–will have access to its BO registry. To date, a DSA between the SEC and PH-EITI implementing agencies such as the Department of Environment and Natural Resources (DENR) and the Department of Energy (DOE) has not materialized yet but that it is something that they intend to pursue.

In July 2024, Philippine President Ferdinand Marcos Jr. signed into law the New Government Procurement Act (Republic Act No. 12009)[129] which aims to improve the government procurement process. The law includes beneficial ownership provisions which could be a safeguard against conflicts of interests. It also mandates the creation and maintenance of a BO registry of companies that aim to enter into contracts with the government.

As of October 2024, the Philippines had completed 18 action points required to address the deficiencies which placed it on the grey list three years earlier. These efforts included the country's initiatives to enhance law enforcement's access to BO information, and to keep information accurate and up-to-date. With this, the Philippines could exit the grey list by 2025 subject to FATF validation.[130]

FATF, in 2022, revised their Recommendation 24 to strengthen beneficial ownership transparency to prevent misuse of legal persons for money laundering, and to ensure that "there is adequate, accurate and up-to-date information on the beneficial ownership and control of legal persons."[131] The revised recommendation emphasized the need for countries to ensure that companies provide accurate information to authorities in a timely manner by employing a combination of different mechanisms. It also stressed authorities' need for efficient access to beneficial ownership information which may be in the form of BO registries.

It remains to be seen whether the country would soon have a primary legislation that would institutionalize beneficial ownership transparency in the extractive industries and beyond, one that would harmonize and streamline efforts towards beneficial ownership transparency in the country

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[126] SEC Memorandum Circular No. 17, Series of 2023

[127] SEC (2023). SEC tightens supervision over erring companies. Retrieved December 2024 from https://www.sec.gov.ph/wp-content/uploads/2023/10/2023PR-SEC-tightens-supervision-over-erring-companies-10202023.pdf

[128] SEC Memorandum Circular No. 17, Series of 2024

[129] New Government Procurement Act (Republic Act No. 12009) | https://www.gppb.gov.ph/new-government-procurement-act-republic-act-no-12009/

[130] PH fulfills 18 FATF action items, may exit 'grey list' by 2025. (2024, October 26). Philippine News Agency. Retrieved December 16, 2024, from https://www.pna.gov.ph/articles/1236464

[131] FATF. (2022). Public Statement on revisions to R.24. Retrieved December 2024 from https://www.fatf-gafi.org/en/publications/Fatfrecommendations/R24-statement-march-2022.html

which could translate to a more efficient, timely, and accurate reporting of beneficial ownership information across various sectors.

Mainstreaming Extractives Transparency

In 2018, the EITI Board agreed to make systematic disclosure a standard requirement for EITI reporting—a decision that resonated deeply with the country's EITI implementation. Under Executive Order No. 147, series of 2013, the PH-EITI MSG had clear mandates to embed extractive transparency into the government's reform agenda and processes, secure political commitment, and mobilize resources for its objectives. This underscores how systematic disclosure, or mainstreaming, has been integral to the Philippines' vision of fostering transparency and accountability in the extractive sector.

Years before EITI formally encouraged mainstreaming among implementing countries, PH-EITI was already setting the pace for transparency by harnessing digital tools to improve access to extractive data. In 2015, three years ahead of EITI's directive, PH-EITI launched its Contracts Portal—an online repository of contracts related to the country's extractive operations. This platform empowers the public with vital information about government and contractor responsibilities, required payments, and the anticipated benefits for host communities affected by these operations.

In the same year, PH-EITI in partnership with the DOF Bureau of Local Government Finance (BLGF), and the Philippine Poverty-Environment Initiative (PPEI), developed the Environment and Natural Resources Data Management Tool, or ENRDMT. The tool allowed local governments to track revenues and expenditures from extractive industries, marking a proactive and crucial step in embedding transparency into routine governance.

PH-EITI's early adoption of systematic disclosure was a hallmark of its commitment to good governance, earning the country a "satisfactory progress" rating during the 2017 EITI Validation. This milestone recognized the initiative's early gains in systematically disclosing social, environmental, employment, and gender-related data.

The momentum on mainstreaming continued with the launch of the PH-EITI's Systematic Electronic Extractives Disclosure (SEED) Initiative in 2018. SEED is described as a suite or package of innovations developed by PH-EITI and/or its partner agencies and organizations to mainstream extractive transparency in the country. It was an umbrella program for all of PH-EITI's mainstreaming efforts.

Alongside this initiative, two digital tools emerged as transformative milestones. Piloted in 2018 during the preparation of the 5th PH-EITI Report, the Online Reporting in the Extractives (ORE) Tool improved data submission, streamlining the EITI reporting process for greater speed and accessibility. Complementing this, the Extractives Data Generator (EDGE) unlocked a wealth of industry data, empowering the public with resources for research and informed decision-making.

In its sixth reporting cycle for FY 2018, the PH-EITI began transitioning toward mainstreaming EITI implementation. To streamline and enhance the efficiency of the reporting process, the FY 2018 Report took an initial step of identifying data and information required by the EITI Standard that were already publicly available through government agencies, companies, or previous PH-EITI reports. The report also examined the extent to which these disclosures were being integrated into existing systems, leveraging government, company, and PH-EITI websites to advance a more cohesive and transparent approach to data accessibility.

In early 2019, a mainstreaming roadmap was drafted, accompanied by a workshop that brought together MSG members and representatives from EITI implementing agencies. That same year, the DOF, after a series of co-creation consultations, committed, under the 5th Philippine Open Government Partnership (PH-OGP) National Action Plan (NAP), the institutionalization of transparency and accountability in the extractives through mainstreaming. This commitment encompassed three key milestones, all set for completion by August 31, 2022. The first milestone aimed to achieve the systematic disclosure of extractive industry information through an integrated, centralized network of independent databases and web portals. Subsumed as one of the deliverables under the first milestone was the issuance of policies or enactment of legislation that will institutionalize EITI. The second milestone focused on establishing a public register of beneficial owners of extractive companies, ensuring transparency in ownership structures. Lastly, the third milestone sought to develop a standardized gender audit tool for extractive companies, promoting inclusivity and accountability within the sector.

