

**PH-EITI 19<sup>th</sup> MSG MEETING**  
**9:00 AM - 12:00 PM | December 5, 2014**  
**Carlota Paz Room, Hotel Jen,**  
**Roxas Blvd., Manila**

**Attendees:**

1		
2		
3		
4		
5		
6		
7	<b>Attendees:</b>	
8		
9	Asst. Sec. Ma. Teresa S. Habitan	Department of Finance (DOF)
10	Febe Lim	DOF
11	Dir. Anna Liza Bonagua	Bureau of Local Government Development - Department of the Interior and Local Government (BLGD-DILG)
12		
13	Engr. Romualdo Aguilos	Mines and Geosciences Bureau—Department of Environment and Natural Resources (MGB-DENR)
14		
15	Nenito Jariel Jr.	Department of Energy (DOE)
16	Asst. Dir. Amelia Menardo	National Economic and Development Authority (NEDA)
17	Sarah Mopia	Bureau of Internal Revenue (BIR)
18	Atty. Jeanette Florita	National Commission on Indigenous Peoples (NCIP)
19	Agustin Panganiban	NCIP
20	Dr. Cielo Magno	Bantay Kita
21	Perpevina Tio	Bantay Kita
22	Prof. Maria Aurora Teresita W. Tabada	Visayas State University
23	Ronald Allan A. Barnacha	Philippine Rural Reconstruction Movement (PRRM)/ North Luzon
24		
25	Roldan Gonzales	GITIB Inc.
26	Dr. Merian C. Mani	Romblon Ecumenical Forum Against Mining (REFAM)/ Romblon State University
27		
28	Vince Lazatin	Bantay Kita/Transparency & Accountability Network (TAN)
29	Engr. Artemio F. Disini	Chamber of Mines of the Philippines (COMP)
30	Nelia Halcon	COMP
31	Atty. Ronald Recidoro	COMP
32	Gerard Brimo	Nickel Asia Corporation (NAC)/ COMP
33	Sebastian C. Quiniones, Jr.	Shell Philippines Exploration BV (SPEX)/ Petroleum Association of the Philippines (PAP)
34		
35	Sec. Elisea Gozun	Mining Industry Coordinating Council (MICC) representative
36	Atty. Gay Alessandra V. Ordenes	Secretariat
37	Maria Meliza T. Tuba	Secretariat
38	Abigail D. Ocate	Secretariat
39	Mary Ann Rodolfo	Secretariat
40	Liezel B. Empio	Secretariat

1 Grace A. Estacio Secretariat  
2 Carmina Mosura Communication Strategist

3  
4 RESOURCE PERSONS:

5  
6 Che Javier Isla Lipana & Co.  
7 Pocholo Domondon Isla Lipana & Co.  
8 Feve Hisug Isla Lipana & Co.  
9 Katty Delos Santos Isla Lipana & Co.

10

11

12 **AGENDA:**

- 13 • Minutes of the 18<sup>th</sup> MSG meeting  
14 • Matters arising from previous MSG meetings  
15 • Presentation of draft reconciliation report  
16 • Presentation of recommendations per sector and formulation of key messages from the report  
17 • Approval of full EITI report (Volumes 1 and 2) and recommendations  
18 • Other matters

19

20

21 **1. Call to Order:**

22

23 1.1. The Philippine Extractive Industries Transparency Initiative (PH-EITI) Multi-Stakeholder Group (MSG)  
24 meeting was called to order at 9:12 AM.

25

26 1.2. The proposed agenda was presented and subsequently approved by the body.

27

28 **2. Minutes of the 18<sup>th</sup> MSG Meeting**

29

30 2.1. It was mentioned that the minutes of the meeting was circulated to the Multi-Stakeholder Group (MSG)  
31 the Secretariat did not receive any comments.

32

33 2.2. The body approved the minutes of the 18<sup>th</sup> MSG meeting.

34

35 **3. Matters Arising from Previous MSG Meetings**

36

37 3.1. In the interest of time, the Secretariat only discussed the items that have had developments since the  
38 last MSG meeting.

39

40 3.2. *Selection of Non-COMP alternate representative:* The secretariat reported the non-COMP members had  
41 an election last month, and Ore Asia Mining and Development Corporation was elected as the alternate

1 representative of non-COMP. It was mentioned that a representative from Ore Asia was already invited to  
2 today's meeting.

3  
4 3.3. *Publication of contracts*: The Secretariat recalled that during the last MSG meeting, representatives  
5 from the Department of Energy (DOE), Petroleum Association of the Philippines (PAP) and Civil Society  
6 Organizations (CSOs) were asked to discuss how to proceed with the disclosure of Service Contracts (SC).  
7 With this, the said representatives were requested to give updates regarding their discussions on this  
8 matter.

9  
10 3.4. The body was informed that PAP had a teleconference with the DOE and that the minutes of the  
11 meeting will be sent to the members of the MSG.

12  
13 3.5. The same representative shared that based on their discussions, there is actually no hindrance for  
14 publishing the oil and gas contracts. In addition, it was noted that there is already prior approval from  
15 Philodrill, Galoc and SC 38 consortium to make the contracts public.

16  
17 3.6. *Data from National Commission on Indigenous Peoples (NCIP)*: It was recalled that at the previous MSG  
18 meeting, the NCIP representatives were asked to provide the MSG with copies of the Memorandum of  
19 Agreement (MOA) between companies and Indigenous Peoples (IPs), budget and monitoring of Free, Prior  
20 and Informed Consent (FPIC) fees as well as royalty payments per company.

21  
22 3.7. Regarding the budget and monitoring of FPIC fees, the Secretariat shared that they just received the  
23 additional information from NCIP and they still need to examine whether the submitted information is  
24 complete.

25  
26 3.8. With regard to the MOA, it was mentioned that NCIP initially sent a letter stating that they cannot  
27 provide copies of these MOAs because of Resolution No. 62 which states that the commission is prohibiting  
28 the disclosure of copies of these MOAs. However, upon the advice also of Atty. Florita of NCIP, the  
29 Secretariat sent a letter asking for reconsideration which the NCIP granted. It was shared that as of  
30 yesterday afternoon, the NCIP informed the secretariat that that they will be able to provide copies of the  
31 MOAs by next week.

32  
33 3.9. *Data from Mines and Geosciences Bureau (MGB)*: The Secretariat noted that the MGB was tasked to  
34 provide information on the amount of companies' Social Development and Management Programs (SDMPs)  
35 and environmental funds including copies of SDMPs as well. The MGB representative was asked to give  
36 updates regarding this matter.

37  
38 3.10. The representative of the MGB stated that in their data inventory, they currently have copies of about  
39 36 SDMPs. The same representative mentioned that these SDMPs are now being scanned and will be  
40 submitted to the Secretariat on December 8, 2014. In addition, the body was informed that the monitoring  
41 reports in MGB central office are already being scanned.

