

PH-EITI 21th MSG MEETING

9:00 AM - 1:00 PM | February 27, 2015

Visayas Room, Department of Finance,

Roxas Blvd., Manila

Attendees:

9	Asst. Sec. Ma. Teresa S. Habitan	Department of Finance (DOF)
10	Elsa Agustin	DOF
11	Febe Lim	DOF
12	Asst. Comm. Nestor Valeroso	Bureau of Internal Revenue (BIR)
13	Atty. Teresita Angeles	BIR
14	Atty. Elenita Quimosing	BIR
15	Sarah Mopia	BIR
16	Engr. Romualdo Aguilos	Mines and Geosciences Bureau—Department of Environment and Natural Resources (MGB-DENR)
18	Nenito C. Jariel, Jr.	Department of Energy (DOE)
19	Marilyn T. Posada	DOE
20	Pablo de Castro	Department of the Interior and Local Government (DILG)
21	Michael Juan	Union of Local Authorities of the Philippines (ULAP)
22	Prof. Maria Aurora Teresita W. Tabada	Visayas State University
23	Ronald Allan A. Barnacha	Philippine Rural Reconstruction Movement (PRRM)/ North Luzon
25	Roldan Gonzales	GITIB Inc.
26	Dr. Merian C. Mani	Romblon Ecumenical Forum Against Mining (REFAM)/ Romblon State University
28	Vince Lazatin	Bantay Kita/Transparency & Accountability Network (TAN)
29	Chadwick Llanos	Cebu Alliance for Safe and Sustainable Environment (CASE)
30	Regine Tumlos	Bantay Kita
31	Nelia Halcon	Chamber of Mines of the Philippines (COMP)
32	Francisco Arañes	Cambayas Mining Corporation
33	Bing Pingul	Shell Philippines Exploration BV (SPEX)/ Petroleum Association of the Philippines (PAP)
35	Atty. Gay Alessandra V. Ordenes	Secretariat
36	Maria Meliza T. Tuba	Secretariat
37	Abigail D. Ocate	Secretariat
38	Mary Ann Rodolfo	Secretariat
39	Liezel B. Empio	Secretariat
40	Grace A. Estacio	Secretariat

1 RESOURCE PERSONS:

2		
3	Pocholo Domondon	PricewaterhouseCoopers /Isla lipana
4	Augusto Blanco	Compostela Valley
5	Jose Melvin Lamanilao	Paglilingkod Batas Pangkapatiran Foundation
6	Sigfried Flaviano	Provincial Environment Management Office, South
7		Cotabato
8	Beverly Besmanos	Bantay Kita
9		

10

11 **AGENDA:**

- 12 • Minutes of the 20th MSG meeting
- 13 • Matters arising from previous MSG meetings
- 14 • Debrief with PricewaterhouseCoopers
- 15 • Rapu-Rapu’s status
- 16 • Presentation on small-scale mining
- 17 • Approval of work plan
- 18 • Draft MICC resolution adding new members to the MSG and draft memo requiring agencies to make
- 19 their documents accessible to PH-EITI
- 20 • Other matters

21

22

23 **1. Call to Order:**

24

25 1.1. The Philippine Extractive Industries Transparency Initiative (PH-EITI) Multi-Stakeholder Group (MSG)

26 meeting was called to order at 9:11 AM.

27

28 1.2. The proposed agenda was approved by the body.

29

30 **2. Minutes of the 20th MSG Meeting**

31

32 2.1. According to the Chair, the minutes of the meeting was circulated to the MSG and no comments were

33 received by the Secretariat.

34

35 2.2. The body approved the minutes of the 20th MSG meeting.

36

37 2.3. The body was informed that Mr. Romuald Chadwick Llanos is the new member of the Civil Society

38 Organization (CSO), replacing Mr. Augustin Docena.

39

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

2
3 3.1. The Secretariat noted that the first two items in the matters arising are depended on the Multi-Donor
4 Trust Fund (MDTF).

5
6 3.2. To update the members of the MSG regarding the status of the MDTF, the Secretariat mentioned that
7 the Department of Budget and Management (DBM) is still in the process of issuing the Notice of Cash
8 Allocation (NCA) and Special Allotment Release Order (SARO).

9
10 It was mentioned that the Secretariat is expecting to receive the MDTF by early March.

11
12 3.3. *Rapu-rapu's status:* It was recalled that in previous meetings, the MSG requested to be updated
13 regarding the status of the rehabilitation process in Rapu-Rapu.

14
15 In connection with this, the Secretariat stated that a representative of Rapu-Rapu Minerals, Inc. was invited
16 to the MSG meeting and the representative has confirmed to give a presentation..

17
18 3.4. *Copies of Bureau of Internal Revenue (BIR) and Mines and Geosciences Bureau (MGB) reports to DBM*
19 *regarding their collections per Local Government Unit (LGU) and per company:* According to the Secretariat,
20 copies of the report that BIR and MGB sent to DBM will be collected once the Independent Administrator
21 (IA) starts the data gathering procedure in preparation for the 2nd PH-EITI report.

22
23 3.5. *Memo from Mining Industry Coordinating Council (MICC) requiring all agencies to make all EITI relevant*
24 *information available:* It was recalled that the Secretariat was tasked to draft a memo that the MSG will
25 propose to the MICC regarding the directive that the agencies should issue in order to make documents
26 available to PH-EITI. The draft memo is in the meeting kit and is part of the agenda for today's meeting.

27
28 The Chair asked the members of the MSG to go through the draft memo and provide comments within the
29 day so that the Secretariat can finalize it and send it to the MICC.

30
31 3.6. *Template revision:* The Secretariat shared that the revised templates will be sent to all the agencies for
32 them to do a thorough review. However, this will be done once the IA is already engaged.

33
34 3.7. *Additional MSG members:* It was recalled that there was a proposal to add more members to the MSG.
35 However, it was highlighted that for this to be operationalized, the MICC should first propose the
36 amendment of the Executive Order (EO) creating EITI since the EO limits the number of government
37 representatives to just five. The draft memo is also in the meeting kit and will be discussed as part of the
38 main business.

39
40 On the other hand, the Secretariat reported that BIR already prepared a letter designating their
41 representatives to the MSG. According to the Secretariat, it can be construed that BIR is under the
42 Department of Finance (DOF).

1 3.8. *Source of information on incentives:* According to the Secretariat, there was a discussion last MSG
2 meeting regarding the source of information on incentives being availed of by companies. It was shared that
3 the Secretariat was tasked to schedule a meeting between Board of Investments (BOI) and BIR to clarify
4 which agency should give the information on incentives.

5
6 3.9. For the information of the body, it was shared that the Secretariat met with BOI and BIR representatives
7 last February 24. Representatives from BIR were Assistant Commissioner Nestor Valeroso, Atty. Teresita
8 Angeles and Ms. Sarah Mopia while BOI was represented by Ms. Sandy Recolizado and another lawyer.

9
10 3.10. It was clarified during the said meeting that the final deciding authority for the incentives is the BIR.
11 The procedure is that companies will indicate that they are availing of Income Tax Holiday (ITH) when they
12 file their Income Tax Return (ITR) to the BIR, and they will simultaneously give a copy of their ITR to the BOI.
13 The BOI then makes an evaluation if the companies can avail of incentives. If yes, the BOI then issues a writ
14 of exemption to the BIR. However, the writ of exemption is only a recommendation. The BIR will further
15 assess it and then make a final decision if the company can be entitled to an ITH.

16
17 3.11. It was noted during the said meeting, however, that 2012 applications for incentives have not been
18 evaluated yet since BOI is still evaluating applications for 2011. Therefore, the information on incentives
19 cannot be made available for the next report.

20
21 3.12. In cases where the application for ITH is still in process, the Chair asked whether the company availing
22 of ITH would pay income tax.

23
24 3.13. The Secretariat clarified that a company applying for ITH will not pay income tax so that the BIR would
25 not have to return the payment if ever the result of the evaluation shows that the company is entitled to
26 avail ITH.

27
28 3.14. A representative of the industry sector suggested that the information on incentives be asked from the
29 companies themselves.

30
31 3.15. The Chair explained if the companies will be asked to report the incentives that they are availing, the
32 revenue figure reported by the government for the year will not correspond to the production data of the
33 company in case it turns out after several years, that the company is not entitled to receive incentives.

34
35 3.16. The Secretariat mentioned that that there were also previous discussions regarding the need to
36 analyze the benefits of giving incentives. According to the Secretariat, It was suggested that BOI be asked to
37 make a presentation on how they are doing the cost benefit analysis of giving incentives to the companies.

38
39 The body was informed that this request was also raised during the meeting with BIR and BOI.
40 Unfortunately, the BOI representative who attended the meeting is not the one in charge of granting and
41 evaluating incentives. It was suggested that the Secretariat invite someone from the incentives department
42 of BOI.

1 3.17. *BIR waiver*: The Secretariat recalled that the members of the MSG agreed to include incentives in the
2 BIR waiver and to make the waiver perpetual. The revised waiver is currently being reviewed by Assistant
3 Commissioner Valeroso of BIR.
4

5 3.18. *Addressing legal barriers to EITI implementation*: It was recalled that the secretariat was tasked to
6 review if the Freedom of Information (FOI) bill will be enough to address the barriers to EITI. In addition, the
7 Secretariat was also tasked to study the bill on tax expenditure and public finance reform bill.
8

9 This is still a pending matter and the Secretariat requested to defer their presentation regarding this matter
10 to the next MSG meeting.
11

12 3.19. *Details of BIR Form 1601F (final withholding tax)*: According to the Secretariat, this is an outcome of
13 the recommendations of the Technical Working Group (TWG). It was shared that DOF has already
14 communicated this matter to BIR. This matter is still pending and the Secretariat is awaiting advice from BIR.
15

16 3.20. *Production data for 2012 and 2013*: The Secretariat shared that MGB already provided the production
17 data and it is already available in the PH-EITI website.
18

19 3.21. *Calendar of activities and possible venues*: The calendar of activities is included in the kits and will be
20 discussed later.
21

22 3.22. *Action plan for companies that did not take part in the first report*: It was suggested last MSG meeting
23 that government and companies come up with an action plan or next steps on how to require more
24 companies to participate. This matter is also pending.
25

26 3.23. *TOR of next IA*: The TOR of the IA has been circulated and approved by the MSG. The Secretariat
27 reported that the procurement process already started and a pre-bid procurement meeting in DOF had been
28 conducted.
29

30 3.24. A representative of the CSO asked when will the bidding start.
31

32 The Secretariat stated that the bidding process already started. After the pre-bid procurement meeting
33 conducted last week, the next step is the posting of the documents on the website. According to the
34 Secretariat, they are targeting that the contract of the IA be executed in the first week of April.
35

36 3.25. *Evaluation of IA*: The evaluation that the MSG approved has been sent to the IA.
37

38 3.26. *Subnational implementation*: There was a proposal that regional offices be invited to future MSG
39 meetings. According to the Secretariat, Engr. Aguilos of MGB mentioned that he will discuss this matter with
40 Director Leo Jasareno.
41

1 However, the Secretariat stated that during their meeting with MGB officials, it was pointed out that this
2 might be too tedious since there are too many regional offices. Therefore, it was suggested that the meeting
3 with regional offices of MGB, Department of Energy (DOE) and National Commission on Indigenous Peoples
4 (NCIP) be conducted quarterly or semi-annually.

5
6 3.27. The Chair asked the Secretariat to make a costing of the proposed activity.

7
8 3.28. A representative of the MGB shared that they will have an expanded meeting every 2 months wherein
9 Regional Directors will attend. The same representative suggested that the Secretariat schedule the meeting
10 with the regional offices during this period.

11
12 3.29. A representative of the Civil Society Organization (CSO) clarified that the proposal was to invite
13 regional offices in the MSG meeting for subnational EITI implementation and not in the MSG at the national
14 level. For example, the regional office of MGB should be attending the meeting for the subnational
15 implementation in Nueva Vizcaya.

16
17 3.30. The Chair the stated that the regional directors of MGB need to be informed first about EITI, what the
18 MSG is and why it is important that they have a presence in the MSG for subnational EITI.

19
20 The CSO representative clarified that regional offices of NCIP should also be invited.

21
22 3.31. *Data on gold production and revenues:* The Secretariat recalled that there was a suggestion for Bangko
23 Sentral ng Pilipinas (BSP) to present the data on the production of gold from small-scale mining operations
24 and the revenues from this sector. Instead of inviting representatives from the said agency, the Secretariat
25 explained that they will first ask for the status of the available information. A letter will be sent to BSP asking
26 for the said data.

27
28 3.32. *2015 work plan:* The draft 2015 work plan is included in the kits. This will be discussed as part of the
29 main business.

30
31 3.33. *Report findings of EITI report to MICC:* The Secretariat was tasked to report the findings of the EITI
32 report to the MICC. It was shared that the MICC has been informed and the presentation of findings will be
33 included in the agenda of the next MICC meeting.

34
35 3.34. *Include South Cotabato and Compostela Valley in the next EITI report as pilot study on small-scale*
36 *mining:* Representatives from South Cotabato and Compostela Valley were invited to attend the MSG
37 meeting and discuss the status of subnational implementation in their area. Representatives from the said
38 provinces are present in today's meeting to give the presentation.

39
40 3.35. *Secretariat's institutionalization:* The Secretariat was tasked to determine the best approach to
41 institutionalize the PH-EITI Secretariat. For the information of the body, it was shared that the Secretariat
42 already met with Director Tan of the DOF regarding this matter.

1 Based on what was discussed during the meeting, the Secretariat mentioned that they have made
2 preliminary action points which they need to consult with DBM and the Civil Service Commission. According
3 to the Secretariat, they will present to the MSG once they have the complete information.
4

5 3.36. *Draft EITI bill*: This matter is still pending because the MSG needs to hire a consultant for this. Also, the
6 Secretariat pointed out that there has to be a discussion within the MSG as to the proper structure and
7 provisions of this bill.
8

9 3.37. In relation to this, the Secretariat shared that they intend to schedule a separate round table
10 discussion with Senate and Congress on March 18 and 19. This is to brief their technical staff, the Senate
11 Economic Planning Office (SEPO) and Congressional Policy and Budget Research Department (CPBRD)
12 regarding the findings of the PH- EITI report. Congress already confirmed to the said meeting. The MSG will
13 be informed of next steps.
14

15 3.38. *Pre validation workshop/Clare Short's visit*: The members of the MSG agreed last meeting to the
16 conduct of a pre validation workshop sometime in June which will coincide with Clare Short's visit
17

18 3.39. *Financial report*: As instructed last meeting, the Secretariat revised the financial report, the copy of
19 which is included in the kit. The revised document will be discussed later.
20

21 **4. Debrief with PricewaterhouseCoopers (PWC)** 22

23 4.1. A representative from PWC provided a formal debrief with respect to the whole reconciliation
24 procedure.
25

26 4.2. During the past few weeks, it was shared that PWC gather some insights and feedback from the
27 different stakeholders of the MSG including industry players and local organizations.
28

29 4.3. It was mentioned that PWC also did a debriefing within their company. Comments were solicited from
30 the partners and managers and also from the different senior associate and staff (the presentation material
31 is attached as Annex A).
32

33 4.4. The PWC representative extended their appreciation and gratitude for the feedback provided by the
34 MSG. The body was informed that PWC will again bid for the 2nd report.
35

36 4.5. As an update, it was mentioned that the Secretariat and PWC already discussed the approach on how to
37 address the comments of the International Secretariat. According to the Secretariat, the process for
38 addressing the said comments has started.
39

1 **5. Rapu-Rapu’s Status**

2
3 5.1. The Secretariat announced that they were informed a few minutes ago that the representative from
4 Rapu-Rapu Minerals, Inc. will not be able to make it to today’s meeting. A request will be sent again to them
5 for the next meeting.

6
7 5.2. According to the MGB representative, the President of Rapu-Rapu Minerals, Inc., mentioned that he
8 cannot attend the MSG meeting since someone who is monitoring the implementation of the rehabilitation
9 plans will visit Rapu-Rapu. Also, the same representative shared that according to the President, there has
10 been a miscommunication as to the exact date of the meeting.

11
12 5.3. The representative of the MGB suggested that the Secretariat request Rapu-Rapu Minerals, Inc. to
13 provide the MSG with a copy of their progress report before they present to the body. The Chair concurred.
14 Upon suggestion of an MSG member, a technical staff will be invited in the event that the president of the
15 company cannot come.

16
17 **6. Presentation on Small-Scale Mining**

18
19 • **Small-scale mining in Compostela Valley (ComVal)**

20
21 6.1. According to the resource person from Compostela Valley, the gold deposit in Mt. Diwalwal, which is
22 one of the biggest gold deposits in the Philippines, was discovered inadvertently through small-scale mining
23 (SSM). It was mentioned that gold can be found in 10 out of the 11 municipalities in ComVal. (The
24 presentation material is attached as Annex B)

25
26 6.2. For the information of the body, it was shared that 7 areas in ComVal were declared as People Small-
27 Scale Mining Areas (PSSM). Also, 4 SSM contracts and 11 SSM permits have already been approved.

28
29 6.3. The resource person highlighted the following issues and concerns in the SSM industry:

- 30
31 • **Collateral damage of uncontrolled mining activities resulting to Environmental Degradation and**
32 **Deterioration-** Landslide is one of the most common problems. The landslide that occurred in the
33 Municipality of Maco resulted in more than a hundred casualties.
34
35 • **Below safety standard mining operations-**Almost all SSM activities do not comply with the safety
36 standards mining operations. Most of the structures are located along the steep slopes of the
37 mountains, increasing the risk of landslides.
38
39 • **Below standard and crude processing procedures-** Fortunately, the use of mercury has been
40 eliminated in ComVal. However, processing plants in the area are still using Cyanide. With regard to

1 the crushing of ore, the small-scale miners pound the ore manually without wearing safety glasses.
2 Also, the miners do not have tailings pond and therefore, the sediments go directly to the rivers.

