

**PH-EITI 28<sup>th</sup> MSG MEETING**

**9:00 AM- 12:00 PM | December 4, 2015**

**Visayas Room, Department of Finance,  
Roxas Boulevard, Manila**

**Attendees:**

9	Asst. Sec. Ma. Teresa S. Habitan	Department of Finance (DOF)
10	Elsa P. Agustin	DOF
11	Engr. Romualdo Aguilos	Mines and Geosciences Bureau—Department of Environment and Natural Resources (MGB-DENR)
13	Dir. Rino Abad	Department of Energy
14	ACIR. Nestor Valeroso	Bureau of Internal Revenue (BIR)
15	Yolanda Luna	BIR
16	Dir. Anna Liza Bonagua	Department of the Interior and Local Government (DILG)
18	Prof. Jay Batongbacal	UP College of Law
19	Starjoan Villanueva	Alternate Forum for Research in Mindanao, (AFRIM) Inc.
20	Ronald Allan A. Barnacha	Philippine Rural Reconstruction Movement (PRRM)/ North Luzon
22	Prof. Maria Aurora Teresita W. Tabada	Visayas State University
23	Dr. Merian C. Mani	Romblon Ecumenical Forum Against Mining (REFAM)/ Romblon State University
25	Chadwick Llanos	Cebu Alliance for Safe and Sustainable Development (CASSE)
27	Gina Tumlos	Bantay Kita
28	Benjamin Austria	Petroleum Association of the Philippines (PAP)
29	Nelia Halcon	Chamber of Mines of the Philippines (COMP)
30	Atty. Ronald Recidoro	COMP
31	Atty. Gay Alessandra V. Ordenes	Secretariat
32	Abigail D. Ocate	Secretariat
33	Mary Ann Rodolfo	Secretariat
34	Joy Saquing	Secretariat
35	Marikit Soliman	Secretariat
36	Liezel Empio	Secretariat
37	Mary Grace Jurado	Secretariat
38	Ryan Dael	Secretariat
39	John Martin Arreola	Secretariat

1 Rhea Bagacay Secretariat

2

3 RESOURCE PERSONS:

4

5 Pocholo Domondon PricewaterhouseCoopers /Isla lipana

6 Corina Molina PricewaterhouseCoopers /Isla lipana

7 Michael Castaneda PricewaterhouseCoopers /Isla lipana

8

9

10 AGENDA:

- 11 • Minutes of the 27<sup>th</sup> MSG meeting
- 12 • Matters arising from previous MSG meetings
- 13 • Presentation and approval of 2<sup>nd</sup> EITI report
- 14 • Agencies' actions on recommendations from the first report
- 15 • Updates from the International Secretariat
- 16 • Other matters

17

18

19 **1. Call to Order**

20

21 1.1. The Philippine Extractive Industries Transparency Initiative (PH-EITI) Multi-Stakeholder Group (MSG)  
22 meeting was called to order at 9:11 AM.

23

24 1.2. The proposed agenda was presented and subsequently approved by the body.

25

26 **2. Minutes of the 27<sup>th</sup> MSG meeting**

27

28 2.1. The Secretariat shared that the minutes of the meeting was circulated to the Multi-Stakeholder  
29 Group (MSG) and no comments were received.

30

31 2.2. The Chair gave the MSG members another week to comment on the minutes and noted that the  
32 minutes will be deemed approved after a week.

33

34 **3. Matters Arising**

35

36 3.1. *Establishment and management of a revenue-linked database*: The Secretariat mentioned that this  
37 will be operationalized once they get the funding from USAID, which will hopefully be released by  
38 January 2016. But as previously communicated to the MSG, it was noted that some of the information  
39 may already be accessed in the contracts portal.

40

1 3.2. *Copies of Bureau of Internal Revenue (BIR) and Mines and Geosciences Bureau (MGB) reports to the*  
2 *Department of Budget and Management (DBM) regarding their collections per Local Government Unit*  
3 *(LGU) and per company:* This will be included in the 2<sup>nd</sup> report. The Secretariat shared that DBM has  
4 already provided the information to the Independent Administrator (IA).  
5

6 3.3. *Addressing Legal Barriers to EITI Implementation:* The MSG previously agreed to sign the resolution  
7 supporting the Tax Incentive Management and Transparency Act (TIMTA). The Secretariat mentioned  
8 that a copy of the resolution will be circulated during the meeting for signature of the MSG members.  
9

10 3.4. *Secretariat's Institutionalization:* It was recalled that a proposal was submitted to the Department of  
11 Finance (DOF) regarding the creation of positions for the members of the Secretariat. The said proposal  
12 is still pending.  
13

14 3.5. The body was informed that the contract of the national coordinator will end by December 31, 2015  
15 and that there is no certainty that this will be renewed for January to February 2016 since the new  
16 funding from World Bank may not come in by early next year.  
17