1 3.11. The MGB representative noted that the copies of the SDMP and monitoring reports will be in the  
2 possession of the Secretariat by next week.  
3

4 3.12. *Department of Budget and Management (DBM) data:* It was reported that the amounts for the 2012  
5 release to Local Government Units (LGUs) based on 2011 collections were already forwarded to the  
6 Independent Administrator (IA).  
7

8 Regarding the breakdown of the 2011 collections, the body was informed that according to the  
9 representative of DBM, this information should directly come from the collecting agencies like Bureau of  
10 Internal Revenue (BIR) and MGB.  
11

12 3.13. The BIR representative commented that their revenue accounting division furnishes complete data to  
13 the DBM, meaning there is the 40% computation of the share from the national wealth per designated  
14 LGUs.  
15

16 3.14. The Chair clarified whether the MSG is asking for a breakdown by region and by company or by type of  
17 tax.  
18

19 It was mentioned that what is being asked is a breakdown by tax and by LGUs.  
20

21 3.15. For BIR, the Chair mentioned that the share only comes from excise taxes.  
22

23 3.16. A representative of the industry sector responded that the excise tax could be excise tax for tobacco  
24 and others.  
25

26 3.17. To clarify, the BIR representative explained that the LGU share is only from the collected excise taxes  
27 on minerals. In addition, it was mentioned that when BIR reports to DBM, the mining company is identified  
28 as well as the locality.  
29

30 3.18. The Secretariat then explained that the position of the DBM representative is that the information  
31 regarding collection should come directly from the collecting government agencies and not from DBM since  
32 the collecting agencies are the primary sources of the information.  
33

34 The Chair clarified what is being asked from DBM.  
35

36 3.19. The Secretariat recalled that during the last MSG meeting, CSO representatives asked DBM to provide  
37 the breakdown of 2011 collection which is the basis of the 2012 release.  
38

39 3.20. If the MSG wants to know if the companies are paying the right amount, a representative of the CSO  
40 commented that the reconciliation will be based on operating cost and gross production which are all in the  
41 reporting template.

1 3.21. The Secretariat again asked the members of the MSG to clarify exactly what information is being asked  
2 from the DBM.

3  
4 3.22. A CSO representative explained that if the MSG is trying to compare the share of the LGUs from the  
5 national wealth and the payments of the companies, the information can already be derived from the data  
6 of the IA. According to the same representative, what the MSG should clarify instead is the presence of  
7 other extractive industries operating and contributing to national wealth aside from mineral industry.

8  
9 3.23. The Chair expressed that the MSG members should study this matter further so that they can be clear  
10 on what data or information they want.

11  
12 3.24. A representative of the CSO stated that what the MSG wants to know is what comprises the national  
13 wealth and the breakdown of LGU shares.

14  
15 3.25. In response to this, an industry representative pointed out that according to BIR, the company names  
16 are already identified in the report that they submit to the DBM.

17  
18 3.26. The Chair noted that the MSG might want to have a copy of what the BIR submits to the DBM.

19  
20 3.27. The BIR representatives remarked that they will ask permission to share their report to DBM.

21  
22 3.28. To clarify, the Chair reiterated that the MSG will ask BIR and MGB for the said report.

23  
24 3.29. Considering the timeline, the Chair noted that the data being requested may not be included as part of  
25 the report.

26  
27 3.30. A CSO representative commented that the important thing is to have an explanatory footnote in the  
28 reconciliation report regarding how the shares of the LGUs are computed and explaining that LGU shares are  
29 based on 2011 information collected from the national agencies.

30  
31 3.31. *Status of Rapu-Rapu Minerals, Inc.*: It was shared that an invitation to attend today's MSG meeting was  
32 sent to Rapu-Rapu Minerals. The Secretariat noted that they also made follow-ups but unfortunately, they  
33 were not able to get a confirmation from the company.

#### 34 35 **4. Presentation of Draft Reconciliation Report**

36  
37 4.1 Before the IA's presentation of the current draft of the reconciliation report, the Secretariat made a  
38 quick review of what should be contained in the EITI report, for both the contextual information part and  
39 the reconciliation report, as prescribed by the EITI standard and the by the Terms of Reference (TOR) of the  
40 IA (the presentation material is attached as Annex A).

1 4.2. For the contents of the contextual information which is under EITI requirement number 3, the  
2 Secretariat noted that the following items should be provided:

- 3 • Legal framework and fiscal regimes
- 4 • Overview of extractive industries including significant exploration activities
- 5 • Extractive industries' contribution to national economy
- 6 • Disclosure of production figures
- 7 • Information on SOEs
- 8 • Register of licenses and allocation of licenses

9  
10 4.3. The secretariat remarked that all of the items enumerated were already included in the draft report.

11  
12 4.4. The Secretariat also enumerated all the information that are merely encouraged and are not required  
13 under the EITI standard.

14  
15 4.5. It was reported that the information on revenue management and expenditures, as well as disclosure of  
16 production contracts and licenses were already included in the report.

17  
18 The Secretariat recalled that as agreed in the previous MSG meeting, the contracts will be uploaded in the  
19 open data website in time for the publication of the first EITI report. It was mentioned that hyperlinks to the  
20 actual copies of the contracts will be provided in the report.

21  
22 4.6. The Secretariat also shared that the IA has already been informed to include beneficial ownership in  
23 succeeding drafts of the report since this was not included in the first draft.

24  
25 4.7. The body was reminded that under the EITI requirement number 4, the following revenues should be  
26 included in the report:

- 27 • Material revenue streams (payments identified in ur reporting template)
- 28 • Social expenditures
- 29 • Transportation (refers to PPA collection)
- 30 • Material companies
- 31 • Reporting government agencies
- 32 • Subnational payments
- 33 • Subnational transfers

34  
35 4.8. In addition, the Secretariat also presented other information that should be included in the report based  
36 on the TOR of the IA. (The list of other information is in Annex A)

37  
38 According to the Secretariat, they provided the IA with a proposed outline to make sure that all of  
39 enumerated information will be included in the report.

40 4.9. Upon skimming through the revised report submitted by the IA, the Secretariat mentioned that most of  
41 the information are already included. However, it was pointed out that the members of the MSG are

1 encouraged to do a more thorough review of the draft report in order to assess whether they are already  
2 satisfied with the content.

3  
4 4.10. The IA then presented the highlights of the draft reconciliation report (the presentation material is  
5 attached as Annex B).

6  
7 4.11. According to the IA, they have made necessary revisions based on the initial feedback that they  
8 received from some parties but the main revision is on the flow of information and discussions.

9  
10 4.12. It was noted that there have been no changes with respect to the data provided by the companies as  
11 well as government agencies. The IA reiterated that the revisions were only made to have a more coherent  
12 flow of discussion and to emphasize information that are really required by the EITI International  
13 Secretariat.

14  
15 4.13. Going through the significant sections of the report, the IA remarked that they have included an  
16 executive summary.

17  
18 4.14. In terms of the scope of the report, the IA shared that they elaborated on how the MGS came up with  
19 the list of entities to be included as part of the EITI implementation. It was mentioned that the IA also added  
20 a discussion regarding identified revenue streams, the thought process involved as well as the related  
21 discussions with the MSG and the Technical Working Group (TWG).

22  
23 4.15. The IA highlighted that overall, there were 18 revenue streams and 8 funds/mandatory expenditures  
24 that were reconciled.

25  
26 4.16. In terms of scope, it was mentioned that there are 52 companies covered; 40 mining, 11 oil and gas  
27 and 1 coal company.

28  
29 4.17. With regard to data of oil and gas companies, the IA mentioned that the DOE amount of PHP 29 billion  
30 is inclusive of BIR payments. In connection to this, a representative of the industry sector asked if the  
31 amount relating to BIR payments could be deducted from the DOE figures.

32  
33 4.18. The IA then responded that the government share paid to DOE includes corporate income taxes as well  
34 as branch profit remittances. However, in addition, the total BIR payment of PHP 17 billion also includes  
35 withholding taxes, so it is not simply a matter of deducting the PHP 17 billion BIR payment from the DOE  
36 figure.

37  
38 Nevertheless, the IA clarified that in the report they already clarified that in interpreting the DOE figure, the  
39 BIR data should be excluded from the government share.

40

1 4.19. The Chair clarified if the reported PHP 29 billion under DOE includes BIR payments.

2  
3 The IA confirmed that payments to BIR were included in the said amount.