3
4 • **Unhealthy and unsanitary conditions in mining areas**

5
6 6.4. To regulate the SSM industry in the area, it was mentioned that the provincial government of ComVal
7 created a Crisis Management Committee. The said committee goes to SSM areas to advise the miners when
8 to stop their mining operations.

9
10 6.5. The local government declared 7 SSM areas as People's Small-Scale Mining Areas or Minahang Bayan so
11 that they can have more control over the mining activities. Most of these areas are operated by mining
12 cooperatives who serve as conduit between local government officials and miners.

13
14 6.6. The approved Minahang Bayan, including the proposed areas, were enumerated (refer to Annex B).
15 some of these area have been declared as forest reserves and are inhabited by members of the New
16 Peoples Army (NPA), thus making monitoring difficult

17
18 6.7. The Sangguniang Panlalawigan of ComVal issued ordinances directed to supervise or regulate the SSM
19 industry. Some of the ordinances/actions that were highlighted are the following:

- 20
21 • **No Habitation Policy**- This ordinance was promulgated after the landslide in Maco. The local
22 government delineated the areas where the miners are allowed to build their houses and processing
23 plants. Also, the miners are not allowed to sleep near their tunnels. Provincial police demolished the
24 establishments within the hazardous areas. In relation to this, it was shared that there is one mine
25 site where the miners are required to wear IDs to better regulate the people who will enter the
26 mine site.
- 27
28 • **Creation of Municipal Mining Advisory Councils**- This was created to better supervise the mining
29 activities at the municipal level.
- 30
31 • **Adjudication of Mining Tunnel Conflict thru an Operating Agreement**- There are cases wherein two
32 tunnels intersect each other creating conflict between the operators. The conflict could even lead to
33 firefights inside the tunnel. To prevent this, the local government convened the mining operators to
34 discuss strategies on how to avoid this kind of conflict in the mining area.
- 35
36 • **Advisory on the Stoppage of Operation to Small-Scale Miners especially during Prolonged Rainfall
37 to Prevent Loss of Lives and Properties**- during prolonged rainfalls SSM operators are being advised
38 to temporarily stop their mining operation to avoid casualties.

39
40 6.8. According to the resource person, the local government already made the following actions to address
41 social and economic concerns:

- 1 • **Requiring Municipal Local Government Units (MLGUs) to Implement Proper Zoning in their**
2 **Respective Areas-** There is zoning in the area; however, MLGUs are not conducting actual
3 inspection.
4
- 5 • **Inclusion to Gawad-Kalinga Program of the Provincial Government for Small-Scale Miners Affected**
6 **by Calamities-** After the landslide in Maco, the miners and their families who were left homeless
7 were included in the Gawad Kalinga program. Houses were provided to the affected families.
8
- 9 • **Establishment of Revenue Collection and Monitoring Centers in the Province-** Road tolls have been
10 set-up in different municipalities to monitor the transport of mineral ores from mining sites to
11 processing zones. The local government now has a record of how much ores are being taken from
12 each mining area.
13
- 14 • **Strengthening of Incident Command System in all Municipalities-** This was implemented after
15 typhoon Pablo. The local government monitors the weather conditions, natural calamities as well as
16 conflicts within mining areas.
17
- 18 • **Construction of Water Facilities in Small-Scale Mining Areas-** This aims to provide safe water to the
19 people in mining communities.
20

21 6.9. A presentation on Compostela Valley's subnational transparency initiative followed.
22

23 6.10. The transparency initiative in Compostela Valley started in 2010. Governor Uy issued EO 020-2012 in
24 2012 formalizing Multi-Stakeholder Council (MSC).
25

26 6.11. In July 26, 2013, the council approved the Transparency Handbook which is the first transparency
27 handbook at the subnational level.
28

29 6.12. The Handbook contains the following:

- 30 • Objectives of our transparency mechanisms
- 31 • Core Principles of our Transparency undertakings
- 32 • Rules on Information Disclosure and Reporting
- 33 • Report Template
34

35 6.13. After the creation of the MSC, many people have become interested to join the transparency initiative.
36 The Governor then issued EO 018-2013 which was designed to expand the membership of the MSC. This
37 amended EO 020-2012.
38

39 6.14. Using the reporting template that the MSC developed, it was shared that the report for 3
40 municipalities (Nabunturan, Maco and Maragusan) are currently being prepared.
41

1 6.15. IP Communities of Nabunturan, Maco and Maragusan will disclose the royalties that they receive.
2 Reporting of IP royalties is a vital part of the EITI advocacy since almost all of the mineralized areas in
3 ComVal are within ancestral domains.
4
5 6.16. There is a draft provincial ordinance institutionalizing EITI advocacy in ComVal. The said ordinance is
6 already in its 2nd reading. The local government aims to have this ordinance passed and signed by the
7 Governor within the 3rd quarter of this year.
8
9 6.17. One member of the MSG inquired if the local government has data on the volume of ore extracted by
10 SSM operators.
11
12 6.18. The resource person responded that they have the data regarding the volume of ore. However, it was
13 mentioned that the gold content of the ore is not determined.
14
15 6.19. A representative of the government asked if any representative from the local BIR is involved with the
16 SSM program. The presenter answered in the negative, explaining that it is only the provincial treasurer
17 involved. The MSG member remarked that collecting payments from the SSM industry will help in
18 augmenting the budget of the government.
19
20 6.20. The resource person clarified that there is a collection based on the volume of ore.
21
22 6.21. COMval's EITI report is being prepared by the MSC and will hopefully be published within 2nd or 3rd
23 quarter of this year.
24
25 6.22. One member of the MSG asked if the MSC also has an IA and if the system of preparing the report is
26 the same with the national EITI.
27
28 6.23. The resource person noted that they have different resource persons for the preparation of the report.
29
30 6.24. The CSO representative from ComVal shared that the MSC has a review team. Reviewing of reports
31 was actually started last year. However, the review team was not able to finalize the report because of
32 budgetary constraints.
33
34 The same representative explained that there is a provision in the EO for funding allocation but the local
35 government was not able to incorporate the budget for MSC activities in their annual investment plan.
36 Before this, it was shared that most of the activities are being funded by Bantay Kita with the support from
37 IKAT-US. However, the project of Bantay Kita with IKAT-US ended.
38
39 6.26. With regard to the reconciliation of reported figures, the CSO representative stated that the difficulty
40 of reconciling payments will be explained in next presentation.
41

1 6.27. One representative of the government raised a concern on how SSM and large-scale mining are being
2 distinguished and why they are being classified as such. Based on classification.
3

4 6.28. Furthermore, representatives of the local government and MGB were asked if there is a need to
5 distinguish SSM based on sale. If the SSM operations are causing environmental problems, the same
6 representative asked why won't the government ask a large-scale mining company to operate in the area
7 instead.
8

9 6.29. An industry representative explained that based on the law, SSM operation is characterized as
10 unmechanized. A mining operation is considered as small-scale if the miners are not using heavy equipment.
11 Unlike in SSM, the same representative stated that large-scale mining operations can be classified based on
12 capitalization.
13

14 6.30. The representative of the industry further noted that the government wants to legalize SSM so that
15 miners can form cooperatives and eventually follow environment and safety standards.
16

17 6.31. A representative of the MGB shared that that DENR Administrative Order (DAO) 34, which is the
18 Implementing Rules and Regulations (IRR) of Republic Act 7076 or the law governing SSM operations, is
19 being revised because DAO 34 is not being followed.
20

21 3.32. The Chair asked that this issue be included as an agenda item for future MSG meeting. It was
22 mentioned that the Chair will ask DOF representatives to come up with discussion points in view of future
23 legislation rationalizing the fiscal regime for the entire mining industry.
24

25 3.33. A CSO representative of the ComVal MSC made a presentation with regard to the transparency and
26 accountability initiative in the area. (The presentation material is attached as Annex C)
27

28 3.34. According to the resource person, the whole initiative in Comval started in 2008 when the CSOs
29 attended an EITI Conference in Bali.
30

31 3.35. From 2009 to 2010 a series of learning sessions were conducted among CSOs which lead to the initial
32 consultation in ComVal. It was mentioned that during this period, there were a lot of discussions among
33 CSOs on whether to try EITI or not. The consultation on ComVal was conducted because Bantay Kita finally
34 decided to try EITI implementation at the subnational level.
35

36 3.36. In 2010, it was mentioned that there is already an interim council in Comval. The interim council
37 attended a subnational initiative in Bojonegoro and Blora, Indonesia in 2012 and got funding from IKAT-US
38 through USAID Indonesia. Because of the funding, the interim council was able to fast track the transparency
39 initiative in ComVal.
40

41 3.37. An EO creating the MSG was then signed. The CSO representative noted that the MSC of ComVal has
42 been established before the formalization of PH-EITI MSG.

1 3.38. The formalization and oath-taking of the MSC occurred in November 2012. Afterwards, a capability
2 building workshop among the MSC members was conducted by a CSO partner in Indonesia.

3
4 But when typhoon Pablo happened, all the activities of the MSG had to stop because the province focused
5 on the reconstruction and rehabilitation of ComVal.

6
7 3.39. The MSC again conducted regular meetings from May to June 2013. This then led to the approval of
8 the Transparency Handbook and Reporting Templates in July 2013. The experiences in ComVal were shared
9 during the Southeast Asia Conference in Davao.

10
11 3.40. From September to December 2013, all the reporting entities submitted their report. Then in 2014 the
12 IKAT-US project was terminated. The MSC, however, was able to start reviewing the report.

13
14 3.41. The CSO noted that the national EITI started while the MSC is preparing the report. Moreover, it was
15 mentioned that Apex Mining Company being one of the key players in the whole subnational EITI
16 implementation, submitted data to the MSC first before reporting to the national EITI.

17
18 3.42. The resource person stated that the following are part of their report:

- 19
20 • Disclosure of consent making process - The MSC required the NCIP to submit a report on how they
21 conducted the Free Prior and Informed Consent (FPIC). This is necessary because it is important to
22 assess whether community decisions are based on customary decision building mechanisms,
23 including the quality of information given ensuring informed decision.

24
25 The report from NCIP includes disclosure of how FPIC fee is being spent. According to the CSO
26 representative, they found out from the report that some FPIC payments do not go to NCIP account.

- 27
28 • Community contract disclosure - The MSC looks at the compliance or obligation of parties, not only
29 the mining companies but the obligations of the IP communities as well.

30
31 It will then be assessed if the agreements conform with the existing laws, the stipulations in the
32 contracts and obligations of the parties.

33
34 The CSO representative noted that some of their findings were covered in the contextual
35 information part of the first PH-EITI report.

- 36
37 • Disclosure of payments – Payments of large and small-scale mining companies were of course part
38 of the report. The MSC included payments based on both national and local impositions.
39
40 • Disclosure of collections – Provincial and municipal LGU collections were part of the report.
41 Royalties and other payments that the IPs are receiving were also included.

- 1 • Disclosure of revenue utilization – It was mentioned that the CSOs are promoting that all mining
2 revenues go into a special trust fund. However, the office of the treasurer raised that separating
3 mining revenues will affect the income classification of the municipality. The resource person
4 explained that the first class municipalities in the area are applying to be classified as city.
5

6 Because of this, there was a suggestion for the MSC to assume that the contribution of the mining
7 industry to the general fund is the same with expenditure. However, this somehow defeats the
8 purpose of the whole initiative. According to the resource person, in the end it was agreed that the
9 first report would only cover IP expenditures.
10

11 3.43. The CSO representative shared the following observations on engaging SSM in the transparency
12 mechanism:

- 13 • Small Scale Mining in the context of Comval (perhaps same with other areas) showed a very
14 complex Value Chain compared to Large Scale Operations
15 • Each link of the chain has different players and industry dynamics
16 • “Minahang Bayan” (Minahang Katutubo) is just a declaration of “Special Land Use” or “Special
17 Economic Zone” for SSM development; not a strong regulatory instrument
18 • Whether all SSM are held within declared Minahang Bayan, revenue streams is still difficult to fully
19 track because there are multiple players and SSM is a complex industry
20

21 3.44. The resource person then explained the value chain of an SSM operation.
22

23 Under ore extraction, there are portals/tunnels that are regularly operating while there are also tunnels that
24 have seasonal operations.
25

26 3.45. The reason why there are seasonal tunnel operations is because some SSM operators only has a capital
27 for 1 month operation. In cases wherein the cost of the operation is higher than the revenue from extracted
28 ore, the operation would stop and the operator will have to again find capital.
29

30 3.46. As for the regular operations, the operator has a bigger capital. Therefore, the operation can continue
31 even if the operator is not making profit for the first few months.
32

33 3.47. There are also trenching or “karuko” in the area. The miners who are classified as karuko are those who
34 deliver boxes of ores to ball mills. The karuko will first inspect the surface to see if there is enough gold.
35 Once they determined that there are indeed gold, they will fill their boxes with ores. They will then carry the
36 boxes to ball milling areas. The regular and seasonal tunnel operators including the karuko are all in the
37 Minahang Bayan.
38

39 3.48. Next to ore extraction is ore processing. There are also different players in this stage. Some operators
40 with higher capital also have their own processing plant. However, majority of the processing plant are
41 owned by someone who is not a SSM operator.

1 3.49. In processing ores, there are those who use carbon in pulp plant wherein carbon, borax and cyanide
2 are being used to capture gold. There are also ball/rod mills that use mercury in capturing gold. All of these
3 processing plants also use firing method.
4

5 3.50. The CSO representative noted that all the processing plants should be contained in processing zones
6 that are outside the actual mining area.
7

8 3.51. Regular and seasonal operators go to carbon in pulp plant. These operators can produce at least 200
9 bag of ores a month or 5-7 tons of ore. The carbon in pulp plant cannot process ores in small volume.
10

11 3.52. It was reiterated that the karuko would go to ball mills. According to the resource person, processing in
12 ball mills is usually free. Sometimes the owner of the ball mill even pay for the transportation cost of the
13 karuko. This is because the ball mill owner gets 60% of the gold.
14

15 3.53. Gold recovery using mercury is only 40%. Since the tailings will remain in the processing plant, 60% of
16 the gold will go to the ball mill owner.
17

18 3.54. After processing is gold refinery. The refined and unrefined gold are being traded. The tailing from ball
19 mills will be sold to local traders who are buying unrefined gold. The gold is considered unrefined when it
20 still has silver content.
21

22 3.55. The unrefined gold bought by traders will also be transported to gold refinery. The trading of refined
23 gold will follow.
24

25 3.56. Most traders of refined gold are private traders. Supposedly, the refined gold should be bought by the
26 central bank.
27

28 3.57. The trading of refined and unrefined gold including the traders, are all in the “open market” where
29 there are no regulations.
30

31 3.58. When the central bank started imposing a 5% withholding tax in 2012, the refined gold went to the
32 black market resulting in a rapid decline of revenue coming from SSM.
33

34 3.59. ComVal has regulations with regard to ore extraction and processing which enabled them to report
35 revenues coming arising from this activity. However, there are no regulations when it comes to trading.
36

37 3.60. The CSO representative then presented a sample computation showing revenue loss that the MSC
38 wants to track (refer to Annex C).
39

40 3.61. As for SSM cooperative, the resource person enumerated the following observations:
41

- 42 • the cooperative is an aggrupation of mostly individual tunnel owners/ operators

- 1 • it has no direct involvement in the actual mining operations
- 2 • it's not responsible in the trading of refined gold
- 3 • its earnings are derived from members' contributions
- 4 • it's formation is more of compliance to existing regulations, not so much on engaging the direct
- 5 business of small scale mining

6
7 3.62. Based on these observations, it was mentioned that the SSM cooperatives should not be included as a
8 reporting entity.

9
10 3.63. The CSO representative from ComVal then presented the following recommendations for possible PH-
11 EITI and MICC engagement:

12
13 • **PH-EITI to:**

- 14 • Conduct Study to assess and determine how to develop and improve mechanisms for
- 15 transparency in the Small-Scale Mining Industry.
- 16 • Discuss with PMRBs possibilities to make mandatory the documentation and disclosure of
- 17 volume of production (volume and ore assay)- it was mentioned that there is already data
- 18 on volume of production. But in order to estimate the value of the ore, there should be data
- 19 on ore assay.
- 20 • Develop separate templates for Ore Extraction and Ore Processing- because there are
- 21 different players in each stage and there are also different revenue streams
- 22 • Progressive disclosure of payments and collections – LGUs to report first revenue collections
- 23 (2015); once improved regulatory mechanisms among SSM are in placed, SSM entities have
- 24 to disclose payments made (2016); But Volume of Production in SSM shall be incorporated
- 25 in the Contextual Information (2015)- if the issue with SSM cooperatives will not be
- 26 resolved, the individual members will be asked to report instead. But, there are thousands
- 27 SSM operators in the area.
- 28 • Undertake capability building for PMRB and SSM on documentation and reporting
- 29 • Provide representation to participating LGUs, SSM and IPs to the PH-EITI MSG

30
31 • **MICC to:**

- 32 • Discuss with Central Bank , MGB and Union of Local Authorities of the Philippines (ULAP) for
- 33 coordination and possible deputation of PMRB in the monitoring and effective regulation of
- 34 gold trading and other relevant mechanisms-

35
36 It was mentioned that there is enough regulation in terms of ore extraction and processing.
37 However, a significant amount of money actually goes to trading which is not being
38 regulated. According to the resource person, trading and gold refiners are in Tagum City.
39 Therefore, it was suggested that the Tagum City be include in the transparency initiative.