18 3.6. The Secretariat explained that until they get the funding from World Bank, the vacancy for the  
19 national coordinator's position cannot be posted yet.  
20

21 In addition, it was shared that two members of the Secretariat will not be renewing their contract.  
22

23 3.7. Another concern that was raised is that the delayed funding will have implications on the activities  
24 that were scheduled for early next year such as the participation of the MSG in the EITI global  
25 conference in Peru and the national conference that was originally scheduled in February 2016.  
26

27 3.8. With regard to the participation in the global conference, the Secretariat noted that only those who  
28 will be funded by the International Secretariat will be able to attend.  
29

30 3.9. An industry representative then asked for the status of the contracts of consultants hired by PH-EITI.  
31

32 The Secretariat shared that the following consultants have pending contracts:

- 33 • IA
- 34 • Consultant for scoping study on large-scale non-metallic mining
- 35 • Consultant for scoping study on small-scale metallic mining
- 36 • Website developer  
37

38 3.10. In addition, it was mentioned that two members of the Secretariat, the outreach officer and the  
39 communications officer also have pending contracts.

1 3.11. The Secretariat explained that since the Multi-Donor Trust Fund (MDTF) will close by the end of  
2 the year and there is no possibility that the grant will be extended, the contracts of the consultants need  
3 to be executed within the year for them to be able to get payment from the MDTF.

4  
5 According to the Secretariat, the consultants can be paid until April 2016 but only if their contracts were  
6 executed before December 31, 2015.

7  
8 3.12. The Chair assured the body that she will personally follow up the contract with the concerned  
9 office within DOF.

10  
11 3.13. One member of the MSG suggested to draft a letter addressed to the Secretary of DOF expressing  
12 their concerns regarding the matter. The same representative stated that the letter can be signed by  
13 representatives from Civil Society Organizations (CSO) and the industry.

14  
15 3.14. The Chair suggested to discuss the issue at the end of the meeting after the main business.

16  
17 3.15. *Draft EITI Bill:* The Secretariat recalled that the body agreed to hire a consultant who will draft a  
18 bill for the MSG's approval.

19  
20 3.16. *Uploading of MGB Documents:*

21  
22 The Secretariat shared that the following documents have been scanned:

- 23 • Documents under Declaration of Mining Project Feasibility (DMPF)
- 24 • 5-year Social Development and Management Program (SDMP)
- 25 • Environmental Protection and Enhancement Program (EPEP)
- 26 • Final Mine Rehabilitation and Decommissioning Plan (FMRDP)
- 27 • Social Development and Management Program (SDMP) monitoring report
- 28 • Multi-Partite Monitoring Team (MMT)/ Integrated Safety and Health, Environment and Social  
29 Development Management (ISHES) monitoring report
- 30 • Mine Rehabilitation Fund Committee (MRFC) report
- 31 • Mine Waste and Tailings (MWT) report
- 32 • Environmental Impact Statement (EIS)

33  
34 3.17. The detailed updates regarding the scanning of supporting documents is attached as Annex A.

35  
36 3.18. It was noted that the EIS documents of some companies were not available from the  
37 Environmental Management Bureau (EMB). According to the Secretariat, the problem is that EMB has  
38 no document tracking system so they cannot track where the reports are. It was mentioned that there  
39 are instances wherein EIS documents are being borrowed and used in hearings but not being returned  
40 to EMB.

1 3.19. The Chair asked the Secretariat to add a footnote in the report stating the reasons why EIS  
2 document of some companies were not available.  
3

4 3.20. *Selection process for MSG members:* It was shared that the CSOs and the Petroleum Association of  
5 the Philippines (PAP) already submitted their guidelines for selecting MSG representatives. The  
6 Secretariat is still waiting for the submission from the Chamber of Mines of the Philippines (COMP).  
7

8 3.21. The body was also informed that the MSG currently has no representative from the non-member  
9 of COMP because Mr. Aranes resigned.  
10

11 3.22. A COMP representative stated that there will be changes in their current representatives to the  
12 MSG.  
13

14 3.23. The representatives of COMP were asked to submit their selection process to the Secretariat  
15 including the names of their new full and alternate members.  
16

17 3.24. *Board of Investments (BOI) and BIR incentives:* The Secretariat shared that the Ways and Means  
18 committee has not yet provided the information on incentives.  
19

20 3.25. On the other hand, the Secretariat noted that information on incentives was also asked in the  
21 reporting template of the companies. Thus, the IA should be able to include this in the contextual  
22 information of the 2<sup>nd</sup> report.  
23

24 3.26. *Proposed amendment to the Local Government Code (LGC):* The Secretariat stated that the  
25 commissioned study on the proposed amendments will commence next year.  
26

27 3.27. *MGB regional directors should be convened:* It was recalled that the agreement of the body was to  
28 convene the regional directors early next year.  
29

30 3.28. *BIR waiver:* The MGB representative shared that they sent a letter to the regional offices asking  
31 them to follow up with the companies that have not submitted their waiver.  
32

