

# 2016 PHILIPPINE-EITI WORKPLAN

## 1<sup>ST</sup> OBJECTIVE: Show direct and indirect contribution of extractives to the economy (through EITI process)

**RATIONALE:** Current data in the Philippines does not show a complete and accurate picture of EI's contribution to the economy due to its level of disaggregation, inadequate monitoring mechanisms, and lack of consolidated data to facilitate analysis. Also, there is no existing mechanism to record social expenditures beyond what the law requires. The EITI is thus seen as a tool to narrow the gaps in existing data by reporting actual reconciled figures.

**GOVERNANCE RELATED CHALLENGES:** 1. Regular monitoring of payments between the central and the local offices. 2. Determination of the appropriate fiscal regime for the industry 3. Transparency in tax information which is hindered by confidentiality provisions in the Tax Code 4. Ensuring proper amounts are paid down to the local level 5. Regulation of fees imposed by local government units which business sometimes perceives as excessive. 6. Measuring adequacy of social and environmental expenditures.

**ACTIVITIES VIS- A- VIS CHALLENGES:** All activities pertaining to publication of the report and improvement of data quality are meant to address the 2<sup>nd</sup>, 3<sup>rd</sup> and 6<sup>th</sup> challenges mentioned above. It is expected that a more comprehensive and credible report with reliable data can influence policies on what is the appropriate fiscal regime, considering that the report contains information on actual contribution of mining to the economy through reconciled data and disclosures on social expenditures and benefits to host communities.

On the other hand, capacity building activities are expected to address the 1<sup>st</sup>, 4<sup>th</sup> and 5<sup>th</sup> challenges. Such challenges require a deeper comprehension of the industry and of fiscal policies at the local level which can be achieved through capacity building activities with government personnel and representatives in local bodies.

The first two years of EITI implementation have shown significant impact in addressing the above challenges. The 2016 work plan includes the same activities in previous years that proved to be effective in addressing the challenges. It also includes new activities that will build on the gains of the previous years such as expanding the scope of the report to include small scale mining in key sites and large scale non metallic mining. Data quality will also be improved through the creation of online reporting tool for companies and agencies. PH-EITI will also include more details in the reporting of social development projects for host communities. The objective of all these is to give a more accurate picture of the extractive industry by providing information on the sector's contribution to the economy that were not covered in previous reports.

ACTIVITIES	OUTCOME	RESPONSIBLE PARTY	TIMELINE	COST	FUNDING
<b>PUBLICATION OF EITI REPORT</b>					

Production of summary report, popular version and translated version (second and third report)	Increased transparency in EI as an outcome of a relevant EITI process in the country, and a credible and comprehensive EITI report that is used by all stakeholders in policy formulation and decision making.	Consultant, MSG, secretariat	February 2016 (2 <sup>nd</sup> report) December 2016 (3 <sup>rd</sup> report)	2,000,000	EGPS/ World Bank
Hiring of independent administrator to analyze the government and industry data for the third EITI report	Increased transparency in EI as an outcome of a relevant EITI process in the country, and a credible and comprehensive EITI report that is used by all stakeholders in policy formulation and decision making.	IA, secretariat	March to April 2016	7,500,000	EGPS/ World Bank
MSG to agree on scope, level of disaggregation and materiality of reporting, sectors covered (e.g. small-scale, non-metallic) for the third report	Increased transparency in EI as an outcome of a relevant EITI process in the country, and a credible and comprehensive EITI report that is used by all stakeholders in policy formulation and decision making.	MSG, IA	May 2016	MSG meeting budget	GOP
Report road shows and trainings on reporting template (LGUs and communities)	Increased transparency in EI as an outcome of a relevant EITI process in the country, and a credible and comprehensive EITI report that is used by all stakeholders in policy formulation and decision making.	MSG, secretariat	2 <sup>nd</sup> to 3 <sup>rd</sup> quarter 2016	6,651,000	EGPS/ World Bank