40
41 In addition, collection of the national government from SSM industry should also be
42 discussed. The CSO representative shared that the local government of ComVal is efficient in

1 collecting payments from the SSM. The subnational report actually shows that the revenue
2 of the local government from SSM activities is higher than the revenue from Apex Mining
3 Company.
4

5 3.64. A representative of the BIR remarked that a full coordination with the MGB is needed in order to tap
6 the potential of SSM.
7

8 3.65. From the presentation, it was noted that only 1 large-scale mining company was cited, which was Apex
9 Mining Company. One member of the MSG asked if there are other large-scale mining companies in the
10 areas, specifically in Diwalwal.
11

12 3.66. The resource person noted in the next 2 or 3 years there could be additional companies in the area.
13 But as of now, Apex is the only operating company in ComVal. As for Diwalwal, the body was informed that
14 this is covered by the Philippine Mining Development Corporation (PMDC).
15

16 3.67. A government representative commented that the presentation is more or less a complete report of
17 the SSM operations in the area
18

19 3.68. Another government representative remarked that the presentation is very informative. It was then
20 suggested that the same presentation be made to the TWG on economic concern of the MICC or to the
21 MICC itself.
22

23 3.69. The body was informed that there is an MICC bill on fiscal regime which is focused on large-scale
24 mining. According to the same representative, the presentation may help the MICC appreciate what is
25 happening in the SSM industry.
26

27 3.70. One of the resource person from ComVal pointed out that the small-scale coal regulation of the DOE is
28 actually a good model. There is a coal mining company in the area that supervises the small-scale
29 operations.
30

31 3.71. The said company will also buy the coal that the small-scale miners are producing. In instances where
32 there is no coal company, it is required that the SSM operator has a mining engineer who is accredited by
33 DOE. But this is not the case for small-scale gold mining.
34

35 3.72. According to the resource person, they are exploring if this similar arrangement can be done in
36 ComVal. It was noted that there is a problem in terms of tax collection because the revenue is not in the
37 extraction or processing phase but is in the trading of gold. If for example Apex will buy the unrefined gold
38 from the small-scale miners, the issue on tax collection will be addressed since the taxes on gold produced
39 by SSM operations will be included in the payments of Apex.
40

41 3.73. According to the DOE representative, the small-scale mining operations will be supervised by a coal
42 operator or the DOE provided the permittee employs a full-time Mining Engineer.

1 3.74. The same representative explained that payment collection is easier in the case of coal. A 3%
2 government share is collected based on the volume of coal extracted. Meanwhile for gold mining, there are
3 different products- the ore, the processed ore and the refined gold. The collection of LGUs and IPs are based
4 on the extracted ore though the processed ore or the refined gold is more valuable.
5

6 • **Small-scale mining in South Cotabato**
7

8 3.75. According to the resource person, SSM areas in South Cotabato that are declared as Minahang Bayan
9 can only be found in T'Boli. (The presentation material is attached as Annex D)
10

11 3.76. The Minahang Bayanihan program was developed to address the common issues related to SSM
12 activities like environmental degradation, socio-cultural problems as well as health and safety. The said
13 program was formed using the framework for sustainable mining which has three aspects: environment,
14 economy and socio cultural components.
15

16 3.77. Essentially, the Minahang Bayanihan program aims to promote sustainable SSM by responding to
17 current SSM issues and concerns, integrating the concept of convergence and good governance.
18

19 3.78. The local government of South Cotabato strengthened their policies on SSM regulation and
20 management. The following policies were developed:

- 21 • Provincial Ordinance No. 07 Series of 2003 otherwise known as “the small scale mining and
22 processing operation ordinance of the province of South Cotabato.
- 23 • 2010 Provincial Environment Code article III – Mineral and other quarry resources
- 24 • E.O. 37, Series of 2013 Entitled “ An Order Intensifying Small-Scale Mining Permitting And Safety
25 Regulation In The Province Of South Cotabato”
26

27 3.79. With regard to the issuance of SSM contracts, the original requirements only include Environmental
28 Compliance Certificate (ECC), MGB area status clearance and mining plan & work program.
29

30 3.80. The local government then enhanced their permitting system and required additional clearances and
31 document from the SSM operators. The SSM operator should have a Municipal Environment and Natural
32 Resources Office (MENRO) clearance certifying legal sources of timber. Moreover, every SSM operator is
33 required to have a Community Development Project and a reforestation area.
34

35 3.81. Since majority of the area is within ancestral domain, a Tribal Resolution/Certification interposing no
36 objection is also required. There is also a mandatory requirement for the miners to attend scheduled Mining
37 Safety and Environmental Management orientation and training which is being conducted every Thursday
38 and Friday. All registered miners attend orientation and trainings. The local government also conducts area
39 verification prior to the issuance of the permit.
40

41 3.82. The monitoring system of the local government was also improved. All areas with mining applications
42 were geo-tagged and a geo hazard assessment is being conducted. In relation to this, the local government

1 found out in 2012 that there are actually 10 tunnels located in high risk areas. A stoppage order was
2 immediately issued to cease the mining operations in these tunnels.

3
4 3.83. Furthermore, Provincial Multi-Partite Monitoring Teams (PMMTs) were created to monitor the
5 regulation of SSM operations as mandated under the Provincial Environment Code.

6
7 3.84. An Anti-Illegal Mining Task Force was also created specifically because hydraulic mining is a problem in
8 the area. To monitor the transportation of ores, CCTV cameras were installed in strategic areas. SSM
9 operators are also mandated to submit quarterly mining production report to the provincial office and
10 regional MGB.

11
12 3.85. The body was also informed that there is a regular SSM registration, orientation and issuance of SSM
13 ID. An SSM ID will be issued to miners who have attended trainings.

14
15 3.86. Prior to registration, the miners are also required to submit their birth certificate to ensure that there
16 are no miners who are underage. In connection with this, barangay Kematu, the center of mining
17 operations, was approved by the Department of Labor and Employment (DOLE) as level 3 barangay (from
18 level 1) since the problem regarding child labor is being addressed already.

19
20 3.87. It was mentioned that the use of mercury is prohibited under the environmental code of South
21 Cotabato. Because of this, the local government has trainings on alternative environment-friendly mining
22 technologies. The resource person shared that Bantay Kita is a partner of the local government in
23 implementing mercury-free processing techniques.

24
25 3.88. One positive impact of the SSM program is the increase in quarry and mine revenue. From Php 4.8
26 Million average in 2010, the quarry and mine revenue increased to Php 15.8 Million in 2012. This is a
27 significant increase considering that there are SSM applications that are still being processed and only 85%
28 have contracts.

29
30 3.89. The SSM program also developed the social and environmental awareness of the miners. The small-
31 scale miners themselves decided to have mining holidays. During this holiday, the miners will not mine but
32 conduct tree planting activities instead.

33
34 3.90. It was noted that the miners in South Cotabato are well capacitated and well informed when it comes
35 to environmental management and safety.

36
37 3.91. Another positive impact of the program is an increase in participation and involvement of the small-
38 scale miners in resolving issues within the mining sector.

39
40 3.92. Since the revenues of the province increased, the local government was able to provide livelihood
41 assistance to former illegal miners. The budget from SSM development program has also been increased.

1 3.93. The provincial government also funded the development of the Minahang Bayan Center where the
2 miners in T'Boli can process their permits and even pay taxes. Originally, the miners would need to travel for
3 at least an hour to do these things.

4

5 The Minahang Bayan Center is also the area where the training of miners are being conduct.

6

7 3.94. It was mentioned that women in the area, specifically the wife of the miners, are also be trained in
8 jewelry making so that their families will have extra income.

9

10 3.95. If ever the miners have problems, the Minahang Bayan Center is also the area where they can consult.
11 The local government is trying to professionalize the SSM operations in South Cotabato and they are
12 planning to further develop the Minahang Bayan Center so that the miners can also process their insurance
13 and Social Security Service (SSS) account in this building.

14

15 3.96. As for the status of EITI implementation, the municipality of T'Boli issued E.O. No. 080 Series of 2013
16 "An Order Creating the SSM Transparency and Accountability Multi-Sectoral Council of T'boli South
17 Cotabato" and E.O. 37, Series of 2013 entitled "An Order Intensifying Small-Scale Mining Permitting and
18 Safety Regulation in the province of South Cotabato".

19

20 3.97. The provincial government regularly posts the quarry and mine revenues in their website, facebook
21 page and even in local print media.

22

23 3.98. The local government previously asked assistance from MGB to convene the miners who were then
24 asked to fill up the required forms to apply for a permit. Quarterly submission of extraction reports by
25 mining and quarrying permittees is also required.

26

27 3.99. It was mentioned that the provincial government is in the process of developing their permitting and
28 extraction monitoring software.

29

30 3.100. Mainstreaming of transparency and accountability mechanism at the municipal and barangay level,
31 mining cooperatives and IPs is another program of the government. This program was initially discussed
32 with Bantay Kita.

33

34 3.101. The resource person shared that the local government asked the IPs to present where they spent
35 their mining royalties. The meeting with the IPs is scheduled on March 4.

36

37 3.102. The body was informed that South Cotabato topped region 12 in terms of mining revenue.

38

39 3.103. According to the resource person, the provincial government has the following learnings from the
40 SSM program:

41

- The government could be an effective facilitator and assistance provider to Small Scale Miners;

- 1 • Transparent and participatory decision-making builds better relationship between and among LGUs,
2 IPs', SSM, NGAs and other stakeholders;
- 3 • Constant dialogue and partnership is key in sustaining interest of SSM and various stakeholders to
4 participate in the program;
- 5 • Facilitating stakeholders in recognizing the need for economic, socio-cultural and ecological balance
6 helps promote transparency, accountability and responsiveness.
- 7 • These could only happen with shared responsibility, responsive policies, and clear system
8 backboned with strong political leadership and support
9

10 3.104. A representative of the government asked to be clarified if there is any regulation from the
11 processing of ores up to the selling of gold to BSP. If SSM operations are mandated to sell their gold to BSP,
12 the same representative asked how come the gold goes to the black market.
13

14 3.105. The resource person from South Cotabato commented that to address this problem, the local
15 government is actually planning on developing their Minahang Bayan Center into a buying center also.
16

17 3.106. It was mentioned that the local government initially coordinated with BSP regarding this, asking for
18 the specific requirements on how to push through with this project.
19

20 3.107. The resource person also shared that currently, the miners would travel for about travel 4 to 5 hours
21 just to sell their gold.
22

23 3.108. To clarify, a representative of the government asked if the Minahang Bayan Center would then be the
24 venue where BSP can withhold taxes. The resource person confirmed that they are looking at this possibility.
25

26 3.109. A CSO representative commented that selling of gold in the black market is common in all SSM areas
27 and this has been a problem for a long time. The same representative asked what BSP is doing regarding this
28 issue.
29

30 3.110. One member of the MSG raised that this issue should be discussed at the MICC level.
31

32 3.111. The Chair stated that the role of the MSG regarding this matter is to only provide observations from
33 the actual experiences on the ground which can inform policies.
34

35 3.112. A representative of the MGB shared that the central bank also built buying stations for SSM
36 operation. Unfortunately, when they imposed a 2% excise tax and 5% withholding tax, the small-scale
37 miners stopped selling their gold.
38

39 3.113. Before the MSG makes a decision on what to include or not include in the next report specifically in
40 relation to SSM, a CSO representative suggested to conduct a study on the commonalities and differences in
41 SSM operations within Luzon, Visayas and Mindanao.

1 3.114. Another representative from South Cotabato made a presentation specifically on the learnings of the
2 CSOs in implementing subnational EITI in SSM areas.
3

4 3.115. The CSO representative from South Cotabato shared that Bantay Kita is trying to reach out to all local
5 government that has SSM operations in their area. Bantay Kita piloted subnational EITI in ComVal, T’Boli and
6 recently Diwalwal. Based on their experience, the system of small-scale mining operations from operation to
7 selling of gold are site specific.
8

9 3.116. The same representative highlighted that the local government specifically the Provincial Mining and
10 Regulatory Board (PMRB) or City Mining Regulatory Board (CMRB), has an important role in regulating SSM
11 operations since promoting transparency and accountability will be difficult if the industry is not regulated.
12

13 3.117. According to the CSO representative, the LGUs in areas with SSM operations are very eager to learn
14 about transparency and accountability. However, the LGUs lack knowledge about the mining law, the laws
15 governing SSM operations including proper taxation and sharing.
16

17 3.118. The same representative pointed out that the national government and the league of municipalities
18 or cities can help in empowering the local government for them to be guided on what policies to be
19 developed.
20

21 3.119. As for SSM regulation, the PMRB should be informed regarding the best practices in other areas. The
22 PMRB can use their learnings to develop or improve their policies.
23

24 3.120. The CSO representative mentioned that the local government should be able to generate local data
25 and determine actual number of SSM operations, population of the miners and who finances the operation.
26

27 3.121. The body was informed that there are instances wherein Koreans and Chinese would visit a SSM
28 community to buy gold or to finance SSM operations.
29

30 3.122. It was mentioned that PMRB should be functional in order to capture data regarding SSM production.
31 According to the CSO representative, the provincial government is only asking for a report on the ore
32 production but there are no reports once the ore is processed. This is also the reason why data regarding
33 sale of gold is not being captured.
34

35 3.123. With regard to eradicating the use of mercury in SSM operations, the same representative from
36 South Cotabato shared that during the consultation on the ratification and early implementation of
37 Minamata Convention by the Department of Environment and Natural Resources (DENR), they recommended
38 that the government should first make a study on the implication of eradicating mercury to the operations
39 of small-scale miners.
40

41 3.124. To elaborate, the CSO representative shared that in T’Boli for example, mercury can only be used in
42 the processing plants which are all contained in a specific area. If the mercury will be totally banned, the

1 small-scale miners might be forced to use mercury inside their houses or in their backyards wherein the
2 wastewater would flow directly to the river going down to the rice fields. If this is the case, eradicating
3 mercury will cause bigger problems.
4

5 3.125. Therefore, the CSOs suggested that before totally eliminating the use of mercury, DENR should first
6 identify alternative technologies and even financing mechanism to support the small-scale miners and
7 processing plant operators.
8

9 3.126. Based on the experience of Bantay Kita in assisting LGUs on transparency and accountability, it was
10 mentioned that local government has a significant role in terms of initiating dialogue between stakeholders.
11

12 3.127. The Secretariat recalled that there was a previous agreement to include SSM in the next report.
13 However, considering that there is a deadline for producing the report and there is no established database
14 yet on SSM operations, the Secretariat suggested that a scoping study on SSM be conducted.
15

16 3.128. According to the Secretariat, if ever it is not possible to include the financial data of SSM in the next
17 report, there will be at least information on SSM in the contextual information.
18

19 3.129. The Chair expressed that the SSM industry in the Philippines deserves a separate report because
20 discussing it in just one chapter of the EITI report might not do justice to the complexity and the significance
21 of the SSM industry.
22

23 3.130. One representative of the government asked to be clarified on the purpose of conducting a scoping
24 study.
25

26 3.131. To elaborate, the Chair mentioned that that the scoping study will be conducted to establish the
27 available information and data on the ground. Once the body has a clearer picture of the SSM industry, the
28 members of the MSG can then can come up with recommendations on whether or not a full scale report for
29 EITI could be conducted.
30

31 3.132. According to the government representative, it should be clear that the purpose of the scoping study
32 is to map out the revenue streams of SSM operations and not to identify policies to regulate SSM industry.
33

34 3.133. The body agreed with the proposal to conduct a scoping study on SSM.
35

36 **7. Draft Work Plan**

37

38 7.1. The Secretariat remarked that the work plan has been discussed extensively last MSG meeting.
39 However, during the National Conference, the Secretariat received additional inputs on the work plan
40 necessitating a revision. Nevertheless, the main activities are essentially the same.
41

1 7.2. The Secretariat noted that they adjusted the budget for the outreach activities in view of the clamor for
2 more outreach activities to LGUs. Also, the development of monitoring tools and systems was added in the
3 work plan since there is a need to strengthen the monitoring system of government agencies specifically
4 MGB and NCIP.

5
6 7.3. Since the body earlier agreed to conduct a scoping study on SSM, the Secretariat mentioned that this
7 will also be added in the work plan.

8
9 7.4. For the information of the MSG members, it was noted that the Chamber of Mine of the Philippines
10 (COMP) submitted a copy of their work plan. According to the Secretariat, several components of the said
11 work pan can actually be incorporated in the PH-EITI work plan like forums on understanding the mining
12 industry.

13
14 7.5. It was mentioned that monitoring of payments by LGUs and capacity building for MGB were also added.

15
16 7.6. Apart from the additional activities that were mentioned, the Secretariat reiterated that the work plan
17 is essentially the same as the previous one that was presented to the body.

18
19 7.7. The Secretariat pointed out that they need the approval of the MSG so that they can submit the work
20 plan to the International Secretariat.

21
22 7.8. One representative of the government asked whether the Secretariat has enough staff to be able to
23 implement the work plan.

24
25 7.9. The Secretariat responded that they are thinking of hiring 3 more additional staff, which is also part of
26 the budget.

27
28 7.10. Having no further comments, the members of the MSG approved the 2015 work plan.

29
30 **8. Draft MICC Resolution Adding New Members to the MSG and Draft Memo Requiring Agencies to make**
31 **their Documents Accessible to PH-EITI**

32
33 8.1. The Chair clarified that in order for more new members to be added to the MSG, EO 147 has to be
34 amended. The Secretariat replied that the EO does not define who the member-agencies of the MSG should
35 be. However the EO limits the number to five members.

36
37 8.2. A CSO representative noted that one of the issues raised by the MSI Report is the MSG's handling of
38 issues via consensus. The same representative stated that if there should come a point when a certain issue
39 cannot be addressed by consensus and should be put to a vote, there could be implications if the number of
40 MSG members from government is increased, assuming that each representative is entitled to a vote.