4  
5 4.20. In order to assist the readers of the report and also to avoid double counting, the Chair suggested that  
6 the IA put a footnote in the summary table explaining that the BIR payments were already included in the  
7 reported amount under DOE.<sup>1</sup>

8  
9 4.21. The Chair also asked if the IA can infer how much is the corporate income tax and branch profit  
10 remittance that was included in the DOE payments.

11  
12 4.22. The IA pointed out that in one of the graphs in the report, they indicated that the total revenue  
13 generated from oil and gas entities amounts to PHP 44 billion, inclusive of BIR data. If the collections  
14 reported by BIR will be deducted, presuming that the total BIR collection is solely attributed to corporate  
15 income tax and branch profit remittance which were already included as part of the government share  
16 reported by DOE, the amount will then be reduced to PHP 29 billion.

17  
18 The IA reiterated that the PHP 29 billion reported by DOE is inclusive of corporate income tax and branch  
19 profit remittance.

20  
21 4.23. On another matter, an industry representative commented that most of the companies covered in the  
22 report enjoyed income tax holiday from Board of Investments (BOI) or Philippine Economic Zone Authority  
23 (PEZA). The same representative raised that BOI should be asked to explain their basis for giving income tax  
24 holiday to nickel mines for example.

25  
26 In addition, the industry representative emphasized that companies enjoying income tax holiday should be  
27 separated from those that are not. According to the same representative, it should at least be highlighted  
28 that companies under income tax holiday do not pay their total taxes.

29  
30 4.24. Another industry representative reiterated that for presentation purposes, it will give a better picture  
31 if companies that are under income tax holiday will be segregated from the companies that are not.

32  
33 The same representative added that there were cases wherein big mining companies under income tax  
34 holiday still reported corporate income tax payments, meaning they have other non-mining income that was  
35 subjected to corporate income tax. It was mentioned that cases like this can give a misleading picture if not  
36 properly explained.

37  
38 4.25. Another suggestion that was raised by the industry representative is to have a separate section on  
39 mining and another section on oil and gas in the EITI report instead of lumping these two sectors together.

---

<sup>1</sup> This was subsequently corrected by the IA after the MSG meeting upon further examination that the BIR payments are not yet included in the reported amount of DOE payments.



1 4.26. Going back to income tax holiday, it was recalled that BOI provided a letter wherein they identified all  
2 the incentives that they are giving including the status of the review of the incentives. In connection to this,  
3 a CSO representative proposed that a section on BOI should be added in the report.  
4

5 4.27. The same representative also suggested that companies without BIR waivers be identified at the  
6 beginning of the report. According to the CSO representative, in the scope of the report, it has to be clarified  
7 already that some of the participating companies did not actually sign the waiver and therefore does not  
8 have BIR data.  
9

10 4.28. In addition to this, the Secretariat explained that it is a requirement to identify all the companies that  
11 did not execute the BIR waiver as well as the impact of their non-submission of waiver to the revenues that  
12 the IA was able to cover. The IA should determine the impact of non-submission of waiver on the  
13 comprehensiveness of the report.  
14

15 4.29. The Chair emphasized that the discussion on the impact of non-submission of waiver should be part of  
16 the limitations.  
17

18 4.30. With regard to companies that failed to meet the cut-off date set by the MSG, the Secretariat shared  
19 that in other countries data of these companies will no longer be included in the reconciliation process but  
20 the impact of such non-inclusion on the report will also be explained.  
21

22 4.31. A CSO representative commented that companies that were late in submitting the reporting template  
23 should also be identified in beginning of the report, specifically in the section on scope.  
24

25 4.32. To summarize, the Chair again mentioned that the discussion on scope should include which  
26 companies did not sign the waiver and which companies were late in submitting their templates. Also, it was  
27 mentioned that there should be a section on BOI regarding companies that are enjoying income tax holiday.  
28

29 4.33. An industry representative clarified why assets were presented in one of the tables.  
30

31 4.34. The IA stated that in terms of determining materiality, they looked into both revenues and assets of  
32 the companies. Assets were looked into because some entities that are initially in scope may be in a pre-  
33 operating or development phase in 2012 and therefore did not actually report any revenue.  
34

35 4.35. According to the IA, Oceana Gold and Trans Asia are some of the companies that have reported  
36 significant assets of more than PHP 1 billion but did not actually report any revenue in their audited financial  
37 statements.  
38

39 4.36. One member of the MSG proposed that the explanation with regard to assets be put on a footnote so  
40 that the public will have better understanding.  
41

42 The Chair agreed.

1 4.37. In response to the initial comment on incentives, the IA stated that they will include incentives as part  
2 of additional information. The body was informed that the IA was actually requested by the Secretariat to  
3 tabulate all the voluntary information which includes incentives that companies are availing.  
4

5 4.38. The IA shared that from the raw data they received, only 4 entities reported that they enjoyed income  
6 tax holiday in 2012.  
7

8 4.39. For the information of the MSG, it was highlighted that when a company reported zero corporate  
9 income tax, one cannot necessarily assume that it is because of income tax holiday. According to the IA,  
10 there may be a number of reasons why the reported corporate income tax is zero.  
11

12 4.40. It was recalled that in the last MSG meeting, the MGB representative was asked to gather additional  
13 data from satellite offices because there is a significant variance of the amounts in the draft report  
14 pertaining to SDMPs. The same representative shared that they have already collected additional data on  
15 SDMP and that the IA should already incorporate this information to reduce the reported discrepancy.  
16

17 4.41. Going back to the issue on income tax holiday, an industry representative commented that the IA  
18 should put an asterisk or footnote to the companies that reported corporate income tax but are really  
19 availing of income tax holiday.  
20

21 4.42. The Chair stressed that additional guidance should be provided to the readers of the report so that  
22 they will understand the information that are being presented to them. To enable the readers to make more  
23 intelligent analysis of the data, the Chair emphasized that the suggested explanatory footnotes are  
24 necessary.  
25

26 4.43. A representative of the CSO suggested that the IA add some descriptive tables or summary tables in  
27 the report before discussing the variance. For example, a table summarizing the gross production and  
28 reported operating costs without any analysis on the variance. Another suggestion was to add a table on  
29 incentives, with footnotes wherein the companies that voluntarily declared their incentives are enumerated.  
30

31 4.44. The same representative also mentioned that the fact that some companies did not disclose their data  
32 should be mentioned as a limitation of the report. The IA was also asked to give recommendations in terms  
33 of the integrity of the data collection.  
34

35 4.45. An industry representative also noted that the IA should explain in a footnote why 6 companies that  
36 were actually operating in 2012 did not report excise tax payments.  
37

38 4.46. The Chair remarked that the deadline for the submission of the report is on December 31, 2014. The  
39 body was also reminded that on December 10, there will be a soft launch of the first EITI report and the  
40 program for the said event is included in the meeting kit.