Drafting and finalization of reporting template based on the level of disaggregation and materiality as agreed upon by the MSG	Increased transparency in EI as an outcome of a relevant EITI process in the country, and a credible and comprehensive EITI report that is used by all stakeholders in policy formulation and decision making.	IA, MSG	May 2016	Budget for IA	EGPS/ World Bank
Conduct reporting template workshop for all sectors per company, per industry, per LGU	Increased transparency in EI as an outcome of a relevant EITI process in the country, and a credible and comprehensive EITI report that is used by all stakeholders in policy formulation and decision making.	IA, MSG	2 <sup>nd</sup> to 3 <sup>rd</sup> quarter 2016	Budget for IA	EGPS/ World Bank
Completion and submission of reporting template	Increased transparency in EI as an outcome of a relevant EITI process in the country, and a credible and comprehensive EITI report that is used by all stakeholders in policy formulation and decision making.	IA, secretariat, reporting entities	2 <sup>nd</sup> to 3 <sup>rd</sup> quarter 2016	Budget for IA	EGPS/ World Bank
Creation of online reporting tool for companies and government agencies	Increased transparency in EI as an outcome of a relevant EITI process in the country, and a credible and comprehensive EITI report that is used by all stakeholders in policy formulation and decision	Secretariat, Consultant	2 <sup>nd</sup> Quarter 2016	1,500,000	EGPS/ World Bank

	making.				
Reconciliation process	Increased transparency in EI as an outcome of a relevant EITI process in the country, and a credible and comprehensive EITI report that is used by all stakeholders in policy formulation and decision making.	IA, secretariat, reporting entities	July to September 2016	Budget for IA	EGPS/ World Bank
Drafting of the 3 <sup>rd</sup> PH-EITI report	Increased transparency in EI as an outcome of a relevant EITI process in the country and a credible and comprehensive EITI report that is used by all stakeholders in policy formulation and decision making.	IA	August to September 2016	Budget for IA	EGPS/ World Bank
Workshop / approval of the 3 <sup>rd</sup> EITI report	Increased transparency in EI as an outcome of a relevant EITI process in the country, and a credible and comprehensive EITI report that is used by all stakeholders in policy formulation and decision making.	IA, MSG, secretariat	October to November 2016	MSG meeting budget	GOP
Printing of the 3 <sup>rd</sup> PH-EITI report	Increased transparency in EI as an outcome of a relevant EITI process in the country, and a credible and comprehensive EITI report that is used by all stakeholders in policy	Consultant, secretariat	November to December 2016	3,000,000	EGPS/ World Bank

	formulation and decision making.				
<b>CAPACITY BUILDING ACTIVITIES FOR MSG, TWG, SECRETARIAT AND OTHER STAKEHOLDERS</b>					
Report analysis workshop	Improved governance of EI through well capacitated stakeholders who can cascade their learnings on EI issues and EI data to the broader public	Consultant/resource persons, MSG, secretariat	1 <sup>st</sup> quarter 2016	785,250	EGPS/ World Bank
International outreach and trainings	Improved governance of EI through well capacitated stakeholders who can cascade their learnings on EI issues and EI data to the broader public	MSG, TWG, secretariat	As needed	4,912,870	GOP and EGPS/ World Bank
Outreach activities and capacity building of local stakeholders (government, regional offices, communities and industry) on EITI implementation	Improved governance of EI through well capacitated stakeholders who can cascade their learnings on EI issues and EI data to the broader public	MSG, secretariat, regional offices, communities, industry sector	1 <sup>st</sup> to 3 <sup>rd</sup> quarter 2016	1,500,000	GOP
Improvement of monitoring procedures of government agencies	Increased transparency in EI as an outcome of reliable government data	MSG, government agencies	March 2016 onwards		USAID
Dialogues with companies to ensure full participation in EITI	Increased transparency in EI as a result of full commitment and participation of companies to ensure a comprehensive and reliable report	MSG, reporting entities, secretariat	January 2016 onwards	Budget for outreach activities and meetings	GOP
<b>VALIDATION</b>					
Orientation on validation	Proper implementation of EITI in the country	Resource persons, MSG, secretariat	1 <sup>st</sup> quarter 2016	Budget for meetings	GOP