By the end of the NAP's implementation period in 2022, DOF reported significant progress on its commitments. The second and third milestones had been achieved with the creation of PH-EITI's Beneficial Ownership (BO) Registry and the development of a standardized gender audit tool for extractive companies, which was integrated in the ORE tool.

Despite the substantial progress made, several deliverables under the first milestone remained unmet, particularly in issuing policies or enacting legislation to institutionalize EITI implementation and in drafting new terms of reference for the MSG, Secretariat, and Independent Administrator. While the legislative reforms were ambitious within the given timeframe, PH-EITI took proactive steps to address the gap. Legislative advocacy was prioritized in PH-EITI's 2022 work plan, focusing on supporting existing House bills in Congress and proposing amendments to EO 147 as an interim measure to enhance the role of the MSG, Secretariat, and IA and make the country's EITI implementation more sustainable.

PH-EITI's mainstreaming story evolved to include beneficial ownership (BO) disclosure, a critical area for ensuring accountability, which the PH-EITI also addressed under its PH-OGP commitment. Through Memorandum Circulars issued by the country's Securities and Exchange Commission (SEC), the country integrated BO reporting into corporate filings, making it easier to identify the individuals behind extractive companies. This effort was complemented by the creation of the BO Registry.

Even when the COVID-19 pandemic disrupted the world in 2020, the Philippines adapted, implementing flexible reporting mechanisms to keep the transparency agenda alive. In its eighth reporting cycle for the FY 2020 report, PH-EITI included a "compendium" of relevant laws related to extractives, which were already available on the respective agency websites. This exemplifies another systematic approach to disclosing extractive information.

By 2021, the Philippines had solidified its direction, leveraging the achievements of the PH-EITI MSG and aligning with the priorities of the Marcos administration as well as local and international commitments. PH-EITI intensified its efforts to institutionalize transparency and accountability in the extractive sector through legislation and the timely, systematic public disclosure of extractive data. Consistent with its PH-OGP commitment, PH-EITI conducted and published a Mainstreaming Feasibility Study in 2021. The study explored how transparency practices could be integrated into existing government and industry processes, laying a foundation for enhanced dialogue and collaboration. Building on its findings, PH-EITI organized a series of consultation sessions that brought together government agencies, industry leaders, civil society organizations, and community representatives. These engagements fostered collaboration and idea-sharing, culminating in the development of a proposed 3-Year Action Plan for Mainstreaming EITI Data Disclosure (2021–2023). The said action plan served as one of the major references in designing mainstreaming programs and activities under PH-EITI's 2022 workplan.

In its 2021 Validation, which results were announced in 2022, the Philippines was found to have achieved a moderate overall score (80 points) in implementing the 2019 EITI Standard. Notably, the country gained an extra point for its mainstreaming initiative.

Although systematic disclosure was again a priority in PH-EITI's 2022 workplan and some objectives of mainstreaming were addressed through various initiatives under the action plan to tackle the Validation corrective actions, these efforts were insufficient to achieve substantial gains in 2022. This is evident from the lack of reported accomplishments on mainstreaming in PH-EITI's 2022 Annual Progress Report, apart from the maintenance of existing portals and the proposed amendments to Executive Order 147, which called for the public and systematic disclosure of extractive data.

In 2022, PH-EITI continued to utilize the ORE Tool for producing the FY 2020 report. The ORE Tool can be considered PH-EITI's primary mainstreaming effort as it functions as a routine disclosure mechanism for companies. This tool has established itself as a key practice for promoting transparency and reporting in the extractives sector. However, there are some issues with the system that need to be addressed to ensure its continued effectiveness and efficiency.

Localizing Implementation: PH-EITI's Progress in SET-UP-GO

The Philippine Extractive Industries Transparency Initiative (PH-EITI) has been promoting transparency and accountability in the country's extractive sector for over a decade since its establishment in 2013. Building on this solid foundation, PH-EITI launched its Subnationalizing Extractive Transparency – Ushering Participatory Governance (SET-UP-GO) Program in 2023 as a strategic response to strengthen EITI implementation at the subnational level.

The subnational implementation of EITI aligns with established frameworks for enhancing local resource governance, particularly for countries like the Philippines with decentralized revenue flows and significant local extractive impacts. SET-UP-GO advances this approach while reinforcing the Philippines' commitments under EITI and the Open Government Partnership (OGP). Through emphasis on transparency and civic participation, the program aims to devolve EITI principles to the local level, directly impacting resource-dependent communities and strengthening governmental accountability.

Program Overview and Current Status

SET-UP-GO's implementation is structured across five strategic phases from 2024-2025, designed to systematically build local capacity for EITI implementation. These phases progress from initial preparation through framework development, capacity building, implementation, and evaluation. Each phase includes specific objectives and measurable milestones to ensure systematic progress toward program goals. The detailed implementation timeline is presented in Table I-21.

Table I-21. SET-UP-GO Implementation Timeline[132]

Proposed Activities	Milestones	Target Completion
Phase 1: Preparatory Phase Objective: Lay the groundwork for successful pilot implementation.		
Selection of Pilot Area: Identify and select a suitable pilot area based on mining activity, local government interest, and community engagement potential	Pilot area identified and approved	June 2024
Stakeholder Mapping: Identify all relevant stakeholders, including local government units, mining companies, civil society organizations, and local communities.	Stakeholder list finalized	June to July 2024
Needs Assessment: Conduct a comprehensive needs assessment to understand the local context, challenges, and expectations regarding EITI implementation.	Needs assessment conducted Report submitted and reviewed	July to Oct 2024
Phase 2: Framework Development Objective: Develop a localized EITI framework adaptable to the selected pilot area.		