1 4.47. For the information of the body, it was mentioned that the plan on December 10 is to present the  
2 initial findings from the country report. The Chair noted that since the primary audience for the report is the  
3 Filipino people, it is only fair that the results be first presented domestically.  
4

5 The Chair then asked what the MSG members want to see in the report prior to the December 10 event.  
6

7 4.48. A CSO representative raised that based on the foregoing discussions, the data in the report can be  
8 misleading without the proper explanation. Therefore, the IA still needs to revise the report to link the data  
9 with the context or explanation.  
10

11 4.49. Since the contextual information should explain or give a background to the data in the reconciliation  
12 report, the same representative expressed that the two volumes should be linked together.  
13

14 It was cited that in the SDMP discussion for example, the reader will see the significant variance in the SDMP  
15 amounts and without knowing the background of SDMP, they can just easily make a conclusion that either  
16 companies are over declaring their SDMP or the government is not monitoring SDMP implementation.  
17 Therefore, there should be a mechanism on how to link the reported numbers with the contextual  
18 information.  
19

20 4.50. Going back to the deadlines, the Chair asked what the MSG wants the IA to submit before December  
21 10 and December 31, 2014.  
22

23 According to the Chair, only an executive summary will be provided to the participants of the soft launch  
24 and not a copy of the full report. However, it was noted that the executive summary should already reflect  
25 the agreements made in today's meeting.  
26

27 4.51. On the other hand, the Chair mentioned that most of the things that the MSG require are already  
28 included in the report and it is only a matter of being able to present the content in such a way that the  
29 information is disseminated clearly and objectively.  
30

31 4.52. The Chair stated that the MSG wants to be fair to all three sectors; government, CSOs and business  
32 sector. Therefore, the report should include the things that the CSO representatives wanted to present and  
33 should reflect all the payments that the industry sector have made, including other benefits that companies  
34 have provided.  
35

36 4.53. As for the recommendations, the Chair commented that most of the recommendations will have to be  
37 done by the government agencies since most of the discrepancies were because of weaknesses in  
38 government information systems.  
39

40 4.54. With regard to the importance of explaining income tax holiday, an industry representative reiterated  
41 that there must be a basis why BOI is giving income tax holiday to some companies while others do not

1 receive this incentive. It was mentioned that the IA should properly explain income tax holiday because this  
2 can give the government an additional PHP 10 to 12 billion worth of taxes to be paid.  
3

4 4.55. One member of the MSG raised there is no categorical statement in the report that the minimum  
5 requirement of the EITI Standard has been met.  
6

7 The Chair and the Secretariat reacted that it is not for the MSG to say whether the minimum requirement of  
8 the EITI Standard has been met or not.  
9

10 4.56. However, the Secretariat mentioned that an approval sheet will later on be provided wherein it will be  
11 stated that the entire MSG endorses the report.  
12

13 4.57. According to the Chair, the said endorsement would mean that the MSG members believe that they  
14 have met the minimum requirement.  
15

16 4.58. For December 10, the Secretariat pointed out that the IA was tasked to come up with an executive  
17 summary that the MSG still needs to approve. Since the MSG only has two working days, it was suggested  
18 that the MSG members come up with key messages today.  
19

20 4.59. Before discussing the key messages, it was shared that during consultations with the CSOs, the concern  
21 about reference documents have been raised. The body was informed that the CSOs want the SDMP reports  
22 to be made public so that the people would understand how the SDMP works. Furthermore, the suggestion  
23 was to also incorporate monitoring reports to give the current context of mining operations.  
24

25 4.60. The same representative suggested that the rest of the reference documents be collected by the first  
26 quarter of 2015 and that the government agencies be asked to already submit the 2013 and 2014 data for  
27 the 2015 EITI report.  
28

29 4.61. The body was informed that copies of all SDMP reports will be submitted to the Secretariat on  
30 December 8 while the monitoring reports should be with the secretariat by December 9, 2014.  
31

32 4.62. The Secretariat commented that the MSG should identify who will write the additional information for  
33 the contextual information section because this was not included in the original TOR of the IA.  
34

35 Moreover, the Secretariat noted that if the expectation from the CSOs is to write a situationer of the  
36 industry then the MSG should first agree on the specific content that should be in the report.  
37

38 4.63. The Chair asked who among the MSG members would want to volunteer for this task.  
39

40 4.64. A CSO representative suggested that from the data set of the IA, the MSG can get some of the  
41 descriptive data like information on employment or Corporate Social Responsibility (CSR) for example, and  
42 incorporate these in the contextual information. The same representative added that once the MSG has the

1 SDMP and monitoring reports, it will be good to have a description of the kind of SMDP that companies are  
2 doing.

3  
4 4.65. The CSO representative commented that currently, there is a gap in the contextual information  
5 because it only explains what SDMP is but there is no discussion on how it is being implemented.

6  
7 4.66. The CSO representatives volunteered Men Sta. Ana to assist in writing the additional information. On  
8 the part of the industry sector, Ms. Nelia Halcon volunteered.

## 9 10 **5. Presentation of Recommendations per Sector and Formulation of Key Messages from the Report**

11  
12 5.1 The Secretariat suggested that the key messages can have two categories. First is the actual findings of  
13 the report like agencies and types of payments with significant discrepancies, and the second is about the  
14 reactions of the sectors on the report.

15  
16 5.2. The Chair explained that the body should first discuss the recommendations of each sector since some  
17 key messages could be inferred from the recommendations.

18  
19 5.3. One member of the MSG suggested that the recommendations be organized based on the challenges,  
20 problems and areas for improvement in terms of process, integrity of the data and in terms of data  
21 collection.

22  
23 5.4. It was also mentioned that the recommendations should be in terms of policy improvement. A CSO  
24 representative commented that that the MSG can assign tasks to the three sectors in coming up with  
25 recommendations. For example, the industry representatives will be responsible for making  
26 recommendations relating to income tax holiday and incentives while CSOs will give recommendation in  
27 terms of improvement of access to information.

28  
29 5.5. The Chair mentioned that each of the sectors already made a list of recommendations. The  
30 representative of the sectors were asked present the said recommendations

31  
32 5.6. The Chamber of Mines of the Philippines (COMP) presented their list of recommendations (the list is  
33 attached as Annex C).

34  
35 According to the industry representative, they noticed that the total amount for SDMP is similar to the  
36 reported total for environmental funds.

37  
38 5.7. From the list presented by COMP, the Chair proposed that the MSG should choose which policy  
39 recommendations to prioritize.

1 5.8. A representative of the CSO noted that the MSG can discuss 5 policy recommendations including  
2 institutionalization of EITI, increase in public's access to information and a recommendation on income tax  
3 holiday.

4  
5 5.9. The Chair asked that the recommendations of the government agencies be presented (the list is  
6 attached as Annex D).

7  
8 In relation to the recommendations presented, the Chair commented that incentives really call for a  
9 stronger institutional action on monitoring going beyond simply identifying which companies enjoying  
10 income tax holidays but also determining how much the government is really losing.

11  
12 5.10. With regard to LGU data, a government representative mentioned that most of the discrepancies were  
13 related to business taxes since LGUs record these as lump sum. The LGUs will not be able to identify if the  
14 business tax came from mining or other businesses in the area.

15  
16 5.11. The same representative shared that their recommendation is to make changes in the statement of  
17 receipts and expenditures that the Department of Finance- Bureau of Local Government Finance (DOF-BLGF)  
18 is requesting from the local treasurers. The said recommendation entails changing the forms and Electronic  
19 Revenue and Expenditure System (eSRE) which would also require orientation and training for local  
20 treasurers.

21  
22 5.12. The government representative also raised that there is an issue regarding unequitable revenue  
23 sharing between the head office and the project area. It was shared that under the law, there is no distinct  
24 sharing between the head office and the area where the operation is actually located.

25  
26 According to the same representative, what is provided in the law is just the sharing scheme between the  
27 municipalities/cities and provinces. Therefore, the government representative noted that they have to  
28 propose a legislation on how the revenue sharing between the head office and the project area should be  
29 done.

30  
31 5.13. One member of the MSG clarified the basis of the 30%-70% sharing between head office and project  
32 area which was in the reconciliation report.

33  
34 The Secretariat responded that it is based on the local government code.

35  
36 5.14. A representative of the government stated that this should be validated first because from what she  
37 knows, there is no clear revenue sharing mechanism between the head office and the project area.

38  
39 5.15. The NCIP representative informed the body that they are hoping to submit the copies of the MOA to  
40 the Secretariat by next week.

41  
42 5.16. The Chair asked if there is anything that the NCIP would want to improve in their system.