1 8.3. The same CSO representative reminded the body that the Philippines was included in a study conducted
2 by the MSI. The study was a comprehensive assessment of the governance of Multi-Stakeholder Groups
3 within EITI. The first part of the study involved a review of all the documents produced by the MSGs.
4

5 Out of 41 compliant and candidate countries, only 29 countries submitted documents. From the 29
6 countries, the MSI selected 15 MSGs for closer study. 10 countries were interviewed and 5 were visited by
7 MSI; the Philippines was among the 5 countries visited.
8

9 8.4. According to the same CSO representative, the Philippines fared much better compared to the other
10 countries included in the study. The CSO representative further shared that during a presentation in
11 Washington, DC, they were asked to share the governance system of the PH-EITI MSG.
12

13 During the presentation, the same CSO representative highlighted the fact that the PH-EITI MSG has fully
14 documented meetings and a TOR as prescribed by the EITI Standard.
15

16 The CSO representative likewise highlighted the PH-EITI MSG's public induction to show their commitment
17 to the EITI. The same CSO Representative then asked the Secretariat if MSI was provided a copy of EO 147.
18 The Secretariat responded that the MSI was furnished with a copy of EO 147 and the EO is also available for
19 download in the PH-EITI website.
20

21 8.5. The same CSO Representative returned to the consensus versus voting issue mentioned earlier, and its
22 implications should there be an increase in the number of government representatives.
23

24 The CSO Representative shared that during the presentation in Washington, DC, a question was raised
25 regarding the consensus method – particularly if and when the MSG encounters a difficult issue that cannot
26 be addressed through consensus – and the possibility of the PH-EITI MSG considering an inclusion in its rules
27 to address the difficult issue by voting.
28

29 In addition, the CSO representative mentioned that based on the data gathered by MSI, the first two years
30 (as the country is applying for candidacy) show cohesiveness which then tapers off once the country becomes
31 compliant. Participation, particularly of the CSOs decreases, and MSGs become less functional.
32

33 8.6. The same CSO representative further mentioned that validation will not only cover the actual EITI report
34 but will also include a validation of the MSG governance and CSO participation, as there is a special protocol
35 for civil society participation.
36

37 8.7. Another issue raised by the CSO representative is the presence of an internal grievance mechanism, or a
38 set of clear and explicitly stated rules on what the MSG will do should there be a violation among the MSG
39 members. How the MSG will settle these matters, especially in relation to conflict of interest, is something
40 that the body should work on.
41

1 8.8. Another matter raised by the MSI report is regarding the periodic review of governance arrangements,
2 currently absent in the PH-EITI MSG structure.
3
4 The same CSO representative then mentioned that the business sector has yet to provide the MSG with a
5 copy of the basis for the selection of industry representatives as these are not available on the PH-EITI
6 website and the MSG TOR.
7
8 8.9. The Chair also added that this should also be required of government representatives, particularly on
9 the minimum level of seniority allowed to represent the agency in the MSG, e.g., government
10 representatives to the MSG must at least be a division chief or an OIC division chief.
11
12 8.10. The CSO representative then added that further comments raised by the MSI report included the
13 MSG's capacity to carry out their duties, geographical diversity and gender balance. The same CSO
14 Representative further noted that the MSG as currently composed is 22.5% female.
15
16 8.11. The MSI study further notes that in many countries, civic space is shrinking in terms of access to
17 information, organizing and participation. Specific to EITI, a civil society protocol was circulated and part of
18 the requirement was to ensure that members are fully capable and that there is genuine participation from
19 Civil Society. Genuine participation in this regard means that stakeholder-concerns, especially those at the
20 community-level, are brought to the fore in MSG discussions.
21
22 8.12. The same MSG member mentioned that the matter of representation is an important one for EITI in
23 general as the members of the EITI International Board will change, including the Chair. The PH-EITI shall
24 undergo a similar change, as current MSG members' terms will be up by 2016.
25
26 8.13. The Chair inquired regarding the action required from the MSG, in response to the report.
27
28 8.14. The CSO representative suggested that the MSG start by addressing the areas it needs to work on.
29
30 8.15. The Secretariat then provided additional input regarding the number of MSG members and the
31 consensus building process, which was similarly brought up during the national coordinators meeting in
32 Myanmar.
33
34 The sentiment of the International Secretariat is that consensus building is the ideal and primary mode of
35 decision making because once one puts a numerical requirement for voting, it diminishes the motivation of
36 the body to come up with a decision via consensus. Providing an alternative to consensus might result in
37 MSGs opting to "just vote" on contentious matters instead of pursuing dialogue. As far the International
38 Secretariat is concerned, consensus is the preferred mode of decision-making.
39
40 8.16. The Secretariat then stated that with regard to the other provision, the MSG can amend the TOR and
41 then the internal rules of the PH-EITI to incorporate the recommendations.

1 8.17. The Chair stressed that clarifying the selection process for all sectors is important as there is a need for
2 active discussion in the MSG. This should, therefore, be a requirement for all sectors. For government, the
3 representative must at least hold the title of division chief (or equivalent) to ensure that the person has
4 enough experience and will be able to participate in the discussion during meetings.
5

6 8.18. With regard to gender balance, the body was informed that the CSOs agreed to have a male alternate
7 member if the full member is female, and in vice versa.
8

9 8.19. As for the government, it was noted that gender balance is not a concern because the member of the
10 MSG is actually the agency and not the individual who is representing the agency.
11

12 8.20. The chair pointed out that government agencies are constrained with their structure. Therefore, if the
13 full MSG member is female they cannot impose that the alternate should be male.
14

15 8.21. There was a suggestion for the MSG to indicate that the stakeholders are encouraged to select a male
16 alternate member if ever the full member is female. A CSO representative noted that this system of
17 selecting will not be required but it can be stated that the MSG encourages the stakeholders to follow this.
18

19 8.22. As a way forward, the Secretariat suggested that the government and the industry sector submit the
20 documentation of their own selection process.
21

22 8.23. The Chair then asked the representative of the two sectors to submit said documentation to the
23 Secretariat before the next MSG meeting.
24

25 8.24. In relation to gender balance, the chair expressed that having balance of voices in the discussion is
26 more important. Also, the capacity or authority of the representative.
27

28 8.25. In addition it was mentioned that as long as the appointed MSG members can articulate the
29 sentiments of the sector or the agency that they representing, their gender is not an issue.
30

31 8.26. A CSO representative cited that there are actually national laws that require gender balance. The same
32 representative then reiterated that the suggestion is for the MSG to make a proactive statement that
33 whenever possible, stakeholders should opt to have gender balance.
34

35 8.27. The discussion regarding MICC resolution was deferred by the Chair. In the meantime, the proposed
36 new members of the MSG will be part of the TWG.
37

38 8.28. The Chair added that relevant agencies will just be invited to attend the MSG depending on the
39 agenda.
40

41 8.29. A CSO representative shared that during the last CSO conference, there was a motion to include IP
42 representatives in MSG since most of the mining areas have IP communities.

1 8.30. The Chair clarified if the suggestion was to add another sector in the MSG.

2
3 8.31. The CSO representative explained that the IP representatives will be part of the CSOs. The
4 representative of the IPs will be the sixth member of the CSOs in the MSG.

5
6 8.32. It was mentioned that the Chair would not want to add MSG members at this moment if this would
7 require the amendment of EO 147. According to the Chair, other agencies will just be invited to attend the
8 MSG meetings whenever it is necessary.

9
10 8.33. One member of the MSG commented that the IPs could also be invited if there is a need for them to
11 attend the MSG meeting.

12
13 8.34. With regard to the draft MICC memo requiring government agencies to make their documents
14 available, the MSG members were asked to provide feedback to the Secretariat by the end of the day.

15
16 **9. Other Matters**

17
18 • **Calendar of activities**

19
20 9.1. The Secretariat shared that the calendar of activities is included in the kit. It was noted however that the
21 schedule of the activities may change.

22
23 9.2. For the information of the body, the Secretariat flagged the following activities for the month of March:

- 24
- 25 • Roundtable discussion with Senate and Congress
26 As mentioned earlier, this is scheduled on March 18 and 19.
 - 27
28 • Myanmar visit
29 It was mentioned last MSG meeting that Myanmar EITI is planning to send 16 delegates who are all
30 MSG members. The visit will coincide with the next MSG meeting because the delegates want to
31 observe how an MSG meeting is properly conducted.

32
33 The delegates also want to have a separate meeting with each of the sectors in the MSG. The
34 Secretariat proposed that CSO representatives meet with the delegates on the day of the MSG
35 meeting so that they do not have to again travel to Manila.

36
37 In addition, the delegates also want to visit a mine site. The Secretariat is already coordinating with
38 COMP regarding this. According to the Secretariat, they are looking at Carmen Copper in Toledo,
39 Cebu.

40

1 The Secretariat noted that, if the MSG would prefer, the next meeting can also be conducted in
2 Cebu. However, this is subject to the availability of the MDTF.

3
4 9.3. For the month April, a student's forum will be conducted. According to the Secretariat, since interns
5 from the UP School of Economics are currently helping them, they are thinking of conducting the forum in
6 the UP School of Economics.

7
8 9.4. The body was informed that a forum with reporting companies is also scheduled in April. The aim of this
9 forum is to get more companies to participate for the next report.

10
11 9.5. Starting May, the Secretariat will again be doing roadshows to disseminate the first EITI report.
12 Template workshops will also be conducted during roadshows. According to the Secretariat, the specific
13 sites for the roadshows were already identified. They are hoping that the some of the MSG members can
14 join them during roadshows.

15
16 9.6. It was reiterated that the International Secretariat scheduled the visit of the EITI Chairperson in the first
17 week of June. Their goal is for the EITI Chairperson to meet with Senators, Congressmen, some MICC
18 members, Cabinet Secretaries and hopefully the President. In addition, a pre validation workshop will be
19 conducted by the EITI International Secretariat during this period.

20
21 9.7. An industry representative shared that FINEX is requesting for a forum/presentation from the
22 Secretariat or anyone from EITI.

23
24 9.8. The same representative noted that FINEX wanted to help in disseminating or communicating what EITI
25 is. The body was informed that FINEX prefers a breakfast forum conducted between May and June.

26
27 9.9. The industry representative then asked if FINEX needs to prepare a letter regarding this request.

28
29 9.10. The Chair responded that as a basis for the presentation, FINEX should submit a letter specifying what
30 they want to know regarding EITI.

31
32 • **Financial report**

33
34 9.11. The Secretariat presented the revised financial report which includes details regarding the use of the
35 2014 budget.

36
37 9.12. For the government budget, it was reported that the actual expenditures last year amounted to Php
38 10.4 Million. The Secretariat clarified that this does not include the activities that were funded by donors
39 and bank executed grants given by the World Bank. For the National Conference alone, it was specified that
40 World Bank has given around Php 6 Million.

1 9.13. The Secretariat explained that they were not able to include the expenses covered by the development
2 partners since the money was not passed through the Secretariat or DOF. The payments were made directly
3 to the contractors, consultants etc.
4

5 9.14. On top of the Php 10.4 Million, the DOF also paid for the report launch last February which was around
6 Php 4.9 Million. The said event was originally under MDTF.
7

8 9.15. Then the next part of the report is the detailed budget for 2015 wherein the MDTF funded activities
9 were already included. The total budget from the government is around Php 6 Million while there is a Php
10 45 Million budget from the MDTF.
11

12 However, based on the work plan, the total budget for the entire EITI implementation is Php 70 Million. The
13 Secretariat explained that development partners will be requested to cover some of the expenses.
14

15 **ADJOURNMENT**
16

17 There being no other matters to discuss, the meeting was adjourned at 12:28 PM.

Making Transparency Matter

Philippine Extractive
Industry Transparency
Initiative (PH-EITI)

MSG Debrief
February 2015



Taking a look back

- Nine (9)
- Almost 40
- Approx. 4,000
- At least 10
- Immeasurable

Beginning with the end in mind

Objective setting vis-à-vis report structure

Feedback	Moving forward
<ul style="list-style-type: none">• Understanding and recognizing specific key messages that each stakeholder would wish to impart and convey in the EITI report.• Varying understanding on the overall objectives of EITI.• Uncertainty on the overall report structure based on the new EITI framework.	<p>Having tangible measures (i.e., KPIs) to determine whether objectives were achieved.</p>

Getting the message across

Concise yet comprehensive

Feedback	Moving forward
<ul style="list-style-type: none">• Challenge in understanding technical terms (accounting and auditing) and jargons incorporated in the report.• Too lengthy. An overload of information.	<p>Considering engaging technical writer to assist in the drafting of the report.</p> <p>Second report to focus on financial reconciliation and key changes in contextual information (e.g. regulations, etc.).</p>

Time is of the essence

Beating the deadline

Feedback	Moving forward
<ul style="list-style-type: none">• Short and tight turnaround of reports leading to finalization in December.• Moving cutoff for the submission of requests.• Legal restrictions and barriers to full disclosure.	<p>Setting reasonable time and cutoff date for parties to provide and furnish their respective templates.</p> <p>To augment TWG or MSG with identified industry players.</p>

Inadequate funding

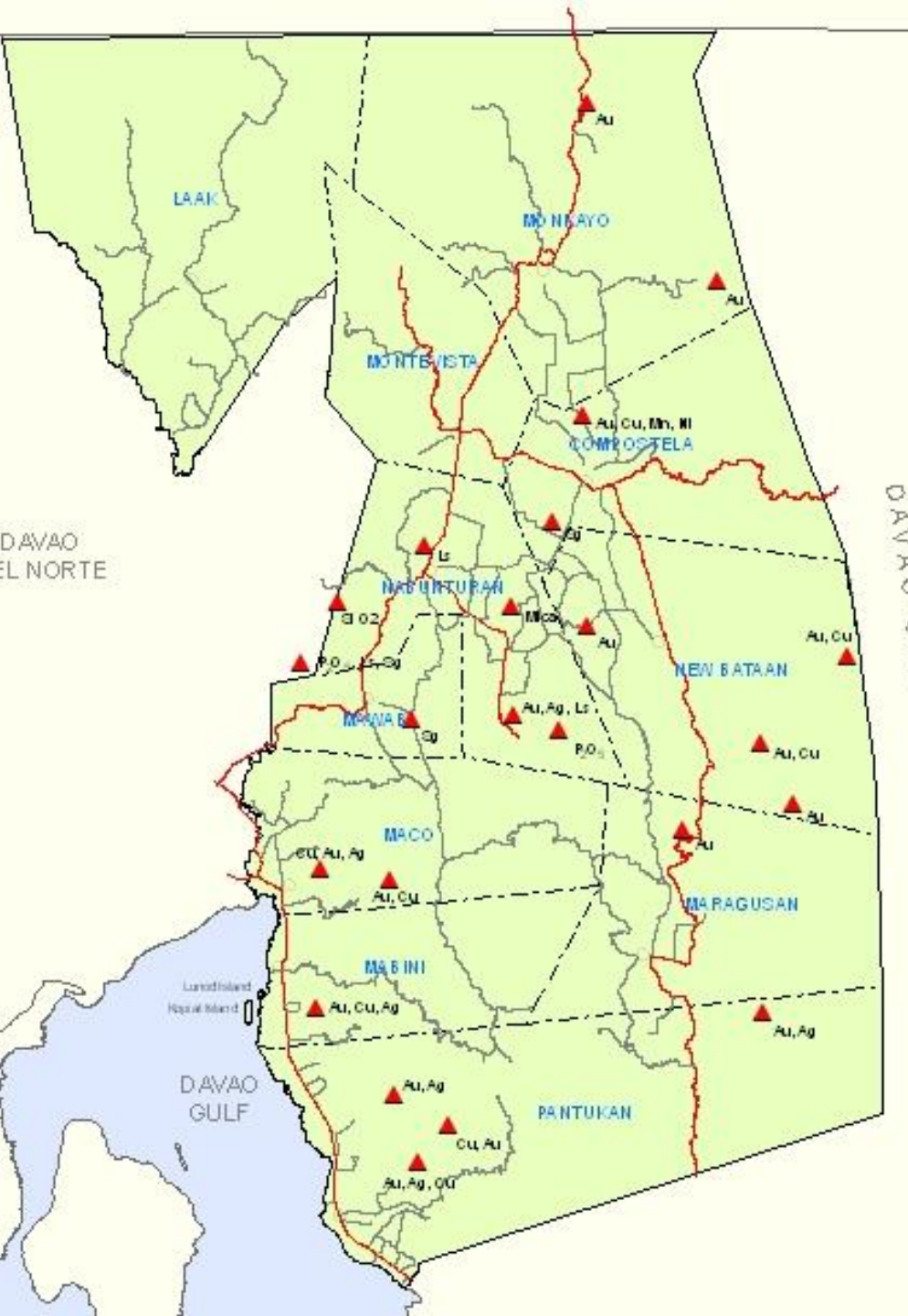
Anticipating similar difficulties

Feedback	Moving forward
<ul style="list-style-type: none">• Emphasis on fund variances albeit limitations recognized at the onset.• Appreciating overall immaterial unreconciled variance of only less than 1% of total revenue.	<p>Determining alternative procedures should reconciliation prove to be not feasible.</p> <p>Fully engaging regional offices (involvement in roadshows) to obtain full support and ascertain collaboration.</p>

Be involved.

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THE MANAGEMENT OF THE MINING INDUSTRY IN COMVAL.

An LGU Experience

HON. ARTURO T. UY
GOVERNOR, ComVal Province

HOW MUCH IS THE GOLD WORTH OF COMVAL?