Validation meetings and other related expenses	Proper implementation of EITI in the country	Validator, MSG, secretariat	July 2016 onwards	Budget for meetings	GOP
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**2<sup>nd</sup> OBJECTIVE: Improve public understanding of the management of natural resources and availability of data**

**RATIONALE:** Local communities should be able to make informed decisions on issues pertaining to extractive operations in their areas. In giving their consent, they should be armed with the necessary data and be equipped to use them. Public debate on EI governance should be stimulated because this a way by which we evaluate the government's capacity to implement laws governing natural resource management. Information on extractive data and revenue management should be made accessible and explained to the public to make sure that they are spent for legally mandated purposes and that they are received by the intended beneficiaries. The EITI process provides venue for discussions of these issues and frames the questions that should be asked to stimulate public debate.

**GOVERNANCE RELATED CHALLENGES:** 1. Irregular monitoring and limited access to EI data especially with respect to the management of mandatory funds, IP royalties, and local payments. 2. Ensuring integrity and credibility in implementing legally mandated mechanisms for obtaining the consent of host communities and Indigenous Peoples. 3. Generating and sustaining public involvement which would require a lot of capacity building, information dissemination, and sustained political commitment especially at the local level.

**ACTIVITIES VIS -A- VIS CHALLENGES:** Activities under this objective are geared towards increasing awareness on EI issues by ensuring a regular flow of information through all forms of communication (e.g mass media, social media, forums, lecture series, publications). It is expected that these activities will produce a more informed public that is better equipped to monitor compliance with laws and exact accountability from government and the industry.

It is recognized that effective communication of EITI reports will require more trainings of MSG members and secretariat on how to simplify EITI's message and effectively communicate data. It is also important that PH-EITI assess whether previous communication efforts are effective and are getting the MSG's message across. The 2016 work plan ensures that these considerations are taken into account.

Finally, PH-EITI also recognizes the global trend of applying Open Data practices. Thus, activities relating to Open Data such as online reporting and enhancement of open data portals are included.

ACTIVITIES	OUTCOME	RESPONSIBLE PARTY	TIMELINE	COST	FUNDING
National Conference/ Launching of the 2 <sup>nd</sup> report	Increased awareness and improved public debate on EI issues leading to introduction of reforms	MSG, secretariat	February 2016	3,430,120	GOP and EGPS/ World Bank

Regular press releases and articles on PH-EITI activities	Increased awareness on the need for transparency, and improved public debate on EI issues leading to introduction of reforms	MSG, secretariat, communications officer	January 2016 onwards	Budget for communications plan	EGPS/ World Bank
Communications trainings for MSG and media	Improved governance of EI through well capacitated stakeholders who can cascade their learnings on EI issues and EI data to the broader public	Communications officer/consultant, secretariat	2 <sup>nd</sup> quarter 2016 onwards	650,000	GOP
Engage public information office of relevant government agencies	Increased awareness on the need for transparency, and improved public debate on EI issues leading to introduction of reforms	MSG, secretariat, communications officer	1 <sup>st</sup> Quarter 2016 onwards	Budget for communications plan	EGPS/ World Bank
Media briefing on EITI implementation	Increased awareness on the need for transparency, and improved public debate on EI issues leading to introduction of reforms	MSG, secretariat, communications officer	2 <sup>nd</sup> to 3 <sup>rd</sup> quarter 2016	Budget for communications plan	EGPS/ World Bank
Development of a communications plan and MSG/Secretariat workshop	Increased awareness on the need for transparency, and improved public debate on EI issues leading to introduction of reforms	MSG, Secretariat, Communications Officer	2 <sup>nd</sup> Quarter 2016	1,000,000	EGPS/ World Bank
Hiring of consultants for studies	Increased awareness on the need for transparency, and improved public debate on EI issues leading to introduction of reforms	Secretariat, consultant	2 <sup>nd</sup> quarter 2016 onwards	3,316,480	GOP and EGPS/ World Bank
Assess public awareness on EITI	Proper implementation of EITI	MSG, Secretariat, Communications	2 <sup>nd</sup> Quarter 2016	Budget for studies	GOP and EGPS/