1 5.17. The NCIP responded that they want to improve the monitoring of compliance to the terms and  
2 conditions of the MOA. It was shared that NCIP is currently in the process of coming up with monitoring  
3 guidelines, but the NCIP representative is not certain if these include monitoring the compliance of mining  
4 companies with the terms and conditions of the MOAs.

5  
6 5.18. An industry representative raised a concern regarding the recently released NCIP guidelines stating  
7 that for every stage of an operation, from exploration to development to the actual operation, the company  
8 has to get approval from the NCIP. The NCIP representative was asked to explain the purpose of getting an  
9 approval every year.

10  
11 5.19. The NCIP representative replied that they do not require a yearly securing of permit or necessary  
12 document to allow the company to proceed with the operation.

13  
14 The NCIP representative elaborated that a mining company needs to secure two permits from the MGB; one  
15 is the exploration permit and the other is the MPSA. Issuance of the exploration permit is conditioned on  
16 securing consent from the IP community. When the company enters the operation/extraction phase, the  
17 permit that the company needs to secure will require another consent from the community which is evident  
18 by the issuance of certification for condition.

19  
20 5.20. The NCIP representative explained that a consent for two activities is required primarily because the  
21 activities at the exploration stage are different from the activities during the operation stage, and naturally,  
22 there will be a different set of conditions under which the community will be making demands from the  
23 mining company before they can give their consent.

24  
25 5.21. According to the industry representative, mining companies are asked to get a permit not only at the  
26 exploration and operation stage but even in the development stage. In case the development stage would  
27 last 3 or 5 years, the same representative asked if a permit needs to be secured every year.

28  
29 5.22. The NCIP representative clarified that NCIP only requires two consents with regard to mining  
30 application and those are for the exploration phase and actual operation. It was mentioned that the NCIP  
31 representative is not aware of an agreement with the mining company that requires issuance of consent for  
32 every development stage since the consent given by the community on MPSA is for the entire duration of 25  
33 years.

34  
35 The NCIP representative shared that in the MOA, there are provisions on the review of terms and conditions  
36 every 5 years. However, an amendment to the provisions of the MOA would have to be agreed by all parties,  
37 the NCIP, the community and the mining company.

38  
39 5.23. It was mentioned that the industry representative may be pertaining to the review provisions of the  
40 terms and conditions of the MOA which is every 5 years.

1 5.24. Sec. Gozun commented that if a company has been allowed to explore in a given area then there is an  
2 implicit approval that if anything commercially feasible is found, the company will be allowed to mine. It was  
3 mentioned that this has to be clear even to the communities. According to Sec. Gozun, it will be unfair to the  
4 investors if ever they will not be allowed to continue to production stage after they have spent a lot of time  
5 and money exploring the area. It was noted that FPIC should already allow mining companies in all stages;  
6 exploration, development and operation phase.

7  
8 5.25. Going back to the reference documents, a CSO representative asked for the commitment of the MGB  
9 representative to make the minimum reference documents available before the end of December and the  
10 rest of the documents be disclosed in 1st quarter of 2015, including the reference documents for 2013 and  
11 2014 so that the MSG won't have problems for the 2015 EITI report.

12  
13 It was mentioned that the commitment of NCIP should also be asked.

14  
15 5.26. The CSO representative suggested that the said agencies issue a memo as soon as possible to get the  
16 information from the regional offices and complete the reference documents.

17  
18 The Secretariat was asked to draft the said memos.

19  
20 5.27. The MGB representative clarified that there was an agreement that the MSG will outsource the  
21 scanning of the reference documents.

22  
23 5.28. It was shared that the difficulty encountered by the Secretariat was getting the documents in different  
24 offices/units. Therefore, it was clarified that the commitment being asked from MGB is to make all the  
25 documents available in one room. The Secretariat mentioned that they will have interns from the University  
26 of the Philippines School of Economics who can help in data gathering and scanning of documents.

27  
28 5.29. The Secretariat was tasked to put together the key messages based on the foregoing discussion and  
29 circulate it to the members of the MSG.

## 30 31 **6. Approval of Full EITI Report (Volumes 1 and 2) and Recommendations**

32  
33 6.1. According to the Chair, given that the MSG still has corrections and additions that the IA needs to  
34 incorporate in the final report, the approval that is being asked is in terms of the substantive findings of the  
35 report.

36  
37 6.2. The Chair stressed that the approval would mean that the minimum requirements for the EITI report  
38 has been met.

39  
40 6.3. At this juncture, the members of the MSG approved both the contextual information (Volume 1) and  
41 the reconciliation report (Volume 2).



1 6.4. The Secretariat suggested that the IA and the writers of the contextual information submit the final  
2 version of the report by December 19. Then, the MSG members can send further comments, if any, via email  
3 until December 23, 2014.

4 The body agreed.  
5

6 6.5. With regard to the signing of the report, the MSG agreed that one representative of all three sectors  
7 should sign. The following are the identified signatories:

- 8 • For government: Asst. Sec. Ma. Teresa S. Habitan
- 9 • For the industry sector: Gerard H. Brimo
- 10 • For the CSOs: Dr. Cielo Magno

## 11 12 **7. Other Matters**

- 13  
14 • **Upcoming activities**

15  
16 7.1. The Chair shared that the press conference on December 10 is only a half-day event.  
17

18 7.2. As for the grand launch of the EITI report, the Chair noted that the event will be held in Sofitel and that  
19 Hon. Clare Short, Chair of the EITI International Board, will be attending. It was shared that President Aquino  
20 was also invited to the said event. The body was also informed that the President already sent his message  
21 for the EITI report.  
22

23 7.3. The Secretariat noted that the expectation of the EITI International Board and Secretariat is that Claire  
24 Short would have the opportunity to meet high level government officials during her 3-day visit.  
25

26 7.4. For clarification, it was mentioned that the workshop is like a breakout session wherein the  
27 stakeholders will discuss among themselves how they intend to use the report and what are their  
28 recommendations for future implementation.  
29

30 7.5. The Chair reminded the body that the next MSG meeting is scheduled on January 9, 2015.  
31

- 32 • **Monthly financial report**

33  
34 7.6. The Secretariat reported that the remaining balance of PHP 7,075,183.09 is already obligated, meaning  
35 the money is already allocated to the items that are enumerated in the financial report. It was mentioned  
36 that expenses will be incurred towards the end of the year including paying for the printing press,  
37 operational expenses of the secretariat and the remaining billing from the IA.  
38

39 7.7. The body was informed that the Secretariat we will be able to utilize the entire PHP 10.9 million that  
40 was allocated by DBM.

1 7.8. The Secretariat shared that the Multi-Donor Trust Fund (MDTF) will be available next year but on top of  
2 that, there will also be funds would come from DOF. It was mentioned that the cost for the IA next year will  
3 be under the budget of the DOF.

4  
5 7.9. It was mentioned that the Chair will provide the MSG members with a copy of her report on the 3rd  
6 policy dialogue on natural resource based development that she attended in Paris.

7

8 **ADJOURNMENT**

9

10 There being no other matters to discuss, the meeting was adjourned at 11:15 AM.

**19<sup>th</sup> MSG Meeting**  
**December 5, 2014**

# Determining the Scope of the Report

- The EITI Standard distinguishes between required information and encouraged information.
- The MSG in every country can agree on the scope of the report in addition to what the standard requires.
- There are no specific guidelines yet on the level of detail for the contextual information.
- For payments, the standard requires reporting on a per company, per project, per stream basis.