I. METALLIC MINERAL RESERVES

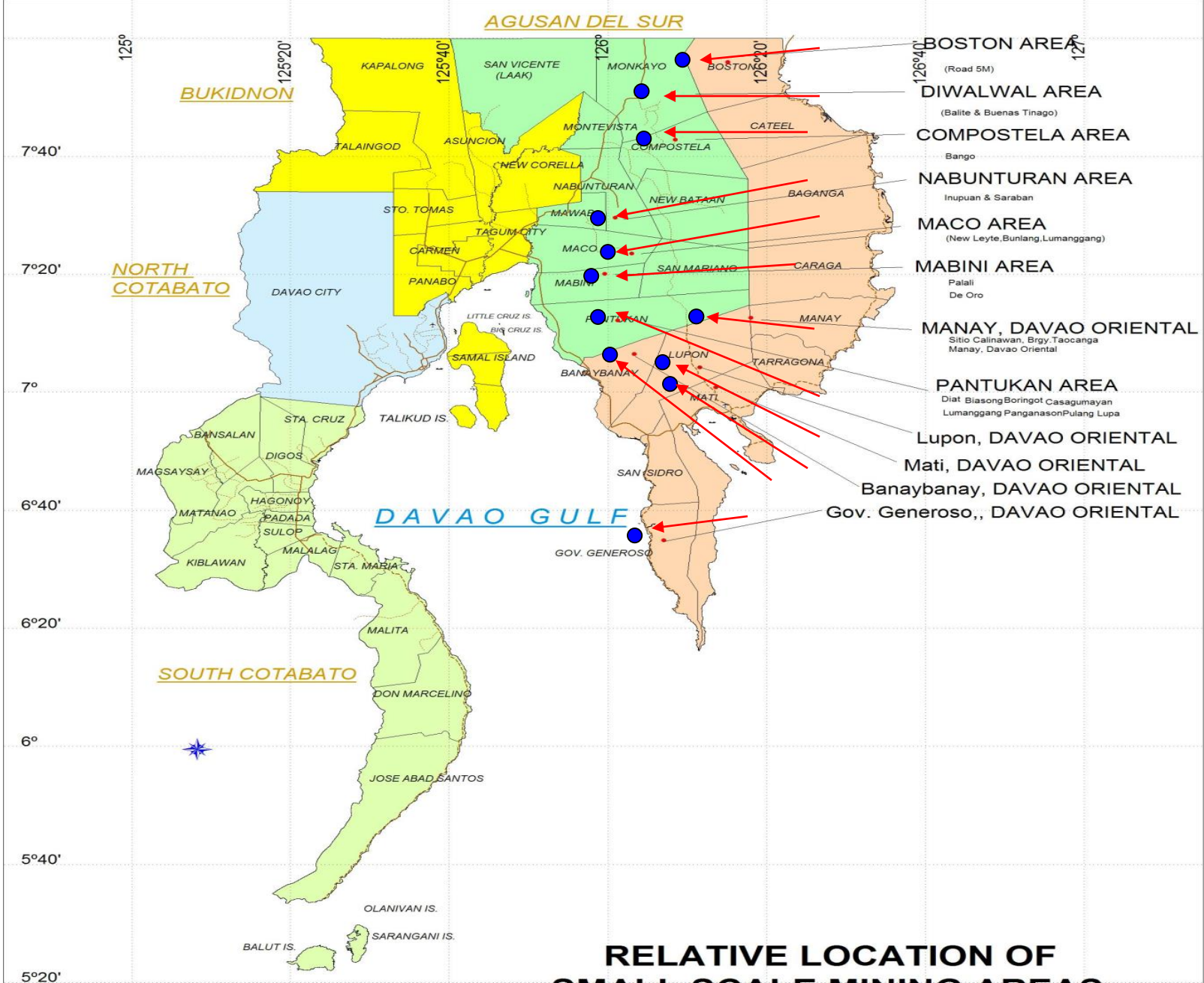
MINERAL COMMODITY	ESTIMATED RESERVE	UNIT USED	AVERAGE GRADE
Gold	181,745,339	MT	3.67 gm
Copper	481,775,616	MT	AU/MT.38% Cu

II. NON-METALLIC MINERAL RESERVES

Shale	3,000,000	MT	45% SiO₂
Marble	54,000,000	CU.M.	
Silica	1,000,000	CU.M.	75% SiO₂
Sand & Gravel	7,400,000	CU.M.	

Source: MGB-RXI, Davao City (2013)

LOCATION OF
SMALL SCALE
MINING AREAS IN
COMVAL



**RELATIVE LOCATION OF
SMALL SCALE MINING AREAS
IN REGION XI**

MINERAL COMMODITIES IN COMVAL

I. METALLIC MINERALS

- GOLD (10 Mun.)** - Monkayo, Pantukan, Maco, New Bataan, Mabini, Nabunturan, Compostela, Maragusan, Mawab
- COPPER (7 Mun.)** - Monkayo, Pantukan, Maco, New Bataan, Mabini, Nabunturan, Maragusan
- LEAD (3 Mun.)** - Nabunturan, Pantukan, Maco
- MANGANESE (3 Mun.)** - Nabunturan, Mabini, Maco
- SILVER (8 Mun)** - Monkayo, Pantukan, Maco, New Bataan, Mabini, Nabunturan, Compostela, Maragusan

II. NON-METALIC MINERALS

- Silica** - Pantukan, Mabini
- Limestone** - Nabunturan
- Clay** - Mawab
- Guano** - Laak, Mawab
- Earthfill** - all Municipalities
- Marble** - Pantukan, Laak
- Sand and Gravel** - all Municipalities except Montevista

FACTS & FIGURES ABOUT THE MINING INDUSTRY IN COMVAL:

LARGE-SCALE MINING	No. of permits/ contracts/declared/ proposed	Area (Hectares)	% of the total land area
EXPLORATION PERMIT (EP)	5	23,299	5%
MINERAL PRODUCTION SHARING AGREEMENT (MPSA)	5	10,686.64	2.2%
TOTAL	10	35,945.996	7.2%
SMALL-SCALE MINING			
DECLARED PSSM AREAS (RA 7076 Small Scale Mining Law)	7	506	0.10%
PROPOSED PSSM AREAS	12	1,174	0.25%
APPROVED SMALL SCALE MINING CONTRACTS	4	61.14	0.0131%
APPROVED SMALL SCALE MINING PERMITS	11	160.266	0.034%
TOTAL	34	1,840.266	0.39432%
SAND AND GRAVEL			
APPROVED SAND AND GRAVEL AND OTHER QUARRY RESOURCES PERMIT	28	73.95	0.0158%
TEMPORARY PERMIT	2	2	0.00043%
APPROVED EARTHFILL PERMIT	2	4.16	0.00089%
TOTAL	32	80.11	0.017%

ISSUES AND CONCERNS IN THE MINING INDUSTRY:

I. Collateral damage of uncontrolled mining activities resulting to Environmental Degradation & Deterioration



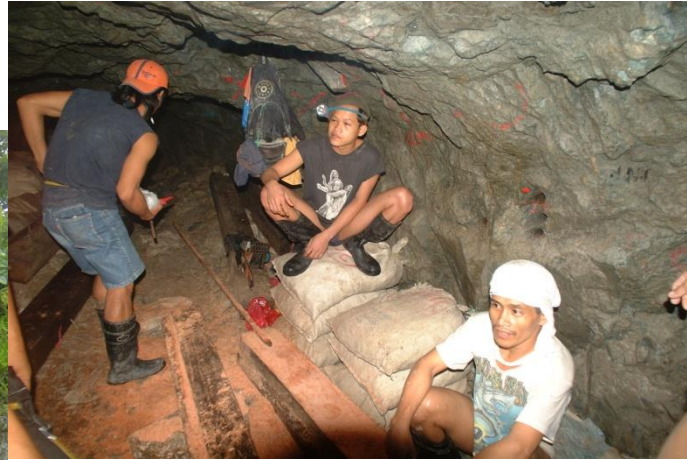
Landslides resulting to Destruction of settlements

Siltation of rivers & waterways



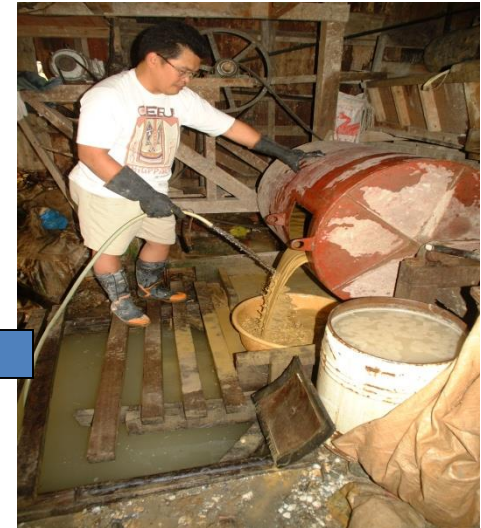
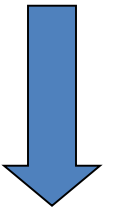
ISSUES AND CONCERNS IN THE MINING INDUSTRY:

II. Below safety standard mining operations



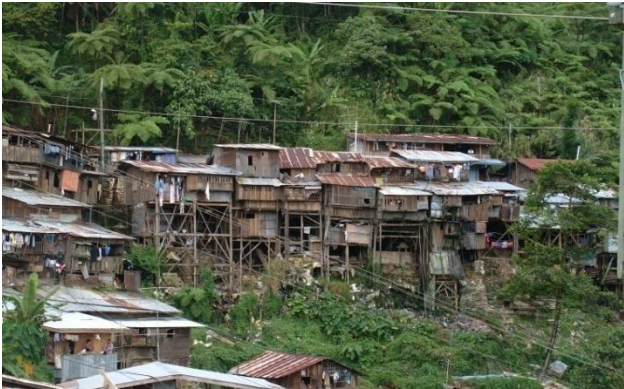


ISSUES AND CONCERNS II. Below standard and crude processing procedures



ISSUES AND CONCERNS IN THE MINING INDUSTRY

III. UNHEALTHY & UNSANITARY CONDITIONS IN MINING AREAS



WHAT HAVE WE DONE? The LGU INITIATIVES AND INTERVENTIONS

I. ON REGULATING THE SMALL SCALE MINING INDUSTRY

A. WITH THE ABLE STEWARDSHIP OF HON. GOV. ARTURO T. UY THRU THE FAST AND QUICK ACTION OF THE PROVINCIAL MINING REGULATORY BOARD (PMRB) IN APPROVING SSM APPLICATIONS, THE PROVINCIAL GOVERNMENT OF COMPOSTELA VALLEY HAVE DECLARED SEVEN (7) PEOPLE'S SMALL-SCALE MINING AREAS (MINAHANG BAYAN) COMPRISING OF 506.0 HECTARES NAMELY:

1. Sitio Lumanggang, New Leyte,
Maco, ComVal with proponent
*Davao-ComVal Small-Scale Mining
Cooperative (DCSSMC)* - 81 hectares
2. Sitio Tuburan, Tandik, Maragusan/
Bagong Silang, Panoraon, Maco,
ComVal with proponent *Bagong Silang*

3.	Puroks 1 to 8, Panoraon, Maco, ComVal with proponent <i>Panoraon Small-Scale Mining Cooperative (PASSMICO)</i>	-	-	81 hectares
4.	Sitio Diat, Barangay Napnapan, Pantukan, ComVal with proponent <i>Diat Small-scale Mining Cooperative</i>	-		81 hectares
5.	Sitio Biasong, Barangay Napnapan, Pantukan, ComVal with proponent <i>Biasong Small-Scale Mining Cooperative (BSSSMC)</i>	-		81 hectares
6.	Sitio Boringot, Barangay Napnapan, Pantukan, ComVal with proponent <i>Boringot Miners Multi-Purpose Cooperative (BMMPC)</i>	-		81 hectares
7.	Sitio Inupoan, Mainit, Nabunturan, ComVal with proponent <i>Nabunturan Integrated Miners Development Cooperative (NIMDC)</i>	-		20 hectares

TOTAL

506.0 hectares

II. ON-PROCESS

Name of Cooperative	No. of Hectares Applied
1. Sitio Uduan, Manurigao, New Bataan, Comval with proponent <i>Uduan Manurigao Minahan ng Katutubo Cooperative</i>	- 223 hectares
2. Camanlangan, New Bataan, Comval with proponent <i>Camanlangan Small-scale Miners Multipurpose Cooperative</i> hectares	- 162
3. Matagdungan, Bukal, Nabunturan, Comval with proponent <i>NATRIMCO Minahang Katutubo Cooperative</i>	- 81 hectares
4. Sitio Inupuan, Mainit, Nabunturan with proponent <i>Nabunturan Integrated Miners Development Cooperative 2 (NIMDC 2)</i>	- 20 hectares

5. New Barili, Maco, ComVal Province with proponent <i>New Barili Small-Scale Miners Cooperative</i>	-	81 hectares
6. Sitio Mascareg, Anitapan, Mabini, ComVal with proponent <i>Mascareg Small-scale Miners & Ore Processor's Cooperative</i>	-	81 hectares
7. Brgy.Kapatagan, Casoon, Monkayo	-	81 hectares
8. <i>Maragusan Pamintaran Small-scale Miners Cooperative</i>	-	40 hectares
9. Sitio Panganason, Brgy. Kingking, Pantukan ComVal with proponent <i>Panganason de Mano Mining Cooperative</i>	-	81 hectares
10.Sitio Pulang-lupa, Boringot, Kingking Pantukan, ComVal with proponent <i>Katutubo Mayantok na Minahan Cooperative</i>	-	162 hectares
11.Sitio Lumanggang, Kingking, Pantukan ComVal with proponent <i>Lumanggang Integrated Small-scale Miners Association-</i>	-	81 hectares
12.Sitio Upper Gumayan, Kingking, Pantukan ComVal with proponent <i>Upper Gumayan Small-scale Miners Producers Cooperative</i>	-	81 hectares

TOTAL - 1.174 hectares

ORDINANCES REGULATING THE MINING INDUSTRY...

A. PROVINCIAL ORDINANCE NO. 06 SERIES OF 2008. "AN ORDINANCE MANDATING ALL APPLICANTS OF MINING CONTRACTS AND PERMITS IN COMPOSTELA VALLEY PROVINCE TO PRESENT THEIR PROJECT PROPOSAL AND SECURE ENDORSEMENT FROM THE SANGGUNIANG PANLALAWIGAN OF COMVAL PRIOR TO THE SUBMISSION OF THEIR APPLICATION TO THE MGB FOR THE DENR SECRETARY'S APPROVAL". (AUTHORED BY HON. MORAN B. TAKASAN, SP MEMBER, DISTRICT II)

B. PROVINCIAL ORDINANCE NO. 06, SERIES OF 2009 " COMVAL PROVINCE TREE PLANTING AND GROWING ORDINANCE IN LINE WITH THE ADMINISTRATION'S ADVOCACY OF ENVIRONMENTAL REHABILITATION". (AUTHORED BY HON. MORAN B. TAKASAN, SP MEMBER, DISTRICT II).

C. PROVINCIAL ORDINANCE NO. 09, SERIES OF 2011 "AN ORDINANCE PROMULGATING THE 'NO HABITATION POLICY' AND INCORPORATING THEREIN THE MINING SAFETY GUIDELINES IN ECOLOGICALLY HAZARDOUS MINING AREAS WITHIN THE TERRITORIAL JURISDICTION OF THE PROVINCE OF COMPOSTELA VALLEY." (APPROVED LAST JUNE 22, 2011 DURING THE 42ND REGULAR SESSION OF SP-COMVAL, AUTHORED BY HON. MORAN B. TAKASAN, CO-AUTHORED BY SP MEMBERS, HON. RUWEL PETER S. GONZAGA, HON. NERI BARTE, HON. AUGUSTO BLANCO JR., HON. PAUL GALICIA, HON. KRISTINE MAE CABALLERO, HON. CESAR D. RICHA AND HON. FELISA NAVARRO).

ISSUANCES OF STOPPAGE ORDERS.

- DISMANTLING AND PADLOCKING OF BALLMILLS AND RODMILL GOLD PROCESSING ESTABLISHMENTS.
- DEMOLITION OF ESTABLISHMENTS WITHIN THE HAZARDOUS MINING AREAS.

ON REGULATING THE SMALL SCALE MINING INDUSTRY...

D. FINALIZATION OF THE SUSTAINABLE ENVIRONMENTAL MANAGEMENT CODE OF COMPOSTELA VALLEY PROVINCE.

E. DESIGNATION/DECLARATION OF THE AREA AS MINERAL PROCESSING ZONE UPON RECOMMENDATION BY THE PMRB.

F. CREATION OF ENVIRONMENTAL MULTI-TASK FORCES.

- PAMINTARAN MULTISECTORAL TASKFORCE
- KINGKING RIVER TASKFORCE
- SAGIP-DIWALWAL TASKFORCE
- PROVINCIAL MULTISECTORAL TASKFORCE FOR SMALL-SCALE MINING, SAFETY, HEALTH AND ENVIRONMENTAL PROTECTION
- PROVINCIAL NABOC RIVER TASK GROUP
- MACO INTERAGENCY TASKFORCE FOR ENVIRONMENTAL STEWARDSHIP, ECONOMIC DEVELOPMENT, SAFETY AND HEALTH
- ANTI-ILLEGAL LOGGING TASKFORCE

G.CREATION OF MUNICIPAL MINING ADVISORY COUNCILS.

ON REGULATING THE SMALL SCALE MINING INDUSTRY...

H. ADJUDICATION OF MINING TUNNEL CONFLICT THRU AN OPERATING AGREEMENT.

I. ADVISORY ON THE STOPPAGE OF OPERATION TO SMALL-SCALE MINERS ESPECIALLY DURING PROLONGED RAINFALL TO PREVENT LOSS OF LIVES AND PROPERTIES.

J. SIMPLIFICATION OF REQUIREMENT FOR SAG AND SSMP APPLICATIONS BY THE PMRB.

K. PMRB MANDATED THE INSTALLATION/DESIGNATION OF TECHNICAL PERSONNEL AS ACCOUNTABLE PERSON IN THE COMPLIANCE OF THE REQUIREMENT ON THE PROOF OF TECHNICAL CAPABILITY FOR THE OPERATION OF MINERAL PROCESSING PLANT OF THE PROPONENT/APPLICANT.

A vertical collage of US dollar bills is positioned on the left side of the slide. It includes a portion of a \$100 bill at the top, a \$20 bill in the middle, and a \$5 bill at the bottom. The bills are slightly overlapping and have a torn-edge effect.

ON SOCIAL AND ECONOMIC CONCERNS:

A. INTERVENTIONS OF THE LGU's AND NATIONAL AGENCIES IN PROVIDING BASIC SOCIAL SERVICES (DOH, DSWD, DENR, NCIP, NDCC, LGUs, etc.) IN ALL MINING AREAS.

B. PARTNERSHIP WITH NATIONAL GOV'T. THRU THE PHIL . MINING DEV'T. CORP.(PMDC) AND MGB-DENR ON THEIR MINING OPERATIONS IN MT. DIWALWAL, MONKAYO.