Publication of reference materials, primer and online resources	Increased awareness and improved public debate on EI issues leading to introduction of reforms	Officer/consultant Secretariat, Communications Officer	onwards 1 <sup>st</sup> quarter 2016 onwards	2,116,480	World Bank GOP and EGPS/ World Bank
Maintain and update PH-EITI website	Increased awareness and improved public debate on EI issues leading to introduction of reforms	Secretariat, Communications Officer	January 2016 onwards	600,000	EGPS/ World Bank
Enhancement of PH-EITI contracts portal	Increased awareness and improved public debate on EI issues leading to introduction of reforms; Increased transparency regarding the operations of extractive companies through contract disclosure and creation of interactive maps.	Secretariat, Communications Officer, NRGI, consultant	1 <sup>st</sup> quarter 2016 onwards	Budget for management of the PH-EITI secretariat	GOP
Partners Forum with Development Partners	Increased awareness and improved public debate on EI issues leading to introduction of reforms	MSG, Secretariat	March 2016	Budget for outreach activities and meetings	GOP
Roll-out of NCIP monitoring tools	Increased transparency and accountability through citizens' participation in the regular monitoring of payments	MSG, NCIP, Secretariat	2 <sup>nd</sup> quarter 2016 onwards		USAID
Development of monitoring tool for MGB mandated funds and SDMP	Increased transparency and accountability through citizens' participation in the regular monitoring of payments	MSG, MGB, Secretariat	2 <sup>nd</sup> Quarter 2016		USAID
<b>3<sup>RD</sup> OBJECTIVE: Strengthen national resource management / strengthen government systems</b>					



**RATIONALE:** Local communities should be able to see how their natural resources are managed and should be able to hold officials liable in case of unsound management. To make this happen, government systems must be in place to ensure accountability. For instance, there should be a standard way of monitoring compliance with laws and contractual obligations. Capacity building measures should also be conducted to make sure that government personnel understand the industry very well so as to make informed decisions. Local mining monitoring teams should be further equipped so that they can perform their function well with respect to mining companies' compliance with laws and contractual obligations. Moreover, information should always be available. With the current data, however, and with the way information systems are structured, the public is unable to monitor the management of natural resources as much as they want to.

**GOVERNANCE RELATED CHALLENGES:** 1. In some instances, institutionalizing mechanisms to improve government systems to remove barriers to transparency would require enactment or amendment of laws that will take time to materialize. 2. Arriving at a consensus on which reforms to introduce could be a challenge given the diverse views of stakeholders 3. Implementing reforms in a sustainable manner is a challenge because it is highly dependent on political will which is susceptible to change when the administration changes. This is particularly true at the local level.

**ACTIVITIES VIS-À-VIS CHALLENGES:** Key to addressing the above challenges is the implementation and institutionalization of policies to ensure sustainability. The activities under this objective thus aim not just to address gaps in existing government systems but also to make sure that reforms are firmly in place despite changes in administration at the local and national level. To ensure this, amendment of laws shall be prioritized, as well as securing the full commitment and building the capacity of government employees especially local monitoring teams in charge of implementing these reforms. Existing processes in data generation and record keeping will also be improved.

PH-EITI has gained ground in introducing reforms in the sector. Gaps in existing systems have been identified in the last 2 reports, and recommendations have been formulated to address them. For 2016, the MSG intends to deepen its involvement in strengthening the governance of the sector by recommending more policies, monitoring the progress of the reforms that it introduced, and proposing amendments to legislation. This work plan covers activities to achieve these objectives.