# Contents of the PH-EITI Report

## A. Contextual Information: EITI Requirement 3

Required	Included in the Draft Report
Legal framework and fiscal regimes	Yes
Overview of extractive industries including significant exploration activities	Yes
Extractive industries' contribution to national economy	Yes
Disclosure of production figures	Yes
Information on SOEs	Yes
Register of licenses and allocation of licenses	Yes

# Contents of the PH-EITI Report

## A. Contextual Information: EITI Requirement 3

Encouraged	MSG agreement	Included in the Draft Report
Information on revenue management and expenditures	Include (11 <sup>th</sup> MSG meeting, March 7, 2014)	Yes
Beneficial ownership	Include data from the publicly listed corporations and will ask non-listed to voluntarily disclose their beneficial ownership. (12 <sup>th</sup> MSG meeting, April 4, 2014)	?
Disclosure of production contracts and licenses	The contracts including standard attachments will be uploaded in the Open Data website by December 2014; other supporting documents will be uploaded in phases (18 <sup>th</sup> MSG meeting, November 7, 2014)	Yes

# Contents of the PH-EITI Report

## B. Revenues: EITI Requirement 4

Required	Included in the Draft Report
Material revenue streams • See template	Yes (based on information actually reported in the templates)
Social expenditures	Yes
Transportation	Yes
Material companies	Yes
Reporting government agencies	Yes
Subnational payments	Yes
Subnational transfers	Yes

# MANDATORY CONTENTS OF THE REPORT BASED ON THE IA'S TOR

1. Definition of materiality and thresholds
2. Level and type of disaggregation of data
3. List of reporting entities (company and government)
4. Barriers to full government disclosure
5. Audit and assurance procedures of companies and government



# MANDATORY CONTENTS OF THE REPORT BASED ON THE IA'S TOR

6. How to assure credibility of data
7. Safeguarding confidential information, if any
8. Reconciliation of figures
9. Agreed margin of error
10. Methodology and application of international standards
11. Description of each revenue stream

# MANDATORY CONTENTS OF THE REPORT BASED ON THE IA'S TOR

12. Assessment of comprehensiveness and reliability of data
13. Summary of work performed and limitations of assessment
14. Coverage of the reconciliation exercise
15. Assessment of participation, gaps and weaknesses
16. Companies that failed to comply and impact

# MANDATORY CONTENTS OF THE REPORT BASED ON THE IA'S TOR

on the comprehensiveness of the report

17. Discussion whether entities' financial statements have been audited for the year covered by the report (provide link to AFS)

18. Recommendations on strengthening the EITI process

19. Electronic data files and machine readable files

*Mirroring the truth*  
Extractive Industries  
Transparency Initiative –  
Final report  
December 2014

## Reporting templates

*As at 31 October 2014, we have received reporting templates from 36 participating entities, 6 of which are from the OG sector.*

- Representation of these entities to total revenue and assets per industry is presented as follows:

	In scope (in P'000s)	% of material entities to total	% of entities with templates to total
<b>Mining</b>			
Revenue	71,911,161	96.3%	94.1%
Assets	156,459,575	93.0%	92.3%
<b>OG</b>			
Revenue	72,747,088	100.0%	97.8%
Assets	134,888,960	99.7%	75.6%
<b>Coal</b>			
Revenue	17,626,630	100%	0%
Assets	23,509,432	100%	0%

- In the overall, total reporting templates received account for 85.5% and 78.3% of combined revenue and assets, respectively.

---

## *Scope of the report*

*52 companies from the mining (40), OG (11) and coal (1) sectors were requested and encouraged to accomplish and submit reporting templates.*

- Defining material entities that will be invited and requested to participate in the implementation based on nature and extent of operations, reported revenue and assets, and overall industry contribution.
- Identifying significant revenue streams and social funds to be in scope for reconciliation purposes with consideration of materiality and applicability.
- In the overall, there were approximately 18 revenue streams and 8 funds/expenditures subjected to reconciliation procedures.

---

## ***Methodology***

### ***Adoption of Philippine Standard on Related Services No. 4400, Engagements to Perform Agreed-upon Procedures regarding Financial Information, as framework.***

Approach and methodology divided into three (3) main phases:

- Scoping of companies and revenue streams to be included as part of the reporting template, and standardizing presentation of information and data.
- Actual distribution of reporting template and conduct of walkthrough procedures for understanding and evaluation of relevant activities undertaken by entities and agencies.
- Reconciliation procedures that entailed discussions with management personnel and examination of supporting documents.

# Overall results

Amounts (in PhP'000s)

## Key takeaways:

- *DOE and BIR as busiest collecting agents*
- *NCIP and PPA with the highest percentage of unexplained variance*
- *OG reporting higher taxes and fees*

Agency	Per Entity (a)	Per Agency (b)	Variance pre-reconciliation (c = a - b)	Reconciled amount (d)	Variance post-reconciliation (e)
<b>Mining</b>					
BIR	4,238,568	3,997,255	241,313	3,854,188	199,453
BOC	827,433	1,015,356	(187,923)	706,465	(103,355)
PPA	104,020	90,700	13,320	49,890	10,678
MGB	1,003,551	1,161,975	(158,424)	964,451	(99,723)
LGU	482,044	449,284	32,760	371,514	20,700
NCIP	364,829	34,019	330,810	280,075	51,582
<b>OG</b>					
BIR	17,507,920	15,023,024	2,484,896	17,507,920	-
BOC	18,626	19,636	(1,010)	18,746	(265)
PPA	1,683	7,586	(5,903)	1,683	(5,903)
	29,108,28				
DOE	3	28,991,879	116,404	28,989,715	(14,608)
LGU	1,875	121	1,754	1,876	(5)
<b>Total</b>					
	21,746,488	19,020,279	2,726,209	21,362,108	199,453
BIR					
BOC	846,059	1,034,992	(188,933)	725,211	(103,620)
PPA	105,703	98,286	7,417	51,573	4,775
MGB	1,003,551	1,161,975	(158,424)	964,451	(99,723)
	29,108,28	28,991,879	116,404	28,989,715	(14,608)
DOE	3				
LGU	483,919	449,405	34,514	373,390	20,695
NCIP	364,829	34,019	330,810	280,075	51,582



## Overall results, continued

*Disconnect in reporting between Entities and Agency with variance pre reconciliation aggregating to PhP1.1 billion or approximately 91% of initial disclosure made by the MGB*

<b>Amounts (in PhP '000s)</b>					
Nature	Per Entity	Per Agency	Variance pre-reconciliation	Reconciled Amount	Variance post-reconciliation
Mandatory expenditures	2,104,050	652,486	1,478,564	1,307,516	383,655
Environmental funds	176,729	555,578	(378,849)	47,553	67,127
<b>Total</b>	<b>2,280,779</b>	<b>1,208,064</b>	<b>1,099,715</b>	<b>1,355,069</b>	<b>450,782</b>

---

## *Overall results, continued*

More common causes of variances are as follows:

- Difference in accounting frameworks wherein Participating Entities and Agencies adopted accrual and cash basis, respectively.
- Difficulty in the consolidation of information sourced from provincial government offices; hence entities normally disclosed higher tax and fee payments.
- Inherent limitation in the current reporting system to provide information at the required level of detail or specification; hence taxes and fees presented in the reporting templates are either at lump-sum. .

---

## ***Next steps***

*A total of 19 recommendations were identified for consideration in succeeding implementation with nine (9) rated as high.*

These recommendations revolved around the following:

- Uniform accounting framework used in the preparation of Templates preferably accrual method;
- Formalizing alternative procedures should disclosure be restricted by existing legal provisions and regulations;
- Close coordination with satellite or provincial offices to ensure timeliness of submissions; and
- Regular conduct of audit or review of funds to ascertain compliance and complete accounting of expenditures and ending balances.

---

# *Questions?*

This publication has been prepared for general guidance on matters of interest only, and does not constitute professional advice. You should not act upon the information contained in this publication without obtaining specific professional advice. No representation or warranty (express or implied) is given as to the accuracy or completeness of the information contained in this publication, and, to the extent permitted by law, Isla Lipana & Co., its members, employees and agents do not accept or assume any liability, responsibility or duty of care for any consequences of you or anyone else acting, or refraining to act, in reliance on the information contained in this publication or for any decision based on it.