C. REQUIRING MLGUs TO IMPLEMENT PROPER ZONING IN THEIR RESPECTIVE AREAS.

D. REQUIRING ALL MINING COMPANIES TO IMPLEMENT THEIR SOCIAL DEVELOPMENT & MANAGEMENT PROGRAMS (CORPORATE SOCIAL RESPONSIBILITY).



L. INCLUSION TO GAWAD-KALINGA PROGRAM OF THE PROVINCIAL GOVERNMENT FOR SMALL-SCALE MINERS AFFECTED BY CALAMITIES.



M. ROAD CONSTRUCTION AND REHABILITATION LEADING TO SMALL-SCALE MINING AREAS.



N. ESTABLISHMENT OF REVENUE COLLECTION AND MONITORING CENTERS IN THE PROVINCE WIDE.



O. STRENGTHENING OF INCIDENT COMMAND SYSTEM IN ALL MUNICIPALITIES.

P. CONSTRUCTION OF WATER FACILITIES IN SMALL-SCALE MINING AREAS.

Compostela Valley Sub-National Transparency Initiative



Benchmarking Transparency and Accountability

- In 2010, the Provincial Government together with other stakeholders in a consultation, ALL agreed to TRANSPARENCY in the MINING INDUSTRY
- An Interim Council was organized and dialogue among stakeholders were undertaken discussing several mechanism for transparency.
- In 2012, the Multi-stakeholder Council was formalized with the issuance of EO 020-2012



Republic of the Philippines
Provincial Government of Compostela Valley
OFFICE OF THE GOVERNOR
Nabunturan, Compostela Valley

EXECUTIVE ORDER NO. EO. 040-2012
Series of 2012

**“CREATION OF THE PROVINCIAL MULTI-STAKEHOLDER COUNCIL FOR
EXTRACTIVE INDUSTRY TRANSPARENCY AND ACCOUNTABILITY”**

WHEREAS, section 28 of the 1987 Philippine Constitution states that, “Subject to reasonable conditions prescribed by law, the State adopts and implements a policy of full public disclosure of all its transactions involving public interest;

WHEREAS, the Local Government Code of 1991 stipulated that “every local government unit shall exercise the powers expressly granted, those necessarily implied there from, as well as powers necessary, appropriate, or incidental for its efficient and effective governance, and those which are essential to the promotion of the general welfare xxx;

WHEREAS, the Local Government Code in its declaration of policy mandated all local government units to pursue “Effective mechanisms for ensuring the accountability of local government units to their respective constituents shall be strengthened in order to upgrade continually the quality of local leadership;

WHEREAS, pursuant to section 17 of the Implementing Rules and Regulations (IRR) of Executive Order No. 79, “Improving transparency in the industry by Joining the Extractive Industries Transparency Initiative states that, in order to improve transparency, accountability, and governance in the sector, the government shall support and commit participation in the Extractive Industries Transparency Initiative (EITI). The DENR and MICC are mandated to ensure that mechanisms are established to operationalize the EITI in the mining sector, in consultation and coordination with the mining industry and other stakeholders concerned. Philippine Candidacy to the EITI shall be submitted within six (6) months of the effectivity of the EO. The MICC shall constitute a multi stakeholder group in accordance with EITI rules;

WHEREAS, considering the vast mineral resources of the province there is a need to develop and institutionalize viable and workable mechanisms for transparency and accountability among key stakeholders of the mining industry to ensure effective management of this non-renewable resource for the present and future generation;

NOW, THEREFORE, I, ARTURO T. UY, Governor of Province of Compostela Valley by virtue of the powers vested in me by law, do hereby order:

SECTION I. CREATION OF THE PROVINCIAL MULTI-STAKEHOLDER COUNCIL FOR EXTRACTIVE INDUSTRY TRANSPARENCY AND ACCOUNTABILITY. There is hereby created a Provincial Multi-stakeholder Council for Extractive Industry Transparency and Accountability.

SECTION II. Objectives and Rationale

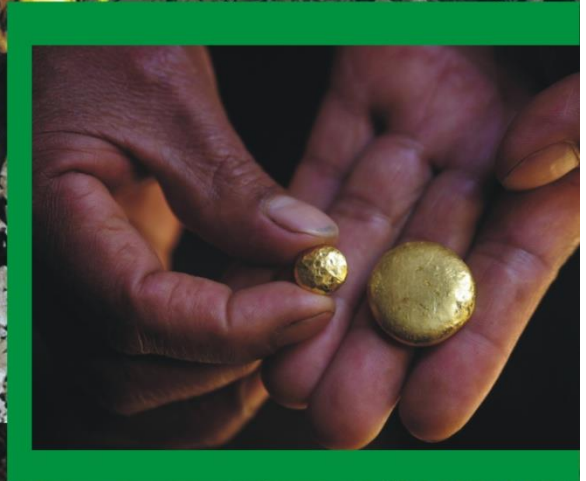
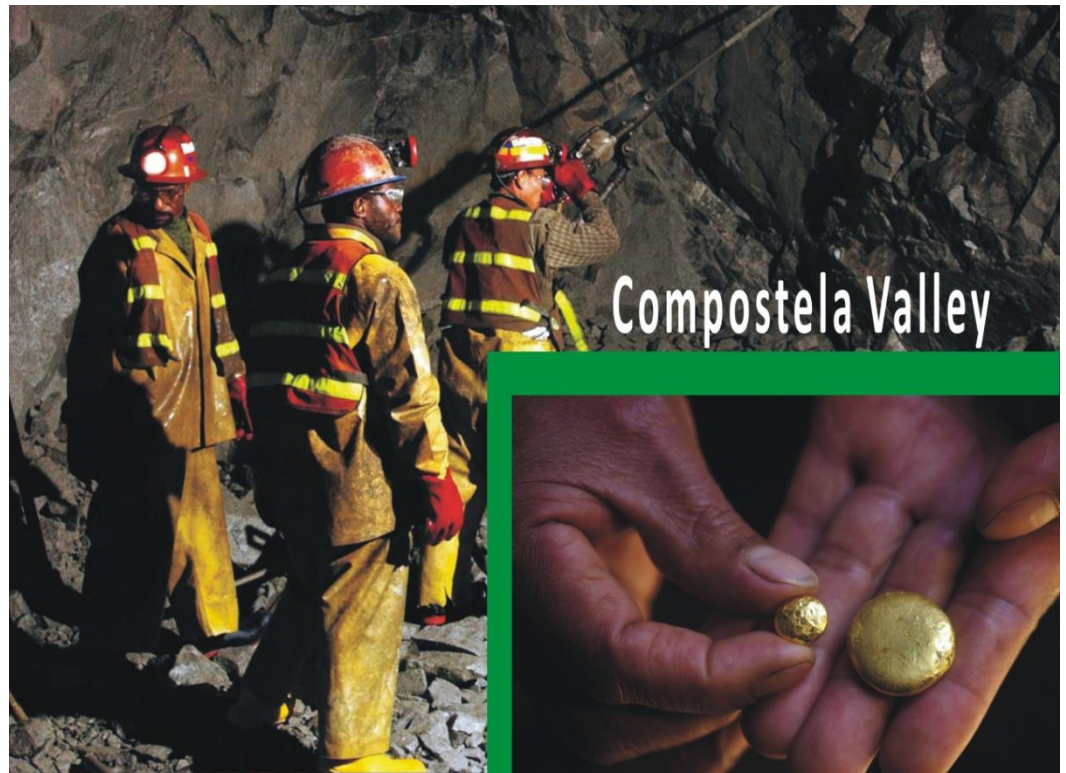


- Oath-taking of the Council on November of 2012

Mandate of the Council

- Institute policies, programs and mechanisms ensuring transparency and accountability in the mining industry both large and small scale mining projects in the province
- Formulate, design and approve the Guidebook, tools and instruments for transparency and accountability in the mining industry;
- Design and implement reporting template for disclosure of information

- In July 26, 2013, the Council approved our Transparency Handbook that articulates our **RULES** and **Reporting Templates**



A Glimpse of the Handbook

- The Handbook articulates the following:
 - Objectives of our transparency mechanisms
 - Core Principles of our Transparency undertakings
 - Rules on Information Disclosure and Reporting
 - Report Template

Champions continue to MULTIPLY

- Nine months after the Creation of the Multi-stakeholder Council, several stakeholders wanted to take part
- To ensure inclusive participation, EO 020-2012 was amended, and EO 018-2013 was signed expanding the membership.



Republic of the Philippines
PROVINCIAL GOVERNMENT OF COMPOSTELA VALLEY
OFFICE OF THE GOVERNOR
Nabunturan, Compostela Valley

EXECUTIVE ORDER NO. E.O. 018 . 2013
Series of 2013

“AMENDING EXECUTIVE ORDER NO. 020 SERIES OF 2012, ENTITLED CREATION OF THE PROVINCIAL MULTI-STAKEHOLDER COUNCIL FOR EXTRACTIVE INDUSTRY TRANSPARENCY AND ACCOUNTABILITY”

Implementing the Transparency and Accountability Mechanisms

- Using our Reporting Template, the following are now preparing their reports for our Maiden Report (3 pilot municipalities – Nabunturan, Maco and Maragusan):
 - *NCIP Comval Office for FPIC and MOA disclosure*
 - *Apex Mining and 2 SSM Cooperative for revenue payment disclosure*
 - *CIP Plant Operators for production volume disclosure*
 - *Provincial Treasurer’s Office and Municipal Treasurer’s Offices of Nabunturan, Maco and Maragusan for revenue collection disclosure*
 - *IP Communities of Nabunturan, Maco and Maragusan for revenue collection (Royalty) disclosure*

Institutionalizing the EITI advocacy thru a Provincial Ordinance

Republic of the Philippines
Province of Compostela Valley
SANGGUNIANG PANLALAWIGAN OFFICE
Cabidanan, Nabunturan

DRAFT ORDINANCE NO. 04

**"AN ORDINANCE INSTITUTING THE TRANSPARENCY AND
ACCOUNTABILITY MECHANISMS IN THE UTILIZATION AND EXTRACTION
OF NATURAL RESOURCES IN COMPOSTELA VALLEY PROVINCE"**

**HON. AUGUSTO S. BLANCO, JR.
HON. MORAN B. TAKASAN
Author/Sponsor**



**Madyaw na Al'lauw
Maraming Salamat Po!**

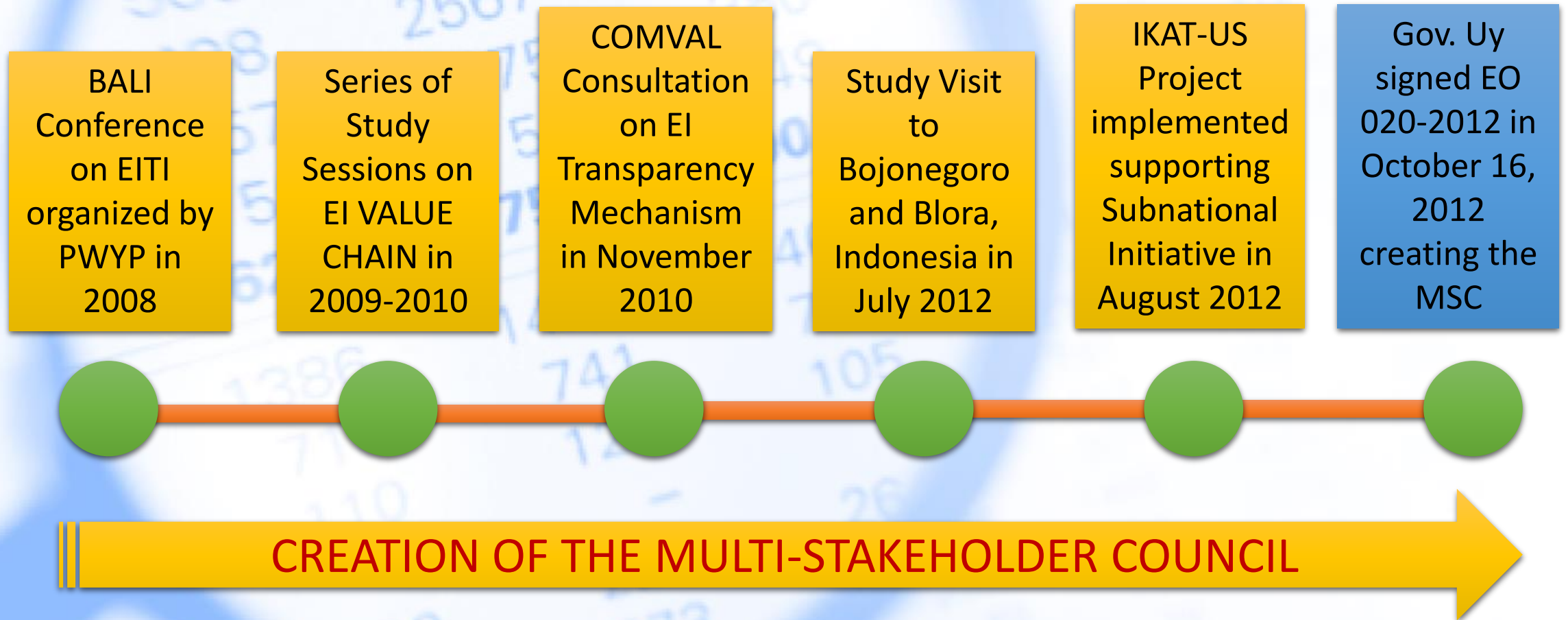


Transparency and Accountability Initiative in Compostela Valley

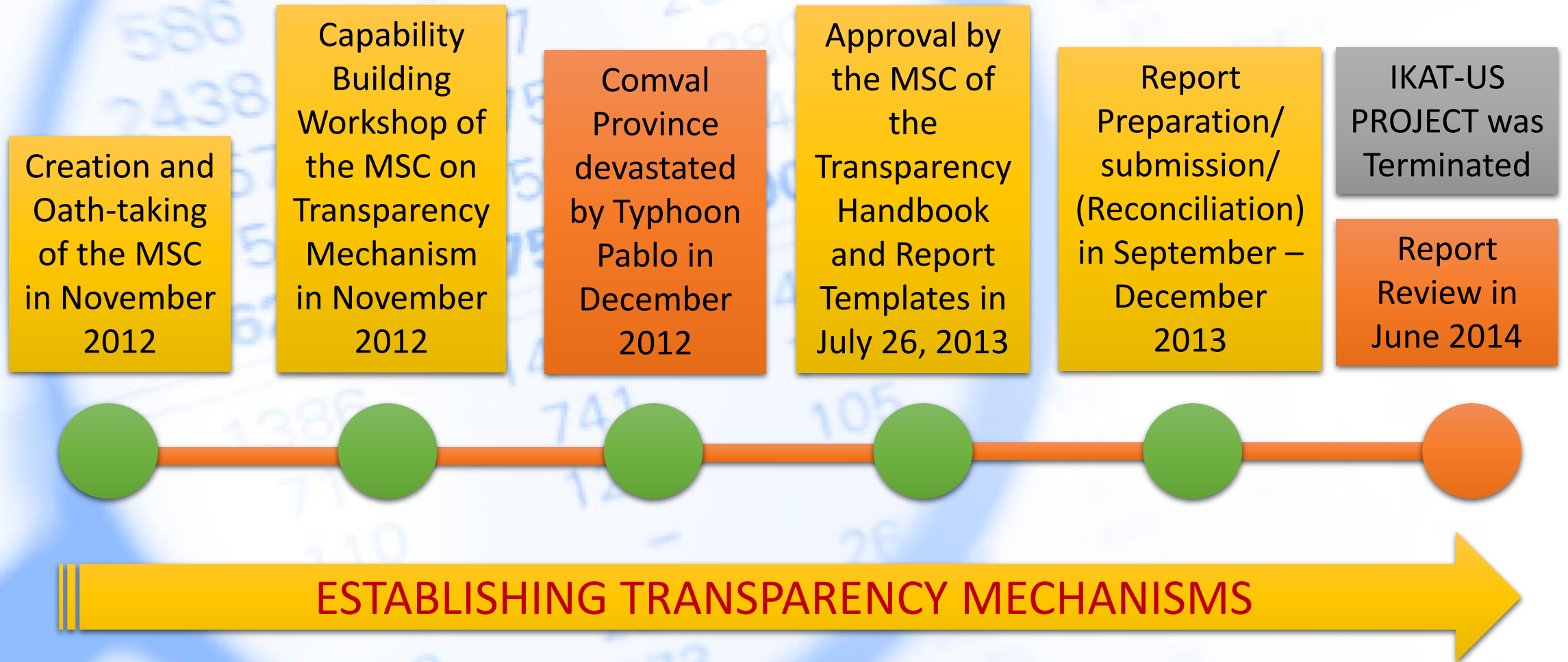
Presented by Jose Melvin Lamanilao, Executive Director, PBPF
during the 21st PH-EITI MSG Meeting held at DOF Building, Manila on
27 February 2015