[132] Philippine EITI, Logical Framework for the Subnational Implementation of EITI in the Philippines, Unpublished Document, n.d.

Drafting the Local EITI Framework: Based on the needs assessment, draft a localized EITI framework that aligns with national standards and local realities.	Draft framework created Stakeholder feedback integrated	Nov to Dec 2024
Stakeholder Consultation: Engage with identified stakeholders through consultations to refine and validate the draft framework.	Consultation sessions conducted Amendments made based on feedback	Jan to Feb 2025
Framework Approval: Secure formal approval of the local EITI framework from relevant authorities and stakeholders.	Final framework approved by local authorities	Feb 2025
Phase 3: Capacity Building Objective: Enhance the capacity of local stakeholders to implement and sustain EITI standards.		
Training Programs: Develop and conduct training programs for local government officials, mining companies, and civil society on EITI principles, reporting standards, and monitoring.	Training curriculum developed Training sessions conducted	March to June 2025
Public Awareness Campaigns: Launch campaigns to raise public awareness and understanding of EITI goals and processes.	Campaign materials developed Public engagements executed	March to June 2025
Phase 4: Implementation and Monitoring Objective: Implement the EITI framework in the pilot area and monitor progress and challenges.		
EITI Implementation: Begin the implementation of EITI reporting and disclosure processes as per the approved framework.	EITI reporting and disclosure processes initiated	July 2025 onwards
Development of Project Results Framework: Establish a Monitoring, Evaluation, Reporting, and Learning (MERL) framework to set clear targets, outcomes, impacts, and indicators for tracking progress from the outset.	MERL framework established Key results, outcomes/impacts, and indicators defined	Aug 2025 onwards
Continuous Monitoring: Implement the monitoring mechanism to track progress, document challenges, and capture lessons learned.	Initial monitoring report completed	Aug 2025 onwards
Stakeholder Engagement: Maintain continuous engagement with stakeholders to ensure transparency and address any issues promptly.	Regular stakeholder meetings established Feedback mechanism operational	July 2025 onwards
Phase 5: Evaluation and Scaling Up		

Objective: Evaluate the pilot implementation and prepare for scaling up to other areas.		
Evaluation of Pilot Implementation: Conduct a comprehensive evaluation of the pilot implementation to assess its effectiveness, identify best practices, and note areas for improvement.	Comprehensive evaluation conducted Evaluation report drafted	Nov 2025
Reporting and Feedback: Compile a detailed report on the pilot implementation, including recommendations for scaling up. Share the findings with all stakeholders and solicit feedback.	Evaluation report finalized and disseminated Feedback collected and analyzed	Nov 2025
Development of Sustainability and Scale-Up Strategy: Establish mechanisms to ensure the sustainability of the EITI implementation in the pilot area and develop a strategy for expanding the initiative to additional regions, focusing on replicability and adaptation to new contexts.	Sustainability mechanisms established for the pilot area Scale-up strategy developed and approved Implementation roadmap for scaling and replication completed	Nov 2025

As of November 2024, the program is currently in its Preparatory Phase, with the following activities underway:

- Pilot Area Selection: The PH-EITI is in the process of identifying suitable pilot areas for SET-UP-GO based on mining activity, local government interest, and community engagement potential.

- Stakeholder Mapping: PH-EITI is compiling a comprehensive list of relevant stakeholders, including local government units, mining companies, civil society organizations, and local communities. This builds on the initiative's ongoing efforts to map mandated multi-stakeholder spaces, as outlined in the 9th PH-EITI Report.[133]

- Needs Assessment: To inform the development of a localized EITI framework, PH-EITI has engaged a comprehensive approach. This includes conducting regional roadshows in 2024, where stakeholders from mining-affected areas were consulted on the challenges and expectations of bringing EITI implementation to the local level. Based on these initial consultations, PH-EITI has engaged a consultant to conduct a comprehensive subnationalization assessment. This in-depth study will provide crucial insights into the local context, challenges, and stakeholder expectations regarding EITI implementation at the subnational level.

The PH-EITI Regional Roadshows

In 2024, the PH-EITI conducted regional roadshows as part of SET-UP-GO's preparatory phase, implementing two distinct formats. Full three-day regional roadshows were held in Baguio City (August 14-16), Cebu City (September 3-5), and Butuan City (September 25-27). Condensed two-day stakeholder consultations took place in Zambales (August 19-20) and Palawan (October 9-10).

[133] Philippine EITI, "FY 2021 Country Report | Recovery: Regaining Ground and the Need to Expand Civic Spaces" (Philippine EITI, December 31, 2023), https://pheiti.dof.gov.ph/country-reports/.

The roadshows combined roundtable discussions, stakeholder consultations, and community visits to gather inputs on subnational EITI implementation. Participants included local government units (LGUs), regional offices of national government agencies (NGAs), civil society organizations (CSOs), Indigenous Peoples Organizations (IPOs), academia, and extractive companies.

The regional roadshows were strategically designed to achieve four key objectives:[134]

- Revitalize EITI implementation at the local level through strengthening transparency frameworks and processes within local governance structures,
- Incorporate stakeholder feedback for continuous improvement by systematically collecting and integrating feedback from previous and current engagements,
- Clarify and strengthen the community's role in EITI by defining and promoting active participation in natural resource governance, and
- Develop continuous community engagement strategies to ensure ongoing community participation in oversight and management.

1. Assessment of the PH-EITI Regional Roadshows

The effectiveness of the regional roadshows was evaluated through participant feedback forms.[135] Based on collected responses, the roadshows demonstrated strong overall performance in facilitating multi-stakeholder dialogue. The quality of discussions averaged 4.2 out of 5 across all legs, indicating strong stakeholder engagement and productive dialogue. This high rating suggests the roadshow format effectively facilitated meaningful exchange between diverse stakeholders, particularly during forum discussions about extractive sector governance. Speaker effectiveness averaged 4.3 out of 5, with respondents highlighting presenters' knowledge and ability to address technical questions. This indicates the roadshows successfully engaged qualified resource persons who could effectively communicate complex extractive governance concepts to varied audiences.