© 2014 Isla Lipana & Co. All rights reserved. Isla Lipana & Co. is a Philippine member firm of the PricewaterhouseCoopers global network. In this document, "PwC" refers to the network of member firms of PricewaterhouseCoopers International Limited, each of which is a separate and independent legal entity.

## CHAMBER OF MINES OF THE PHILIPPINES

### I. Issues and Recommendations on Independent Administrator Final Reconciliation Report

FINDINGS <i>(issues identified in the report that your sector wants to address)</i>	RECOMMENDATIONS <i>(For improvement of current Report)</i>	PROPOSED ACTIVITIES
<p>1. Summary of Report needs to be reviewed to conform with the details. Those with ITH should also be reviewed and should be separate from those that have no ITH.</p>	<p>IA and reporting companies should meet to validate statistics. Separate those companies with ITH.</p> <p>IA should also include an across-the-board summary table that shows all the companies participating in the report, and all the taxes and fees paid.</p>	<p>IA can have meetings with companies as well as agencies for final validation.</p>
<p>2. <b>There is no clear data on the GROSS OUTPUT/PRODUCTION values</b> generated by the mining and O&amp;G companies for 2012. There is no easy way to validate the excise tax and other gross-based taxes declared by the companies;</p>	<p>- <b>Include production values from MGB in the Report.</b> These should be based on the the application for Ore Export Permit (OEP) submitted by companies and/or the proofs of excise tax payments made;</p> <p>- <b>Include access to the final assay results agreed upon by contractor and buyer.</b> This will establish what minerals were sold by the contractor and paid for by buyers.</p>	
<p>3. <b>The total SDMP expenditure is identical to the environmental funds</b> remitted by the companies. This is highly improbable. <i>(p81 for SDMP and p85 for CLRF).</i></p>	<p>- Review the reporting templates submitted by the participating companies and government agencies.</p>	
<p>4. The IA Reconciliation Report also indicates that the</p>		

<p><b>monitoring and reporting of social and environmental funds</b> are inconsistent and incomplete. <i>(Some companies report contributing to some SDMP and CLRF funds but not in others.)</i></p>	<p>- Standardize the entries for SDMP vs. SDMP components <i>(Some companies report only lump-sum SDMP expenditure; other break down their SDMP expenditure into host &amp; neighboring communities, IEC, and mining tech)</i></p>	
<p>5. Environmental funds should be separate from SDMP.</p>	<p>Separate reporting all SDMP funds</p>	<p>Companies and MGB should reconcile figures</p>
<p>6. SDMP which is mandatory to be (1.5% of Operating costs) should likewise be separate from Environmental funds. SDMP plan is reviewed by RD, approved by MGB and monitored by a multi-partite monitoring team.</p>	<p>Separate reporting of all funds allotted for environmental protection measures</p>	<p>Companies and MGB should reconcile figures</p>
<p>7. IP Royalties should be taken from both companies and NCIP/MGB.</p>	<p>Get this from companies, and reconcile with MGB and NCIP</p>	<p>MGB and Companies as well as NCIP should meet</p>
<p>8. A disaggregation of royalties from mineral reservation should be made (National, LGUs and MGB)</p>	<p>Shares going to the National, Local and MGB should be itemized</p>	<p>MGB RO, MGB Central and BTR/DOF should meet and reconcile figures</p>
<p>9. SDMP Reports, Monitoring Reports, MOAs with IPs being requested by the CSO can be uploaded by MGB in due time as these are voluminous and are not immediately required in the first EITI Report.</p>	<p>As these are not required in the EITI report, MSG should concentrate on the reconciliation report which lies in the heart of the EITI.</p>	<p>Reconcile tax statistics of entities and government and finalize contextual report.</p>
<p>Some corrections submitted by COMP member companies:</p> <p><b>a. Carmen Copper</b> reports WHT (EWT/FWT/WTC) payments (2012) of P310.56M; Environmental trust fund (ETF) balance of P50k; MMTF of P152K; and RCF of P5.03M.</p> <p><b>b. Hinatuan Mining</b> reports SDMP expenditures for 2012 as follows: - For host and neighboring communities: P15.6M;</p>	<p>IA and the reporting companies and government agencies should meet to reconcile their figures.</p>	

<p>- For IEC: P3.1M; - For Mining tech: P1.8M. <i>(IA FRR: just SDMP at P20.5M, p65)</i></p> <p><b>c. PGMC</b> reports a FMRD Fund balance of <b>P5,072,704.87</b> as of 31 Dec. 2012; P19,878,856.38 as of 02 August 2013.</p> <p><b>d. RRMI:</b> The P176.2M in CIT is not for RRMI only, but for the entire RRPolymetallic Project. RRMI CIT is only P99.16M; Excise tax paid for 2012 is P132.2M <i>(not P102.21M, p24)</i>; WHT paid for 2012 is P40M;</p>		
<p><b>10. There is no clear data on the incentives given by the BOI and PEZA.</b></p>	<p>For mining companies that have availed of ITH and other incentives, they should indicate how much these are in figures and show the benefits derived by host communities to compensate for such incentives to answer the criticism that these incentives are forgone revenues, to capitalize on how much industry is getting out of the mineral resources, and to justify their proposed tax scheme.</p> <p>BOI and other incentive granting institutions should also indicate how much incentives have been given and justify that said amounts have brought about the intended benefits. We need to know if the benefits generated by the “incentivized” mining project exceed the “foregone revenues” ceded by the ITH.</p>	
<p><b>11. There is no clear data on IP royalties paid by mining contractors</b> and received/spent by host IP communities.</p> <p><i>(Only 17 companies are included in the NCIP Report and the significant variance between that reported by the companies and the NCIP should be a cause for concern).</i></p>	<p>Access to MOA signed between mining contractor and host IP community;</p> <p>Access to NCIP monitoring reports on company payments made pursuant to the MOA.</p> <p><i>(However, given the voluminous nature of these documents, and considering the fact that <u>these are not yet mandatory</u> under the current EITI Standard, access to these documents need not be immediate, but</i></p>	

	<i>may be an ongoing activity for the PH-EITI Secretariat even after the 2014 Report is published.)</i>
12. <b>Special/irregular LGU fees</b> and impositions have not been sufficiently highlighted.	Create a separate listing of these special/irregular LGU fees.

## II. Suggested (future) enhancements to the EITI implementation by Independent Administrator:

### Re: Scoping of entities and disclosures (page 136 of report)

- Agree that processing companies such as those processing gold, copper and nickel should be included to give a wider perspective of the mining industry's contribution even if the value-added of these are included in the manufacturing sector value-added of the GDP.

Disclosure of OG social development programs even if undertaken by foundations should be monitored to see commitment to environmental protection and community development.

- Representation of small scale mining operators can be considered if government is serious in its drive to rationalize SSM in the country and to provide more contextual information on taxes and fees due to the government from SSM.
- Agree to consider other fees and charges identified as nil by entities but when aggregated on an industry level can be substantial including LGU toll fees and other fees (extraction fee, blasting fee, etc) Field based investigation received and undertaken by NCIP should likewise be included as these are also substantial.



- Participation of the Bureau of Treasury and DBM should be considered as these key agencies are vital to the detailed breakdown of taxes from mining and OG operations and are also key to the distribution of such taxes.