ACTIVITIES	OUTCOME	RESPONSIBLE PARTY	TIMELINE	COST	FUNDING
MSG to formulate new policies and propose legislations/amendments of existing laws based on the recommendations from the 2 <sup>nd</sup> report	Improved government systems that ensure transparency in all EI transactions ; Institutionalization of policies which results in sustainable reforms and programs	MSG, consultant	4 <sup>th</sup> quarter 2016	Budget for meetings and studies	GOP and EGPS/ World Bank
MSG to provide inputs in the drafting of the TIMTA	Improved government systems that ensure	MSG, Secretariat	1 <sup>st</sup> Quarter 2016	Budget for meetings	GOP

Implementing Rules and Regulations (IRR)	transparency in all EI transactions ; Institutionalization of policies which results in sustainable reforms and programs		onwards		
MSG to formulate recommendations and policies to address LGU concerns using EITI process	Improved government systems at the local level	MSG, Secretariat	3 <sup>rd</sup> Quarter 2016	Budget for meetings	GOP
Workshop with LGUs on revenue management	Improved revenue management at the local level	MSG, consultant	3 <sup>rd</sup> Quarter 2016	Budget for roadshow and studies	GOP and EGPS/ World Bank
Standardize process for planning of SDMP and community development plans	Improved government systems that ensure transparency in all EI transactions Institutionalization of policies through law which results in sustainable reforms and programs;	DILG, MGB, Companies	2 <sup>nd</sup> Quarter 2016 onwards	Budget for meetings	GOP
Engage the Legislative branch of government	Improved government systems that ensure transparency in all EI transactions	MSG, secretariat	2 <sup>nd</sup> quarter onwards 2016	Budget for regular forums and dialogues with stakeholders	GOP
Draft EITI law	Improved government systems that ensure transparency in all EI transactions; Institutionalization of policies through law which results in sustainable reforms and programs	MSG, consultant	2 <sup>nd</sup> quarter 2016	Budget for studies	GOP and EGPS/ World Bank

Strengthening of local monitoring teams	Increased transparency and improve EI governance at the local level as led by well capacitated LGUs and local monitoring teams equipped in implementing reforms	MSG, secretariat	2 <sup>nd</sup> quarter 2016 onwards		USAID
Continuous monitoring of agency actions on MSG recommendations from previous reports	Improved government systems that ensure transparency in all EI transactions	MSG, Secretariat	2 <sup>nd</sup> quarter 2016 onwards	Budget for meetings	GOP

**4<sup>TH</sup> OBJECTIVE:** Create opportunities for dialogue and constructive engagement in natural resource management in order to build trust and reduce conflict among stakeholders

**RATIONALE:** Stakeholders have divergent views on how much the extractive sector is contributing to the economy and on the extent that local communities benefit from extractive operations. The EITI is seen a way by which parties can arrive at a consensus on matters pertaining to natural resource management.

**GOVERNANCE RELATED CHALLENGES:** 1. Distrust among stakeholders. 2. Sustainability of stakeholder engagement 3. Ensuring that the effects of stakeholder engagement through EITI extends to the broader public

**ACTIVITIES VIS-A-VIS CHALLENGES:** As seen from the first cycle of EITI implementation in the country, sustained and meaningful engagement can go a long way in building trust among stakeholders. The forums, dialogues and regular MSG meetings in the past years proved effective in ventilating issues and coming to a common understanding of how such issues may be addressed through the EITI process. Drawing from the positive results of stakeholder engagement in the past year, more forums and dialogues are scheduled this year to deepen understanding of the sector and to formulate policies. Note that activities under the first and second objectives are also meant to contribute to this fourth objective.

One of the strengths of PH-EITI is the effective engagement of stakeholders through regular MSG meetings, forums and outreach activities. For 2016, Ph-EITI intends to engage more stakeholders as it considers expanding the scope of the report to include small scale mining and large scale non metallic mining.