Significant Milestones



Significant Milestones

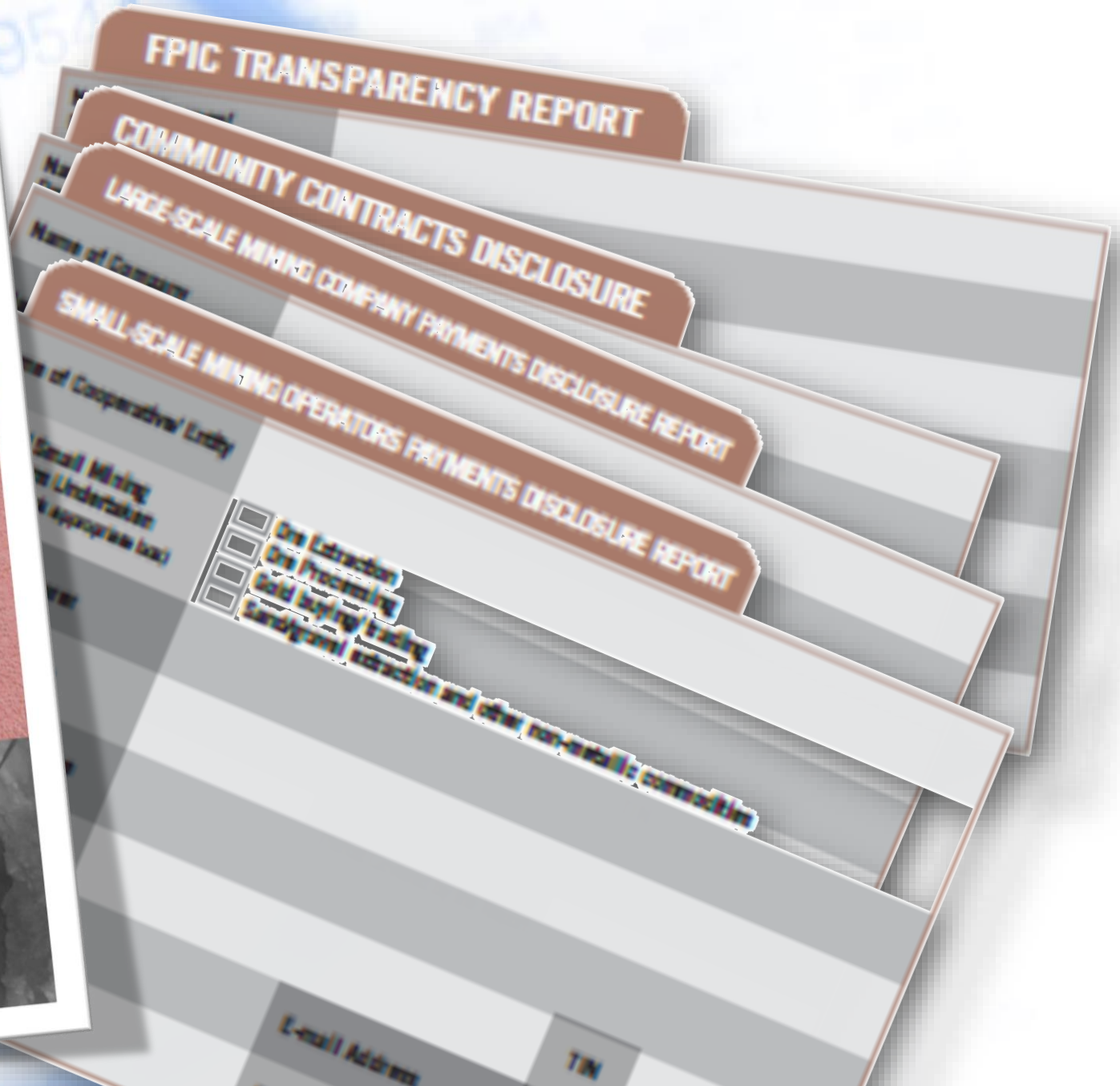




COMPOSTELLA VALLEY



EXTRACTIVE INDUSTRY TRANSPARENCY HANDBOOK



Comval Transparency and Accountability Mechanisms

- **Disclosure of Consent-Making Processes (FPIC)**
 - Assess if the community decisions are based on customary consensus building mechanisms
 - Assess the quality of information given ensuring informed decision
- **Community Contracts Disclosure**
 - Compliance of Obligations by parties
 - Assess if MOAs conform with existing laws on Contracts and Obligations

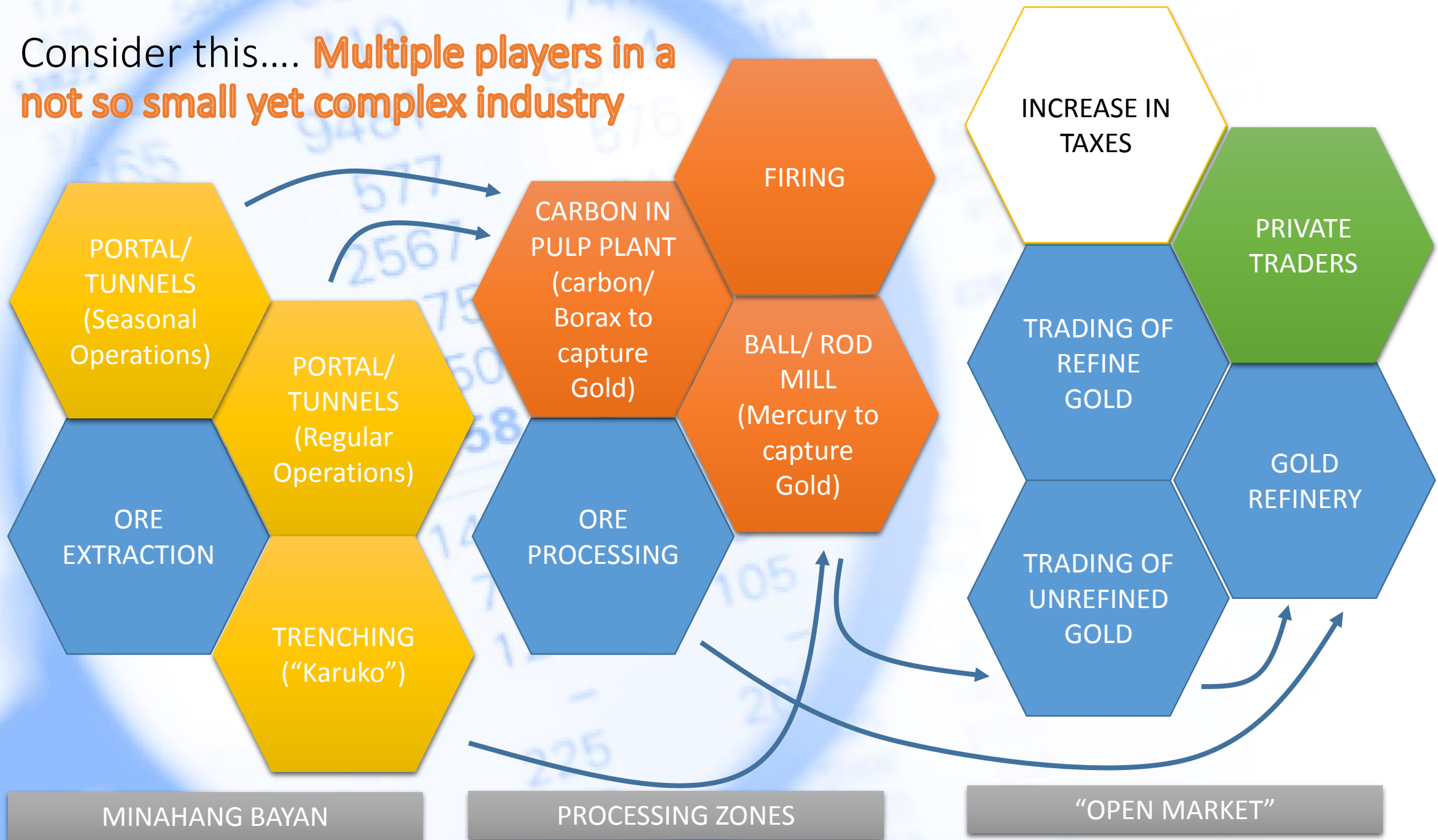
Comval Transparency and Accountability Mechanisms

- **Disclosure of Payments (Large and Small Scale)**
 - Payments pursuant to existing National and Local Impositions
- **Disclosure of Collections**
 - Provincial and Municipal LGUs
 - Indigenous Peoples
- **Disclosure of Revenue Utilization**
 - Indigenous Peoples
 - LGUs pending clarification on establishing Special Trust Fund “will affect income classification”

Observations on Engaging SSM in the Transparency Mechanism

- Small Scale Mining in the context of Comval (perhaps same with other areas) showed a very complex VALUE CHAIN compared to Large Scale Operations
- Each link of the chain has different players and industry dynamics
- “Minahang Bayan” (Minahang Katutubo) is just a declaration of “Special Land Use” or “Special Economic Zone” for SSM development; not a strong regulatory instrument
- Whether all SSM are held within declared Minahang Bayan, revenue streams is still difficult to fully track
- WHY?

Consider this.... **Multiple players in a not so small yet complex industry**



REVENUE Tracking is a plumbing work



Ore extraction and processing pass through various REGULATING Valve.



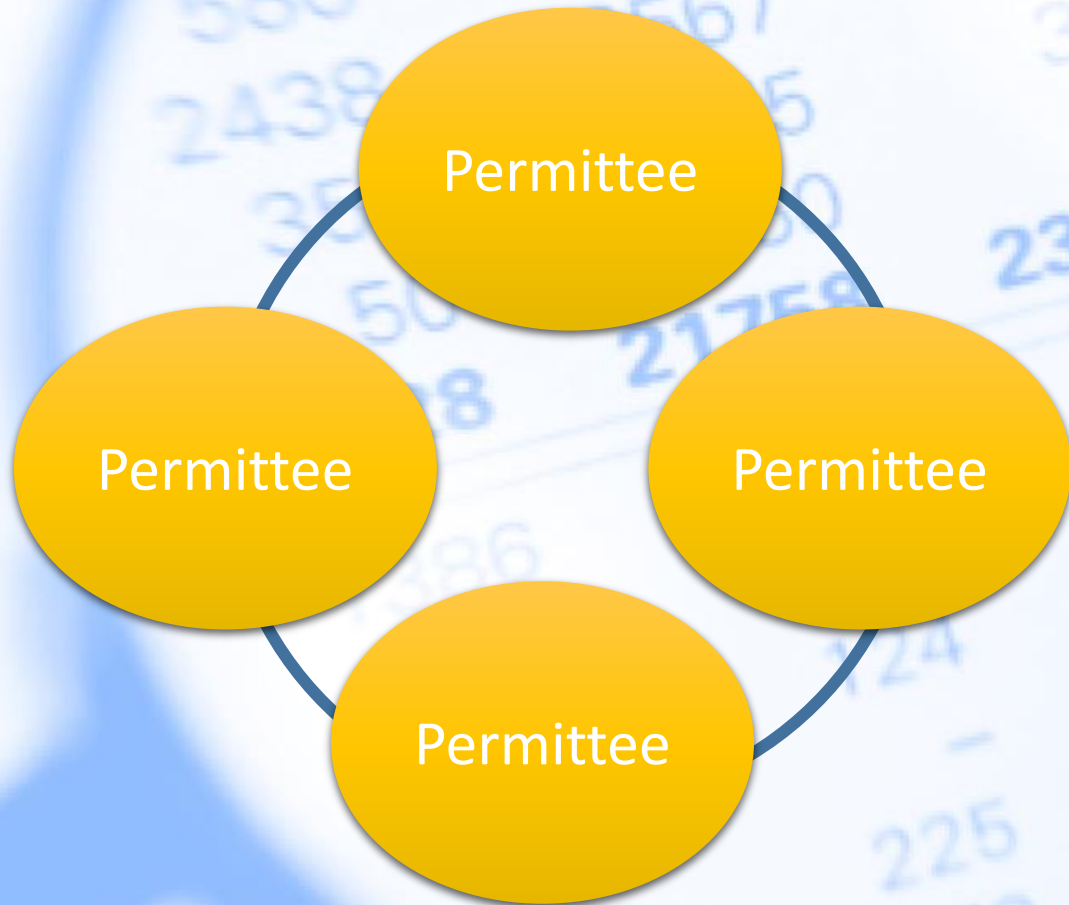
Trading of commodity passes through in an open pipeline and flows to nowhere. NO valve regulating its flow.

Cost of Leakage (in simple mathematics)



- Ore extraction – provides an earnings of 15 pesos per bag each to PLGU/MLGU, 10 to IP and 5 to BLGU or a total of 45 pesos per bag
- 7-ton CIP Plant processes an average of 200 bags
- 7-ton ore extracted generated a direct revenue of 9000
- On the minimum, 7-ton ore processed produces 200 grams of refined gold (1000 grams for high-grade ore) – buying: 2200/gram
- Leakage: 8800 excise tax, 4400 business tax, 22000 withholding tax; Total 35,200
- Total leakage for LGU: 4400 business tax, 12300 from 40% national wealth share (Total: 16700)
- Total Leakage for the NG: 18,480 (60% of the national wealth)

Small-Scale Mining Cooperative; **there's leakage in the pipeline, needs repair**



- The Cooperative is an aggrupation of mostly individual Tunnel Owners/ Operators
- It has no direct involvement in the actual mining operations
- It's not responsible in the trading of refine gold
- Its earnings are derive from members' contributions
- It's formation is more of compliance to existing regulation not so much on engaging the direct business of small scale mining

Recommendations for possible PH-EITI and MICC engagement

- PH-EITI to:
 - Conduct Study to assess and determine how to develop and improve mechanisms for transparency in the Small-Scale Mining Industry.
 - Discuss with PMRBs possibilities to make mandatory the documentation and disclosure of volume of production (volume and ore assay)
 - Develop separate templates for Ore Extraction and Ore Processing
 - Progressive disclosure of payments and collections – LGUs to report first revenue collections (2015); once improved regulatory mechanisms among SSM are in place, SSM entities have to disclose payments made (2016); But Volume of Production in SSM shall be incorporated in the Contextual Information (2015).
- MICC to:
 - Discuss with Central Bank , MGB and ULAP for coordination and possible deputation of PMRB in the monitoring and effective regulation of Gold Trading and other relevant mechanisms

A magnifying glass with a blue handle and frame is positioned over a document. The document contains various numbers, some of which are highlighted in blue. The numbers are arranged in a somewhat grid-like pattern, with some numbers appearing in larger, bolder fonts than others. The background is a light blue color with a subtle pattern of numbers.

PH-EITI to:

- Undertake capability building for PMRB and SSM on documentation and reporting
- Provide representation to participating LGUs, SSM and IPs to the PH-EITI MSG

Salamat.





MINAHANG BAYANIHAN: “The South Cotabato Small Scale Mining Program”





Land Area: 3,706 Sq. Km

Capital: Koronadal City

Population: 767,255

Classification: 1st Class

No. of LGUs : 11

Political Districts: 2

Land Use:

57.4% Agriculture, forest

41.5% Protected lands

1.1% built-up areas

Languages:

Hiligaynon, Cebuano, Ilocano, Tagalog, T'boli, Maguindanao

The common SSM problems :

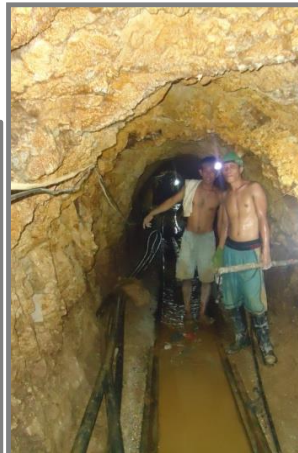
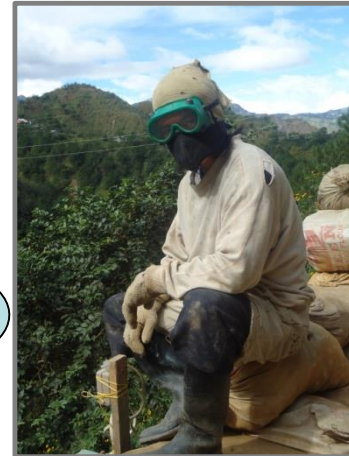


Environmental Degradation?

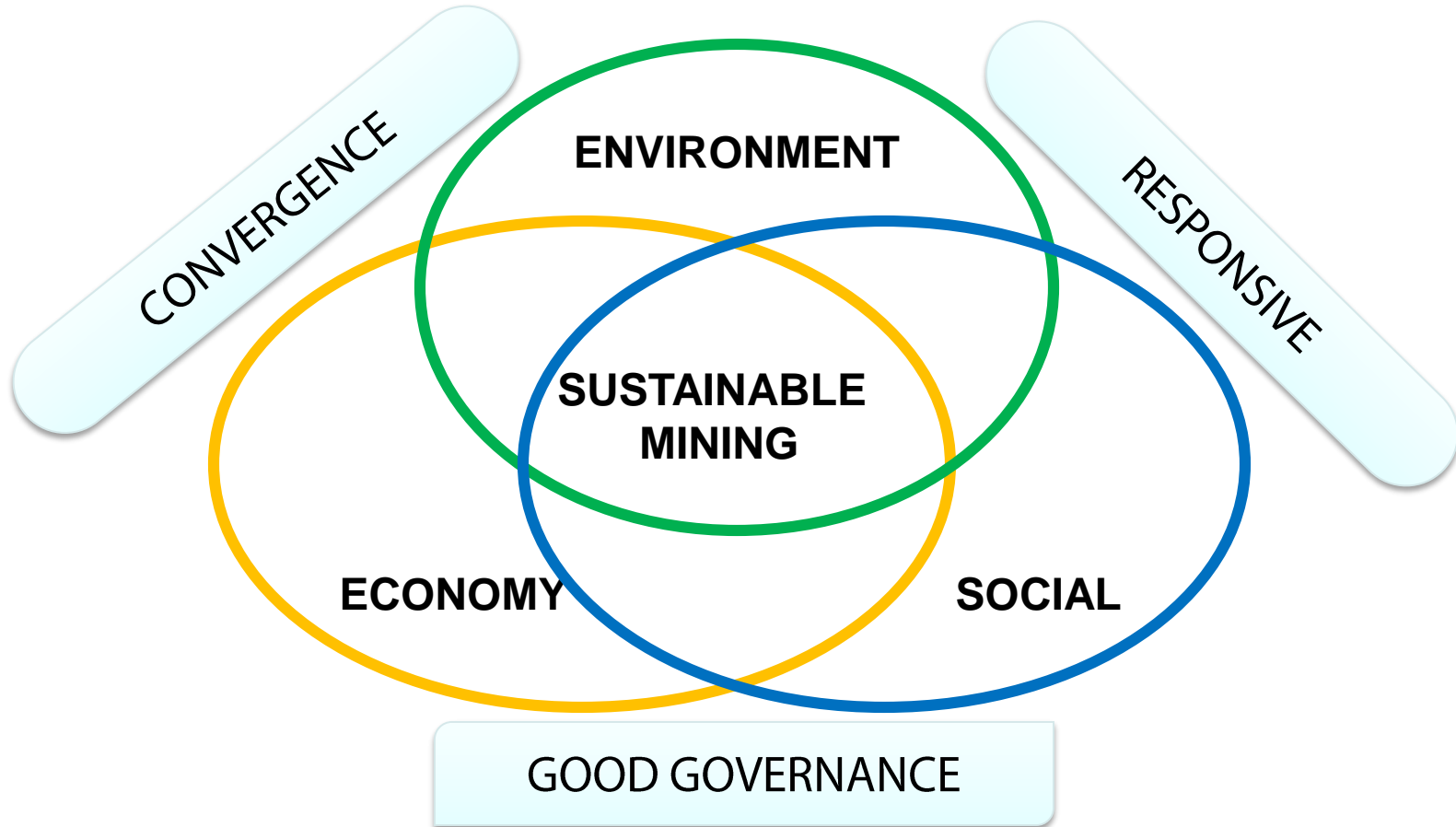
Socio-cultural problems?