Platform and venue quality averaged 4.1 out of 5, indicating high satisfaction from participants. However, some specific concerns were noted about venue accessibility and audio-visual setups in certain locations, suggesting the need for more rigorous venue assessment criteria for future roadshows. The program structure received an average rating of 4.0 out of 5, with participants noting several areas requiring improvement. These include the need for better time management, advanced distribution of materials, better-structured workshop sessions, and more time for open discussions.

The impact of agency participation gaps emerged as a critical finding across multiple dimensions of the roadshows. While the overall quality of discussions was high, the absence of key agencies like the National Commission on Indigenous Peoples (NCIP) and the Environmental Management Bureau (EMB) in some sessions significantly affected the depth of technical discussions. This was particularly evident in conversations about environmental compliance monitoring and Indigenous Peoples' concerns, where 38% of respondents noted that missing agency expertise limited comprehensive discussion. These gaps highlight not just an operational issue for future roadshows, but a broader challenge in ensuring coordinated engagement across all relevant government stakeholders in subnational EITI implementation.

These assessment findings suggest three priority areas for strengthening future roadshows. First, advance planning mechanisms must be established to secure comprehensive agency participation, particularly for technical discussions requiring specific expertise. Second, the workshop structure needs enhancement to better balance presentations with interactive sessions, potentially through redesigned session formats that maximize stakeholder interaction. Third, systematic follow-up mechanisms should be developed to track and address stakeholder concerns raised during consultations, ensuring continuity between roadshow events and subsequent SET-UP-GO implementation phases.

[134] Philippine EITI, PH-EITI 2024 Regional Roadshow Concept Note, Unpublished Document, n.d.

[135] Philippine EITI, "PH-EITI 2024 Regional Roadshows Evaluation Form Responses," Data set, Unpublished.

2. Key Findings and Insights from the Roadshows

The roadshows revealed several critical challenges in local natural resource governance capacity. Based on documented discussions during the regional roadshows by the PH-EITI[136] and the consultant, local governments face significant limitations in monitoring extractive operations due to insufficient resources and expertise. For instance, the Regional Mining Regulatory Boards (PMRBs) experience funding constraints and often rely on LGU support, which requires maintaining good relationships with provincial governments.

Revenue management emerged as a significant concern across regions. Local governments reported delays in wealth share disbursement,[137] with some receiving as little as PHP 1,900 in a quarter. The lack of clear guidelines for fund utilization complicates effective resource management, with stakeholders specifically requesting a project "menu" to guide the use of extractive industry revenues.

Environmental monitoring presents another crucial challenge. Stakeholders expressed concerns about slow rehabilitation efforts, water quality impacts, and limited transparency in Environmental Compliance Certificate (ECC) results. The absence of EMB representatives at some consultations limited comprehensive discussion of these issues.

Indigenous peoples' concerns featured prominently in discussions. Stakeholders highlighted delays in Free Prior and Informed Consent processes, issues with royalty payments, and the need for improved consultation mechanisms. These concerns underscore the importance of inclusive engagement in resource governance.

The roadshows also revealed varying levels of readiness for subnational EITI implementation across regions. LGUs demonstrated a strong interest in transparency initiatives. However, they require significant capacity-building support. CSOs and IPOs actively participated in discussions, highlighting the importance of inclusive engagement in resource governance.

This review provides crucial insights for refining the SET-UP-GO program's implementation strategy. The documented challenges and stakeholder recommendations will inform the development of targeted interventions to strengthen transparency and accountability in the extractive sector at the subnational level.

3. Comparative Analysis with International Experience

The challenges identified during the PH-EITI regional roadshows align closely with documented patterns in global EITI subnational implementation. The World Bank's analysis of subnational EITI implementation highlighted several critical constraints similar to the findings from the Philippine roadshows:[138]

- Technical and Resource Capacity: The regional roadshows revealed that Philippine local stakeholders face significant limitations in monitoring extractive operations due to insufficient resources and expertise. The World Bank study identifies this as a common barrier across implementing countries, where administrative capacity at subnational levels is consistently lower than at the central level due to underfunding, staffing deficiencies, and lack of technical training.

- Revenue Management: During the roadshows, stakeholders highlighted delays in wealth share disbursement and the lack of clear fund utilization guidelines as major concerns. Similarly, the World Bank study notes that implementing countries frequently struggle with revenue management at the subnational level, particularly regarding unclear distribution mechanisms and weak financial oversight systems.

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[136] Philippine EITI, "PH-EITI 2024 Regional Roadshows Issues and Concerns," Data set, Unpublished.

[137] This refers to the mandated share of extractive industry revenues allocated to local governments.

[138] Verena Seiler, Javier Aguilar, and Georg Caspary, "Implementing EITI at the Subnational Level: Emerging Experience and Operational Framework," World Bank Extractive Industries for Development Series #23, October 2011, http://eiti.org/files/Implementing%20EITI%20at%20subnational%20level.pdf.

- Institutional Coordination: The roadshows documented challenges in coordinating between national agencies and local governments, affecting comprehensive monitoring and implementation. The World Bank analysis identifies this as a recurring challenge across countries, emphasizing how insufficient intergovernmental coordination mechanisms can impede effective EITI implementation at the subnational level.

- Multi-stakeholder Engagement: The roadshows highlighted the importance of promoting inclusive community participation in natural resource governance, particularly noting the need to better engage Indigenous Peoples and local communities. This aligns with the World Bank's findings that successful subnational EITI implementation requires sustained engagement with local civil society organizations and affected communities to ensure meaningful participation in oversight and monitoring.