#### Re: Reconciliation process

- SDMP funds as budgeted by the companies through a Social Development Management Plan reviewed and approved by the Director of Mines can be monitored in terms of project expenditures and programs managed at the site by the community relations officers and COMREL departments.
- IA must highlight the fact that the SDMP is a community-based process that has a 5-year plan. The community is asked to identify development projects that they deem necessary in their community (*aligned with their local development plans, where available*), and these are built and funded through a 5-year management plan. The EITI Report for any given year is thus a snapshot of the five-year plan and may be larger (or smaller) than previous years, depending on where the stakeholders are in the plan. *There may also need to be a separate reconciliation once the 5-year plan is completed to validate the total expenditure and assess the accomplishments of the plan.*

#### IP Royalties: monitoring and validation

- The NCIP must enhance their current system of monitoring and validation of IP Royalty payments.

## GOVERNMENT RECOMMENDATIONS:

FINDINGS	RECOMMENDATION	PROPOSED ACTIVITIES	OUTPUT (e.g. legislation, training module, agency issuances)	WHO SHOULD BE INVOLVED (agencies, sectors, etc.)	RESOURCES
SDMP Monitoring needs improvement	<p>Capacitate MGB regional offices and mutipartite monitoring teams</p> <p>Include EITI related information in the monitoring checklist that the MGB is currently doing</p>	<ul style="list-style-type: none"> <li>- Trainings for regional offices</li> <li>- Trainings to cascade the learnings to the multipartite monitoring teams</li> </ul>	- A standardized SDMP monitoring checklist that includes EITI related information	<ul style="list-style-type: none"> <li>- MGB Central and Regional Offices</li> <li>- Members of the MMT (i.e., LGU, GFI, Business Group, CSO)</li> </ul>	- MGB Trainers (TOT)
	<ul style="list-style-type: none"> <li>- MGB should implement a web-based submission of documents from regional to central office;</li> <li>-MGB should develop a program /IT system to</li> </ul>	- Integration of EITI-related information into MGB's ongoing database reforms	A centralized database for all EITI related information from MGB that may be accessed electronically	- MGB IT office	

FINDINGS	RECOMMENDATION	PROPOSED ACTIVITIES	OUTPUT (e.g. legislation, training module, agency issuances)	WHO SHOULD BE INVOLVED (agencies, sectors, etc.)	RESOURCES
	compile SDMP for analysis - MGB should require companies to submit SDMP electronically				
LGUs and MGB lack coordination with regard to computation and collection of occupation fees <i>Note: Find out what exactly the LGU's mean when they say they are not in the know regarding computation of occupation fees</i>	- MGB must inform LGUs as to the proper computation of Occupation Fees - Improve formatting of order of payment to include details (i.e., hectarage, computation)	- Dialogues between LGUs and MGB to discuss this issue  -Request for copies of order of payment for the next reconciliation process  - Revise order of payment	- Revised Order of Payment  - Memorandum circular issued by the MGB director ordering the revision of order of payment	- MGB Director - LGUs, MGB Regional Office	
DOE's monitoring of government shares is done on a per consortium/SC basis which makes reconciliation difficult	- Propose amendment of PD87 to require reporting per company not per service contract	Evaluate the impact, necessity and desirability of amending PD 87	Proposed amendments to PD 87 (If amendment is deemed desirable)	MSG with DOE taking the lead  DOE's legal unit	

FINDINGS	RECOMMENDATION	PROPOSED ACTIVITIES	OUTPUT (e.g. legislation, training module, agency issuances)	WHO SHOULD BE INVOLVED (agencies, sectors, etc.)	RESOURCES
	<i>Note: Is it worthwhile to pursue change of legislation? Look at studies from other countries</i>				
DOE has no centralized monitoring method/ database for revenues/collections	<ul style="list-style-type: none"> <li>- Designate an EITI point person from DOE's financial services</li> <li>- Centralize information on payments</li> </ul>	<ul style="list-style-type: none"> <li>- Officially appoint an EITI point person from DOE's financial services</li> <li>- Develop an IT system for centralization of data base</li> </ul>	<ul style="list-style-type: none"> <li>- special order officially appointing a person</li> <li>- IT system for centralization of data</li> </ul>	DOE	Funding
BOC: There is no disaggregation of reports to separate custom duties and VAT on capital equipment	<ul style="list-style-type: none"> <li>- Validate if all capital equipment are zero-rated</li> </ul>				
BIR: Prohibition on disclosure of tax information under the NIRC is a legal impediment to full cooperation of	<ul style="list-style-type: none"> <li>- Propose amendments to the NIRC</li> </ul>	Draft proposed amendment	Draft of the proposed amendment	BIR	Legal consultant

FINDINGS	RECOMMENDATION	PROPOSED ACTIVITIES	OUTPUT (e.g. legislation, training module, agency issuances)	WHO SHOULD BE INVOLVED (agencies, sectors, etc.)	RESOURCES
companies in the EITI process					
BIR: Reporting of final withholding taxes is currently monitored in lump sum	- Reporting of final withholding taxes should be disaggregated	Revision of current recording systems	A revised reporting system for final withholding taxes	BIR	
PPA: Wharfage fees paid by subcontractors are difficult to trace back to the companies that contracted them	- PPA's system of reporting payments should indicate principals of subcontractors	Revision of PPA's current system of reporting		PPA	
NCIP: Non-disclosure of MOA's	- Revisit Resolution 62 to allow EITI access to the MOA's (NOTE: This has been done)			NCIP	
NCIP: No monitoring on implementation of MOAs	- Develop a system of monitoring the implementation of MOA's	Develop a monitoring tool and find ways how this	Monitoring tool for MOAs	NCIP	
LGUs: Recording of payments are not disaggregated per industry	Improve system of collection to disaggregate payments per sector	Follow thru with DOF of roll out process (i.e. changing of systems, forms and	New forms indicating disaggregated information	BLGF, DOF, DILG	Funding

FINDINGS	RECOMMENDATION	PROPOSED ACTIVITIES	OUTPUT (e.g. legislation, training module, agency issuances)	WHO SHOULD BE INVOLVED (agencies, sectors, etc.)	RESOURCES
		orientation of local treasurers)	Improve IT systems of BLGF		
DBM: There is no disaggregation of data to indicate the EI's portion in the LGU's share in national wealth	Recording of LGU's share in national wealth should reflect which amounts came from which sectors (e.g. mining, oil, coal, etc)	Revision of reporting and recording system.	Revised reporting and recording procedures	DBM, LGUs	
LGUs – Grants and donations given to LGUs are not monitored by the DILG or BLGF	All grants and donations should be incorporated into a line item in the eSRE form, an additional line item in the system (module)	Update module, then roll-out training/orientation exercise	DILG/DOF Joint Circular	DILG, DOF, BLGF, Local Treasurers	Funding
LGUs – Companies pay to 2 jurisdictions (head office and host of operations)—a system that is prone to inaccuracy of payments.	Legislate share of head office and host/plant office; company must declare contribution to plant offices, head office to have basis for legislation	Advocate for legislation (sharing between head office and plant office)  Ask private sector to provide	Further study  Legislation	DILG, DOF, Companies	Funding

FINDINGS	RECOMMENDATION	PROPOSED ACTIVITIES	OUTPUT (e.g. legislation, training module, agency issuances)	WHO SHOULD BE INVOLVED (agencies, sectors, etc.)	RESOURCES
<p>Note: Bigger problem, according to Dir. Anna is that LGUs are not aware where the mining company pays taxes; some mining companies pay directly to LTAD in Manila, so release of share is to the head offices</p>		<p>information for possible sharing scheme</p>			
<p>For all reporting entities: Technical people are still unfamiliar with the EITI process and its requirements</p>	<p>Strengthen capacity of technical people in government agencies to make sure they are able to comply with EITI's standards of reporting</p>	<p>Capacity building activities on the EIT process</p>	<p>Trainings conducted regularly</p>	<p>All reporting entities, MSG, Secretariat</p>	<p>Funding, consultants</p>