Health and Safety?

Policy and Regulation?



The quest for sustainability:



The **Minahang Bayanihan** Program aims to promote sustainable SSM by **RESPONDING** to current SSM issues and concerns, integrating the concept of **CONVERGENCE** and **GOOD GOVERNANCE**



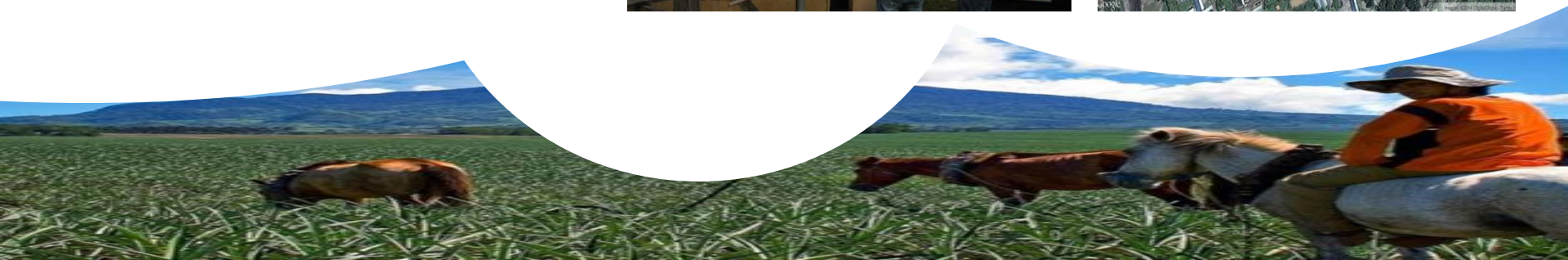
SSM Regulation & Management

Strengthened Local Policies

Provincial Ordinance No. 07 Series of 2003 otherwise known as “the small scale mining and processing operation ordinance of the province of South Cotabato.

2010 Provincial Environment Code article III – Mineral and other quarry resources

E.O. 37, Series of 2013 entitled “ AN ORDER INTENSIFYING SMALL-SCALE MINING PERMITTING AND SAFETY REGULATION in the province of South Cotabato”

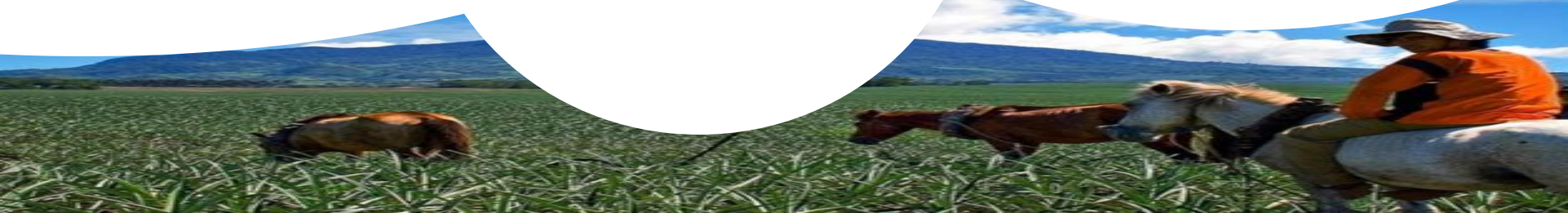
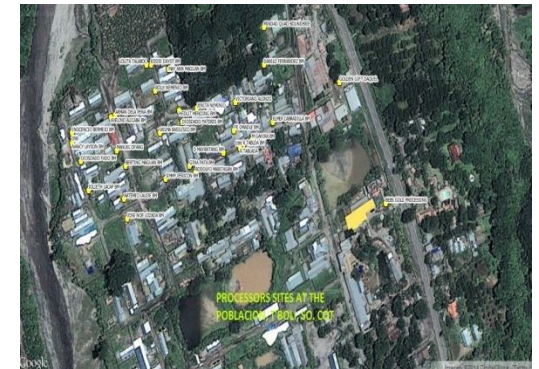




SSM Regulation & Management

Enhanced Permitting System (SSM Contracts)

- Clearances
 - ECC
 - MGB Area Status Clearance
 - Mining Plan & Work Program
 - **MENRO Clearance**
Certifying legal sources of Timber
 - **Community Development Project**
 - **Reforestation Area**

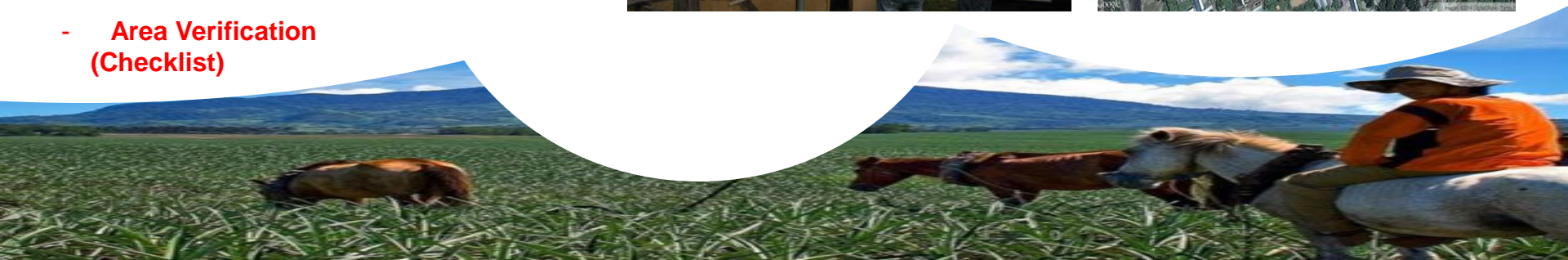
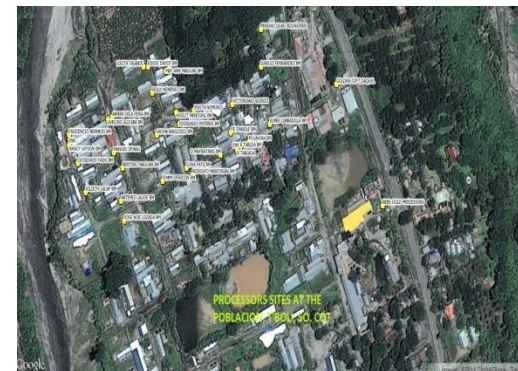




SSM Regulation & Management

Enhanced Permitting System (SSM Contracts)

- Clearances
 - Barangay Clearance
 - Tribal Resolution/Certification interposing no objection
 - **Mandatory requirement to attend scheduled Mining Safety, DRR/CCA and Environmental Management, orientation and training**
- **Area Verification (Checklist)**

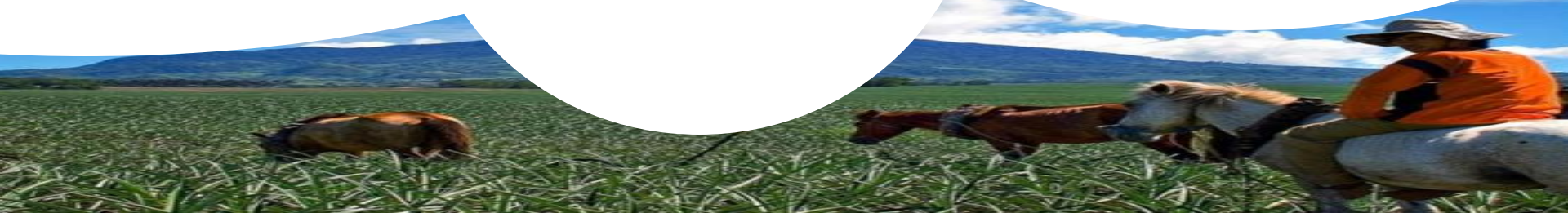




SSM Regulation & Management

Improved Monitoring System

- **Geotagging and Geohazard Assessment**
- **Creation of PMMT mandated under the Provincial Environment Code**
- **Creation of Anti-Illegal Mining Task Force**
- **Installation of CCTV Cameras**
- **Mandatory Submission of Mining Production Report**



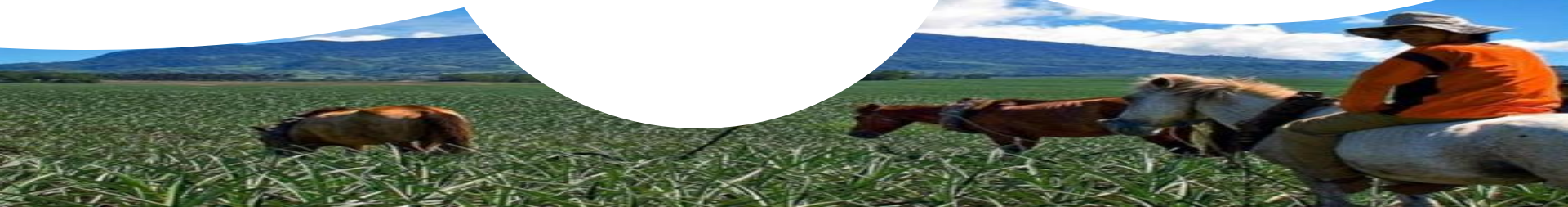


SSM Regulation & Management

Introduced Capability Building Activities

-Regular SSM Registration, Orientation, and Issuance of SSM ID(Every Thursday and Friday)

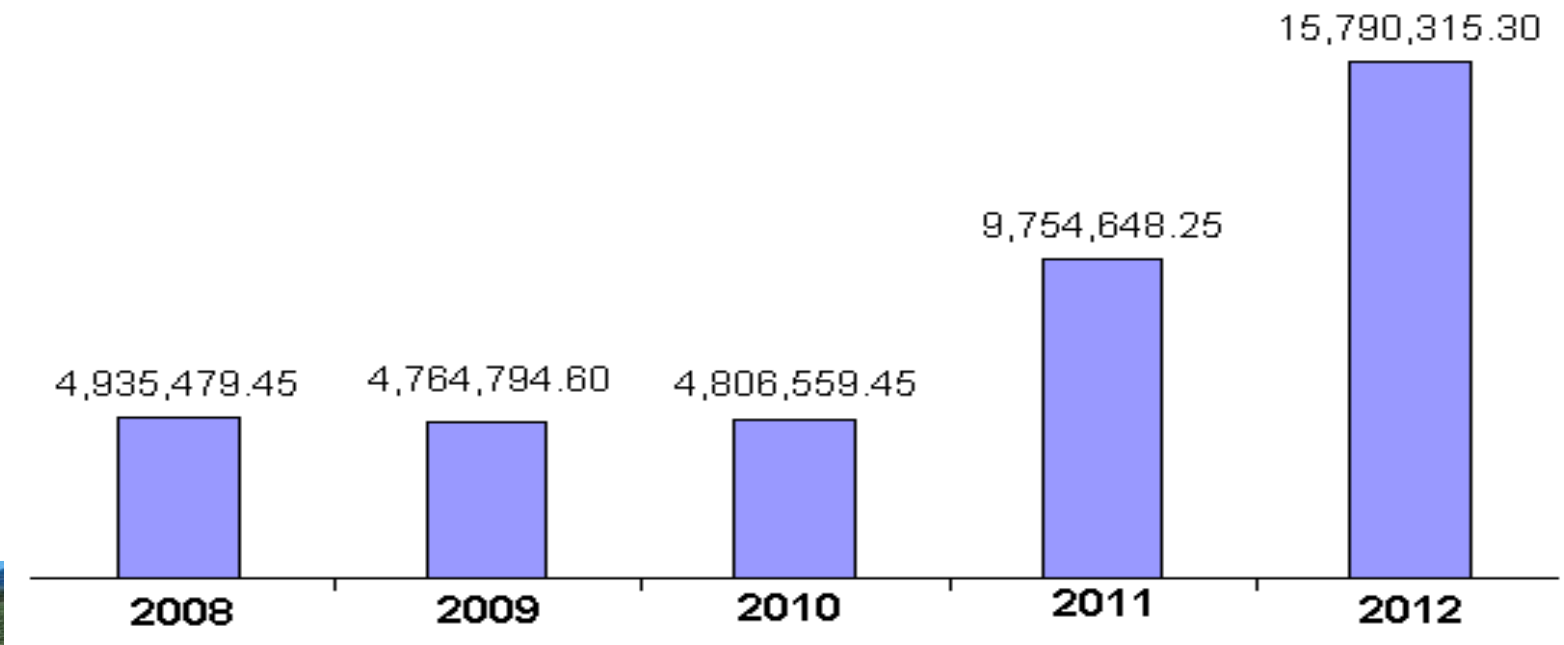
-Trainings on alternative Environment Friendly Mining Technologies





Positive Results and Impacts

Increased Quarry and Mining Revenue



Positive Results and Impacts

Developed Social and Environmental Awareness



Capacitated and well informed miners

Positive Results and Impacts

Increased participation and involvement



Improved the transparency and accountability mechanisms in SSM operations in T'boli.

Positive Results and Impacts

Increased budget for SSM development Program



LIVELIHOOD ASSISTANCE TO ILLEGAL MINERS

Positive Results and Impacts

Increased budget for SSM development Program



INAUGURATION OF THE MINAHANG BAYAN CENTER



Status of EITI Implementation in So.Cot

-Issuance of E.O. No. 080 Series of 2013 “An Order Creating the SSM Transparency and Accountability Multi-Sectoral Council of T’boli South Cotabato’

-Issuance of E.O. 37, Series of 2013 entitled “AN ORDER INTENSIFYING SMALL-SCALE MINING PERMITTING AND SAFETY REGULATION in the province of South Cotabato”

-Regular posting of Quarry and Mining Revenue website – www.southcotabato.gov.ph

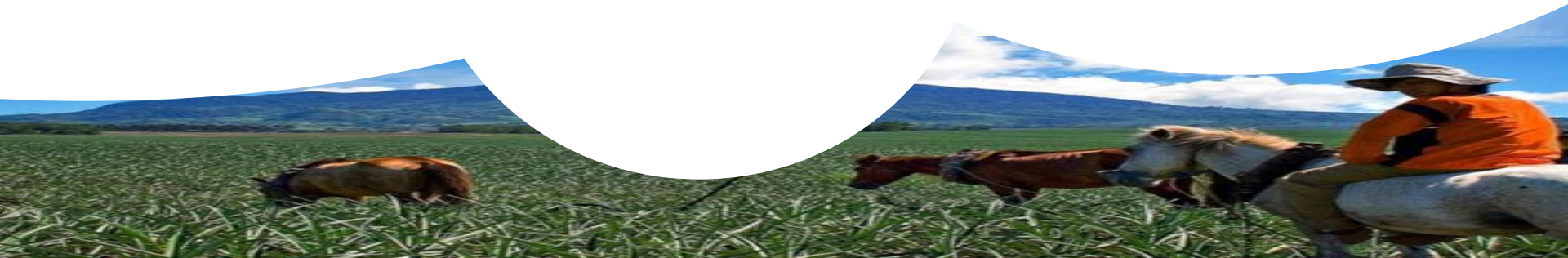
**Facebook – The Provincial Government of South Cotabato
Local Print Media – The Informant**





Status of EITI Implementation in So.Cot

- Quarterly Submission of Extraction Reports by Mining and Quarrying Permittees**
- Development of permitting and extraction monitoring software (on process)**
- Mainstreaming of transparency and accountability mechanism @ the Municipal, Barangay, Mining Cooperatives and IPs (discussed initially with Bantay Kita)**



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SouthCot small-scale miners declare 'mining holiday'



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300 gold tunnels ordered closed in South Cotabato

By Bong S. Sarmiento on October 24 2011 9:49 pm

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South Cotabato tops Region 12 in mining revenue

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Geo-hazard mapping in South Cotabato gold mining site gains ground

A template for small-scale mines

Germelina Lacorte

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A A A+

(First of two parts)



A MINER emerges from a tunnel in T'boli, South Cotabato province. Jeffrey Maitem

T'BOLI, South Cotabato—Except for a few mine workers carrying bags of ore out of the dark, muddy tunnel, the mouth of the Minahang Bayan in Barangay Kematu looks deserted and empty

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EDITORS' PICKS



February 26, 2015

It's a lie: Honasan on Almonte claim



Learnings from the Program

- ❖ The government could be an effective facilitator and assistance provider to Small Scale Miners;
- ❖ Transparent and participatory decision-making builds better relationship between and among LGUs, IPs, SSM, NGAs and other stakeholders;
- ❖ Constant dialogue and partnership is key in sustaining interest of SSM and various stakeholders to participate in the program;
- ❖ Facilitating stakeholders in recognizing the need for economic, socio-cultural and ecological balance helps promote transparency, accountability and responsiveness.
- ❖ These could only happen with shared responsibility, responsive policies, and clear system backboned with strong political leadership and support



*Tey bong s'lamat!
Avance South
Cotabato!*