SET-UP-GO's phased implementation approach, with its focus on capacity building and institutional strengthening, appears well-designed to address these documented challenges. The program's attention to stakeholder preparedness particularly aligns with lessons learned from other countries about the importance of sustained investment in local capacity.[139]

SET-UP-GO represents a critical opportunity to strengthen natural resource governance at the subnational level in the Philippines. The program's phased implementation approach and emphasis on stakeholder engagement, informed by lessons from international experience, provide a strong foundation for achieving meaningful transparency and accountability in local extractive governance.

Looking ahead, SET-UP-GO's success will depend on executing several critical actions in parallel. The program must carefully select pilot areas based on comprehensive roadshow findings while establishing robust baseline measurements for monitoring implementation progress. Simultaneously, developing specific protocols for inter-agency coordination will be crucial for addressing the systemic challenges identified during the roadshows. These efforts must be underpinned by secured commitments from key stakeholders to ensure sustained engagement throughout the implementation process.

Through these targeted interventions and systematic capacity building, SET-UP-GO can address the identified challenges in local natural resource governance while building on the strong stakeholder interest demonstrated during the roadshows. The program's comprehensive design and focus on stakeholder preparedness position it well to achieve lasting impact in enhancing transparency and accountability in subnational extractive sector governance.

[139] Seiler, Aguilar, and Caspary, "Implementing EITI at the Subnational Level: Emerging Experience and Operational Framework," October 2011, 74-76.

Musings

- *In July 2026, the Philippines will undergo its third full Validation and the first Validation under the 2023 EITI Standard. What can the MSG and PH-EITI stakeholders learn from the country's 2021 Validation experience that lasted until 2022?*
- *What steps should the MSG take in early 2025 to ensure effective preparation for the 2026 Validation?*
- *What innovative practices can the MSG showcase during the Validation process?*
- *How has the MSG progressed in addressing the corrective actions from the 2021 Validation?*

Letters to and from Oslo: A Rundown of the 2022 Validation Saga

Any mindful Filipino would agree that the most defining event of 2022 in the Philippines was the national elections, which culminated in a historic mandate for the Marcos-Duterte tandem. The campaign trail was equally marked by the vigorous and passionate efforts of President Marcos Jr.'s toughest political rival, former Vice President Leni Robredo, whose bid for the presidency galvanized supporters nationwide. Together, the political dynamics made the first half of 2022 not only lively but also intensely charged.

But in one corner of the nation's natural resource governance agenda, a smaller yet enduring transparency program was waging its own battle. The conflict surrounding this initiative—though less visible than the national elections—was a different kind of intense, brewing early in the year and reaching a critical peak just days before the leadership transition midyear. Like any traditional plot, it concluded with a resolution that somewhat achieved the semblance of a win-win outcome for all stakeholders involved.

The year was marked by tactful yet high-stakes formal correspondences that would later shape the implementation of extractives transparency in the Philippines for the years to follow. During this period, about a dozen letters were exchanged between the PH-EITI Chair and the Oslo-headquartered EITI, each playing a crucial role in a dialogue aimed at engaging the Philippines to enhance the environment for civic participation in the extractives sector, while also keeping the country within the fold of international transparency efforts.

In 2021, the Philippines underwent a rigorous EITI Validation process, which, according to EITI procedures, was expected to take only 10 weeks. However, as the year came to a close, stakeholders grew increasingly anxious over the unprecedented delay in the Validation results, particularly due to concerns raised by the EITI Validation Committee regarding the country's compliance with Requirement 1.3 of the 2019 EITI Standard. These concerns included recommendations to the EITI Board to downgrade the Philippines' score on this requirement, potentially leading to its suspension as an EITI implementing country.

On January 14, 2022, following an online discussion between the EITI International Secretariat and the Department of Finance, the government and industry constituencies of the Philippine Multi-Stakeholder Group (MSG) agreed to send a formal letter to EITI to express their concerns. Initially intended as a unified MSG letter, the civil society constituency played an active role in the drafting process, with four drafts circulated and over two dozen email exchanges among MSG members. The MSG also held a special meeting in December 2021 to build consensus on the letter. Despite several revisions, civil society representatives disagreed on certain points, prompting the government and industry constituencies to proceed with the letter submission, recognizing the need to communicate concerns over the delayed Validation process.

The letter raised issues regarding the objectivity, impartiality, and reasonableness of the recommendations to downgrade the Philippines' score on civil society engagement. Both constituencies questioned whether the civil society participation issues were directly linked to the extractive sector, the EITI process, and the mandates of EITI implementation in the Philippines, particularly in relation to the 2019 fiscal year (2019) being validated.

The constituencies also expressed concerns about a potential breach of Article 3 of the EITI Protocol on Civil Society Participation, which states that “[a]d hoc allegations or reports of potential or actual restrictions on civil society representatives in EITI implementing countries should in the first instance be discussed and addressed by the multi-stakeholder group.”

The letter highlighted the Philippines' ongoing efforts to ensure community and civil society participation in resource governance, while addressing concerns surrounding the enactment of the Anti-Terrorism Act of 2020.

In response, EITI formally expressed appreciation for the Philippines' input and acknowledged the extensive supporting documentation provided, particularly regarding efforts to address civic engagement. The response indicated that the submitted materials would be incorporated into the ongoing deliberations of the EITI Validation Committee.

In early February, during a Southeast Asia and Asia-Pacific EITI Implementing Countries meeting, the EITI confirmed that the Validation Committee had reached a consensus on the Philippines' overall Validation score, granting it a moderate rating. However, the committee downgraded the country's score for Requirement 1.3 (Civil Society Engagement) from "mostly met" to "partly met." Although such a downgrade could typically trigger an automatic suspension under the EITI Standard, the Committee did not make a recommendation on whether to enforce this suspension. As a result, the matter was escalated to the EITI Board for further review.