PH-EITI will also provide regular updates to stakeholders on the progress of EITI implementation, and significant achievements the past years. Forums with stakeholders will also seek to get deeper commitment from them by asking for concrete measures that they can implement in promoting transparency in their localities.

ACTIVITIES	OUTCOME	RESPONSIBLE PARTY	TIMELINE	COST	FUNDING
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Regular MSG meetings	An enabling environment for sound policies as a result of sustained dialogue among stakeholders	MSG, secretariat	January 2016 onwards	3,000,000	GOP
Regular forums and dialogues with stakeholders	An enabling environment for sound policies as a result of sustained dialogue among stakeholders	MSG, secretariat	January 2016 onwards	2,200,000	GOP

**5<sup>TH</sup> OBJECTIVE: Strengthen business environment and increase investments**

**RATIONALE:** There are debates on whether the extractive sector in the Philippines can contribute more to the economy given the country's mineral deposits. However, shifting policies in the sector affect the level of investments. EITI data is a tool that can be used to ensure that policies are more evidence-based and thus, less volatile. Moreover, perception of corruption still exists, thus discouraging companies from investing. EITI sends the message that the government is serious in its commitment to eradicate corruption to strengthen business environment.

**GOVERNANCE RELATED CHALLENGES:** 1. Frequent changes in administration and in policies especially at the local level make investing risky. 2. Some local governments lack the political will in ensuring that consultations with communities are transparent and participatory. This increases the level of distrust between companies and communities. 3. The voluntary nature of the EITI process at this point hinders full participation of all companies and may undermine the credibility of the EITI process in the long run.

**ACTIVITIES VIS-A-VIS CHALLENGES:** For the EITI process to have more impact in strengthening business environment, the complete buy-in of companies is essential. Thus, increased participation of companies is among the priorities of PH-EITI at this stage. Towards this end, the importance of EITI and how it benefits the industry should be communicated more to industry members through forums and dialogues. It is also important that participation in EITI be mandated or least incentivized through legislation in order to ensure full cooperation of companies. Note that activities listed under the 1<sup>st</sup> and 4<sup>th</sup> objectives also apply to this objective.

After two years of implementation, the MSG wants to know whether EITI already has an impact in strengthening business environment. The assessment of this will be one of the major activities under the 5<sup>th</sup> objective. In addition, PH-EITI will conduct more outreach activities to industry partners in line with its plan to expand the scope of the EITI report.

ACTIVITIES	OUTCOME	RESPONSIBLE PARTY	TIMELINE	COST	FUNDING
Assess impact of EITI implementation on investment climate	Entry of more investments, higher ease of doing business rating in the EI	MSG, consultant	2 <sup>nd</sup> quarter 2016 onwards	Budget for studies	GOP and EGPS/ World Bank

	sector				
Forums with industry members on BIR waiver, beneficial ownership and continuous engagement in the EITI process	Entry of more investments, higher ease of doing business rating in the EI sector	MSG, secretariat	2 <sup>nd</sup> to 3 <sup>rd</sup> quarter 2016	Budget for regular forums and dialogues with stakeholders	GOP
Engagement of other mining affiliated organizations	Entry of more investments, higher ease of doing business rating in the EI sector	MSG, secretariat	2 <sup>nd</sup> and 3 <sup>rd</sup> quarter 2016	Budget for regular forums and dialogues with stakeholders	GOP
<b>ADMINISTRATIVE EXPENSES</b>					
Management of the PH-EITI secretariat and operational expenses	Effective implementation of EITI	Secretariat, DOF	January 2016 onwards	7,713,616	GOP and EGPS/ World Bank
Trainings for Secretariat and DOF on project management	Proper implementation of the PH-EITI work plan and grant	Secretariat, DOF	1 <sup>st</sup> to 2 <sup>nd</sup> Quarter 2016	350,000	GOP

<b>TOTAL</b>	
EGPS/ World Bank	PHP 35,225,816
GOP	PHP 17,000,000
USAID	
<b>GRAND TOTAL</b>	<b>PHP 52,225,816</b>