After the EITI Board meeting on February 16-17, formal communication was sent to the Philippines. The Board upheld the moderate overall score and the "partly met" assessment for Requirement 1.3. The EITI clarified that while there was no consensus on applying the safeguard mechanism outlined in Article 5 of Chapter 4 of the 2019 EITI Standard, this issue would be revisited in future reviews concerning the Philippines' progress on corrective actions, especially regarding government and civil society engagement.

At the 76th meeting of the Philippine MSG, the civil society constituency expressed respect for the EITI Board's decision on the Philippines' Validation but raised concerns over the lack of consensus on enforcing the safeguard mechanism outlined in Article 5, Chapter 4 of the EITI Standards. Civil society representatives acknowledged the efforts of their counterparts on the EITI Board to advocate for Philippine civil society organizations (CSOs), particularly in light of concerns over narrowing civic space in the country.

“We now look to our government and industry counterparts in the MSG to work with us to seriously address the issues raised by the EITI Board, most especially the breaches in the EITI protocol on civil society participation – particularly on freedoms of expression, operation, and association. We expect that the MSG will work to address these deficiencies to ensure that advocates, activists, and ordinary citizens, both in and out of the natural resource governance space, will have their civil and political rights fully respected. A multi-stakeholder initiative such as the EITI cannot be fully functional unless these rights are vigorously protected,” read a statement from the civil society constituency.

With the Validation results concluded and the Philippines emerging somewhat positively from the process, one might expect a return to normal operations. However, the situation remained far from settled. As stakeholders continued their efforts to implement the EITI process, disagreements persisted over the corrective actions outlined in the Validation report. These actions were designed to improve compliance with the EITI Standard’s technical and stakeholder engagement requirements. However, varying perspectives among stakeholders made it challenging to reach a consensus on how to proceed. To address this, another meeting was arranged between the EITI and the DOF in March 2022.

Simultaneously, the MSG and the PH-EITI Secretariat took steps to address the concerns related to civic engagement that arose from the Validation process. This included forming a stakeholder engagement committee, creating an action plan to resolve the identified issues, holding a session with civil society representatives to align on the concerns, and drafting amendments to PH-EITI’s legal framework to enhance its inclusivity and ensure compliance with EITI principles and requirements, such as systematic extractive data disclosure.

In addition, the Philippines, through PH-EITI, demonstrated its commitment as a responsible member of the EITI international community by participating in consultations on revisions to the EITI Articles of Association and reviewing the updated Validation model. Notably, the Philippines was the first country to undergo assessment under this new model, which was introduced in 2021.

Following the March meeting between the EITI and the DOF, the EITI responded in April to key points raised by the DOF. The response addressed concerns regarding the Validation process, the role of the MSG, and potential implications for Philippine sovereignty arising from some of the corrective actions.

About a month following the national elections, the DOF, in June, responded to this third letter from the EITI and reiterated its strong disagreement with the EITI Board's findings and decision on the state of civic engagement in the Philippine extractives sector. In the communication, the DOF—as chair of the MSG and supervisor of the PH-EITI Secretariat—suspended activities related to an Extractives Integrity Study that the EITI had been supporting.

As a final blow, the DOF, just 10 days before the inauguration of the new Philippine President, unilaterally withdrew from the EITI. The withdrawal letter was transmitted to the EITI on June 20, with two EITI Board members from Senegal and Indonesia copied in the communication. The MSG was informed the following day, just before the DOF issued a press release announcing the decision to the public.

Immediately after the public announcement of the Philippines' withdrawal from the EITI, questions arose regarding extractive companies' reporting obligations. In response, the PH-EITI swiftly clarified that, despite the withdrawal from the international initiative, the Philippine government remained committed to transparency in the extractive sector. The transparency mechanisms established under Executive Orders 79 and 147, which set the framework for reporting and data requirements, would remain in effect. As a result, companies and projects covered by the FY2020 and FY2021 country reports were still required to comply with the annual reporting process. While the country had chosen to disassociate from the EITI due to concerns over the Validation process, its commitment to transparency was steadfast, and reporting initiatives would continue as usual.

In a statement to Rappler[140], the DOF underscored that the core issue was the perceived lack of fairness in the Validation process, asserting, "The lack of fairness, impartiality, and transparency in an organization that was supposed to espouse transparency, thus, led us with no recourse but to withdraw." The DOF further explained that the decision to withdraw did not require consultation with the MSG, as participation in the EITI was a voluntary government commitment. Withdrawal, therefore, was viewed as a matter of government prerogative. The department emphasized that the decision was not made lightly, noting that the government had raised concerns with both the MSG and the EITI as early as November 2021. Unfortunately, since no resolutions were forthcoming, the government felt compelled to proceed with the withdrawal. As stated, the DOF reaffirmed its commitment to transparent and accountable governance in the extractive sector through national laws and policies, in line with the people's mandate.

Aside from questions about whether extractive companies and projects should continue complying with PH-EITI reporting requirements, another immediate consequence of the withdrawal announcement was concerns about the job order-based contracts of the PH-EITI Secretariat staff. The uncertainty surrounding the program's future, particularly during the first two months of the Marcos, Jr. administration, left the Secretariat in a vulnerable position. As a result, staff were given the option to leave, as the prospects for contract renewal were uncertain.

For over two months, the letters stopped coming in or out. Curious, yet perhaps strategic, this pause saw the EITI refraining from any action, neither delisting the Philippines nor responding to the DOF's withdrawal letter from the outgoing Duterte administration. It wasn't until the final week of August, after the new finance chief had settled in, that the EITI sent a letter inviting the Philippines to restate its commitment to EITI membership and implementation. In his response, the finance chief immediately obliged, citing the Marcos Jr. administration's commitment to continuously engaging and uniting various stakeholders in pursuing good governance and policy reforms in the country.

[140] https://www.rappler.com/philippines/duterte-administration-withdraws-from-mining-transparency-initiative-june-2022/

As a strong advocate for the Open Government Partnership (OGP), particularly during his tenure as Budget and Management Secretary, former Finance Secretary Benjamin Diokno required little convincing to recognize the value of acceding to the EITI. Nonetheless, PH-EITI champions and partners, including OGP and the US Embassy in Manila, made concerted efforts to engage the Secretary. Another key intervention came from economist Dr. Cielo Magno, a former Philippine MSG member representing civil society, and at the time, a member of the EITI Board and Validation Committee. In a swift turn of events, Magno was invited to serve as Undersecretary of the Department of Finance, leading the Fiscal Policy Monitoring Group (FPMG) and chairing the PH-EITI. The FPMG is the DOF group overseeing the proposed new mining fiscal regime.

"We see the value of EITI in complementing the administration's agenda of maximizing the extractive sector's contribution on resource mobilization and economic growth," said Diokno in his letter to EITI.

The EITI Board Chair, the Rt. Hon. Helen Clark, former prime minister of New Zealand, acknowledged the letter from Finance Secretary Diokno. She then expressed her intention to visit Manila in November and requested a meeting with him during her trip. This move signaled continued engagement between the Philippines and the EITI despite earlier tensions.

With EITI engagement seemingly back on track under renewed leadership, the final set of communications between the Philippines and Oslo involved an invitation for PH-EITI representatives to attend the 54th EITI Board Meeting and the National Coordinators Meeting in October in Oslo. PH-EITI's participation in these meetings marked the first visible demonstration of renewed engagement with the EITI. The second major event was Helen Clark's visit to Manila in November, which involved a hectic schedule of meetings with Filipino stakeholders, aimed at strengthening EITI engagement in the country and advancing initiatives on beneficial ownership transparency and energy transition, among other priorities.

There was also a formal request to defer the scheduled October 2022 assessment of the country's actions regarding corrective measures for Requirement 1.3. During the same October meeting, the EITI Board granted the Philippines an extension of up to 15 months for reviewing these corrective actions from the previous Validation, with close monitoring by the Implementation Committee. As a result, the review of corrective actions, originally scheduled to begin on October 1, 2022, for Requirements 1.1 and 1.3, as well as the full Validation set for April 1, 2023, were both postponed to January 1, 2024. This decision was part of an updated Validation schedule for all implementing countries, which took into account the effects of the COVID-19 pandemic and the available resources at the Secretariat for conducting Validations.

After Clark's visit, letters from her office arrived in December, thanking Diokno and Senator Joel Villanueva for the strong political support in promoting greater transparency in the extractive sector, particularly through the advocacy of high-level government officials like themselves.

"As I noted in my keynote speech at the Philippines EITI conference, I hope to see the Philippines sustain its status as a shining example of impactful and innovative EITI implementation," Clark stated in both letters.

What Now? Recommendations for Achieving Results and Outcomes

The primary criticism of EITI implementation in any EITI-implementing country is its direct benefit and impact on nation-building, community development, and natural resource conservation. While data disclosure, stakeholder engagement, and MSG discussions and recommendations contribute to the process, they sometimes feel disconnected from a broader, desired impact—an issue the Philippine MSG, for instance, must address, especially as PH-EITI moves deeper into its second decade.

To this end, and in light of the data and information examined in detail in this contextual report, the following recommendations are presented to recalibrate and refine implementation efforts toward tangible results, meaningful outcomes, and lasting impact. These recommendations are based on the evolving role of the MSG, the expanding coverage of the EITI Standard, and the need for more effective operational strategies.

It is imperative to consider the transition to systematic disclosures.

PH-EITI should consider shifting its focus from the annual reconciliation of all tax payments—where the local extractive industries have demonstrated consistent compliance over the past decade—to more complex areas with higher reconciliation variances, such as local government unit (LGU) revenues and Indigenous Peoples (IP) royalty payments. Closing the reporting gap to one year is also critical for enhancing the timeliness of data. This goal should be prioritized, with appropriate resources allocated toward its achievement.

Systematic disclosure aims to make data comprehensive, comprehensible, timely, and accessible without duplicating the efforts of relevant agencies or burdening companies with multiple reporting requirements across different government offices. Instead of creating parallel reporting structures, it may streamline the process, ensuring disclosures enhance transparency while reducing inefficiencies. Sustaining momentum in mainstreaming extractives transparency is crucial. Implementing agencies and participating companies should integrate disclosure practices into routine business operations, treating transparency as an integral part of governance. To facilitate this shift, the MSG should seriously consider hiring long-term staff or engaging a dedicated consultant to oversee mainstreaming efforts. Revisiting the feasibility study and action plan is necessary to address gaps identified in the most recent Validation process and setbacks in implementation. Updating the roadmap with clear milestones, timelines, and responsibilities will allow the MSG to adapt to evolving circumstances. Mainstreaming should be seen as a continuous and evolving process that integrates transparency across all aspects of EITI implementation, rather than a static goal.

Initial gains in mainstreaming, such as the establishment of the Contracts Portal, Beneficial Ownership Registry, and the ORE tool, should be continuously supported and refined based on stakeholder feedback to ensure their effectiveness and long-term viability.

As mainstreaming becomes embedded, the role of the PH-EITI MSG and Secretariat should expand beyond annual reporting to active data monitoring and analysis. Their responsibilities should include ensuring the comprehensiveness and reliability of disclosures, raising public awareness, convening dialogues that inform policy, and developing recommendations for policy reforms.

While systematic disclosure allows companies and government agencies to publish data independently, PH-EITI must continue serving as a central aggregator of extractive sector information. This ensures long-term accessibility to critical data, even when reporting entities cease operations or remove disclosures from their platforms. The PH-EITI may consider developing dedicated company pages on its website, which would serve as a centralized hub for key company-related information. These pages could feature links to basic company documents such as registration details, ownership structures, annual reports, regulatory filings, and relevant disclosures related to their operations in the extractive sector.

For instance, not all extractive companies or projects have publicly accessible websites or portals for disclosing their financial statements. Some companies submit copies of their audited financial statements (AFS) to PH-EITI during the data collection process. As the corporate regulator in the Philippines, the Securities and Exchange Commission (SEC) serves as the primary repository for AFS submitted by registered companies. Requests for copies of AFS can be made through the SEC's online system or in person at the SEC Main Office, although a processing fee might apply and vary based on the document’s length and whether certification is required.

Streamlining the access to important data reduces the need for stakeholders to search through multiple sources, and enhances transparency in the sector. As such, maintaining a reliable, centralized data portal is crucial to safeguarding transparency and ensuring continuity in the governance of the extractive industry.

The Secretariat stands as the most appropriate entity to produce country reports.

Given its access to data and relevant stakeholders, the Secretariat is ideally positioned to take on the annual production of these reports. This adjustment would allow for better resource allocation, redirecting funds typically allocated for consultants toward stakeholder engagement and year-round report preparation. Short-term consultant engagements often face delays due to administrative issues, data collection challenges, and competing commitments. Moreover, there is a limited pool of local consultants familiar with EITI implementation, and those with the required expertise are often unwilling to engage due to tight deadlines, burdensome research and writing requirements, and limited budgets. Shifting resources away from such short-term engagements would improve efficiency and ensure more consistent progress. A relevant example of this approach is the annual Fisheries Profile, which is produced in-house by the Planning Division of the Department of Agriculture's Bureau of Fisheries and Aquatic Resources. While EITI country reporting might be more complex, hiring relevant full-time staff could be considered to ensure the timely production of country reports.

The MSG needs to reassess its role and focus.

The MSG is increasingly becoming a platform for addressing social, environmental, and civic engagement issues related to the extractive industries, supported by new committees and feedback mechanisms. This has been one of the immediate effects of the country's EITI Validation in 2021. To optimize effectiveness, the MSG should consider reviewing its parameters and objectives to ensure the efficient use of time and resources while keeping discussions focused and productive. Although the MSG's current role primarily involves issue referral and monitoring, it could further enhance its impact by exploring the possibility of recommending actions to relevant agencies or specific projects.

In the short term, the MSG should also closely monitor the allocation of new contracts, especially with the expected growth in foreign investments and the expansion of the industry.

Localizing EITI requires framework and capacity building.

The review of PH-EITI's progress through the 2024 regional roadshows under the SET-UP-GO initiative highlights both challenges and opportunities for localizing or subnationalizing EITI implementation. Stakeholders showed strong interest in improving local natural resource governance, but several critical gaps need attention. These include coordination issues between national and local governments, limited local capacity for monitoring extractive operations, delays in local revenue management, transparency concerns, and insufficient engagement with Indigenous Peoples (IPs).

To address these issues, the following recommendations are made: First, a localized EITI framework should be developed to ensure clear coordination protocols between national and local governments, particularly for revenue management and environmental monitoring. This framework should define roles, establish standardized tracking mechanisms for extractive operations and revenue flows, and outline provisions for IP participation. Second, PH-EITI should prioritize capacity building, focusing on training local government units (LGUs) in monitoring extractive operations, managing revenues, and enhancing environmental compliance. Coordination mechanisms between national and local governments should also be strengthened. Lastly, stakeholder engagement should be enhanced through regular multi-stakeholder dialogues, supporting civil society participation, creating feedback and grievance systems, and ensuring consistent agency involvement in technical discussions. These efforts will address participation gaps while fostering stronger governance at the local level.

Pursuing gender equality can lead to immediate benefits and long-term impact.

To advance gender equality in the extractive industries, a comprehensive approach is needed, focusing on policy development, recruitment, retention, and workplace culture. Industry associations like the Chamber of Mines of the Philippines (COMP), the Philippine Petroleum Association of the Upstream Industry (PAP), and PH-EITI should take the lead in developing industry-wide metrics and a standardized policy framework to measure progress and facilitate the sharing of successful initiatives. Extractive companies should prioritize attracting women to technical and operational roles, especially in sectors with significant gender gaps, such as metallic mining. Targeted recruitment strategies, including scholarships and mentorship programs, along with retention initiatives like career development training and flexible work arrangements, will support women's long-term progression. Companies should foster an inclusive workplace by expanding gender-sensitivity training, establishing formal avenues for employee feedback, and regularly reviewing policies to address gender-based biases and barriers to advancement.

Preparing for the 2026 Validation necessitates attention to technical requirements and corrective actions from previous Validation.

To ensure readiness for the 2026 Validation, it is essential to address both technical requirements and corrective actions from the previous Validation, with particular focus on areas that received low scores in the assessment. These key technical areas include contracts and license allocations, the license register, and contract transparency. Continued progress in beneficial ownership transparency, especially through the Opening Extractives Programme, is essential to fully comply with EITI standards. Simultaneously, preparation for the 2026 Validation should be incorporated into the 2025 work plan. Depending on the available budget, additional support may be necessary to effectively carry out this preparation.

The MSG may also require technical guidance on implementing new requirements, particularly regarding project costs. Consultations with MGB and DOE have revealed some confusion about this new requirement. Some stakeholders believe that these data were already disclosed previously, so clarification is needed on what new information is being collected for publication. Data collection began before consultants were engaged for the 2022 Report, so consultant advice was not provided on any new data that must be gathered from the companies. The data may also appear in the companies' annual reports, audited financial statements, or other documents, but extracting this information would require an additional, time-consuming process.

Finally, a thorough review of past feasibility and scoping studies may also be undertaken, with strong consideration for implementing their recommendations and plans to improve EITI processes and outcomes. By proactively planning and allocating resources, the organization can ensure full readiness for the upcoming Validation, maintaining momentum and sustaining compliance.

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