33 3.29. According to the same representative, there are only 3 material companies that have not  
34 submitted their waiver and these are Adnama Mining Resources Incorporated, Citinickel Mines and  
35 Development Corporation and Greenstone Resources Corporation.  
36

37 3.30. For Adnama Mining, it was mentioned that they are still discussing the waiver with their Board.  
38 The MGB representative then noted that they are already asking Citinickel Mines to send a letter since  
39 this company decided not participate in the 2<sup>nd</sup> report.  
40

41 3.31. *National Commission on Indigenous Peoples (NCIP) guidelines:* The NCIP was previously asked to  
42 provide the Secretariat with a copy of their guidelines which supposedly states that NCIP is no longer

1 authorized to collect administrative costs from mining companies. However, the Secretariat shared that  
2 based on their latest discussion with NCIP, it was mentioned that there is no such guideline.

3

4 3.32. *Updated list of companies operating in ancestral domains:* It was reported that NCIP already  
5 submitted the list to the Secretariat.

6

7 3.33. *Malampaya fund:* The Secretariat shared that a letter has been sent to the DBM Secretary  
8 requesting for information on the Malampaya fund.

9

10 3.34. In the last MSG meeting, the IA recalled that they already disclosed and reported the  
11 disbursements made for 2012 to 2014.

12

13 3.35. The IA shared that they managed to secure the ending balance for 2012, 2013 and 2014 from BTr  
14 and they will discuss this later as part of their presentation of the draft report.

15

16 3.36. *Non-metallic mining associations:* The Secretariat stated that the MSG agreed to engage  
17 associations of non-metallic mining companies. This matter is for implementation next year.

18

19 3.37. *Additional information from MGB:* The MSG asked for additional information from the MGB  
20 specifically on the status of fines imposed on Philex Mining and the management of MGB's share from  
21 royalty collections.

22

23 3.38. The representative of the MGB stated that they will submit a narrative regarding the status of the  
24 fines imposed on Philex Mining. The same representative mentioned that they will also give a copy of  
25 the receipt when Philex's payment was deposited to the BTr.

26

27 3.39. According to the MGB representative, there has been no disbursements made since there are no  
28 claims for damages.

29

30 A CSO representative clarified if there is actually a process for claiming.

31

32 3.40. The MGB representative explained that if someone files a claim for damages, this will be evaluated  
33 by the regional office. After evaluation, the regional office will then request for the fund from the  
34 Contingent Liability and Rehabilitation Fund (CLRF) committee. The CLRF committee will approve the  
35 claim.

36

37 3.41. The Chair asked if the public is aware that they can claim for damages and if this is something that  
38 MGB is communicating to the public. The MGB representative answered in the affirmative.

39

40 The same representative explained that Philex Mining also conducts rehabilitation activities without  
41 using the funds that they deposited to BTr.

42

1 3.42. In such cases, a CSO representative asked where Philex Mining reflects their payment; if this is  
2 reflected under SDMP or as part of the company's Corporate Social Responsibility (CSR).  
3

4 3.43. According to the MGB representative, claims can also be charged against the Rehabilitation Cash  
5 Fund (RCF) which is also under environmental funds. It was mentioned that companies include these in  
6 their environmental reports to MGB.  
7

8 3.44. An industry representative inquired whether fines will be reported as a revenue of the  
9 government.  
10

11 3.45. The IA responded that they will report fines and penalties as non-recurring transactions for 2013. It  
12 will still be considered as a receipt by the government but it will be excluded in the analysis of the  
13 reconciliation figures.  
14

15 3.46. Going back to the fines imposed on Philex Mining, the MGB representative shared that one  
16 community already filed a claim but it is still under evaluation.  
17

18 3.47. As for the information on MGB's share in royalty collection, the MGB representative noted that the  
19 information was already provided in their reporting template including how much was released by DBM  
20 and how much was utilized.  
21

22 3.48. *LGU templates*: The Secretariat mentioned that the Bureau of Local Government Finance (BLGF)  
23 assisted in following up LGU templates.  
24

25 3.49. *SDMP expenditures*: Last meeting, there was a suggestion that the report should include  
26 information on how 5 year SDMP plan is implemented, specifically how funds are spent on an annual  
27 basis. The Secretariat recalled that MGB was asked to check the status of their data to see if it is feasible  
28 to include the suggested information in the 2<sup>nd</sup> report.  
29

30 3.50. The MGB representative stated that the database of their environmental group is only up to 2008  
31 and they are still in the process of updating their centralized database. With this, the same  
32 representative proposed that the requested information on SDMP be included in the reporting template  
33 for the 2016 report.  
34

35 3.51. One MSG member suggested to include a narrative on SDMP based on whatever data is available.  
36 The same representative stated that it is important to discuss the actual practice of the companies in  
37 spending and allocating annual SDMP budget.  
38

39 3.52. According to the MGB representative, it is stated in the law that the balance from the previous  
40 year will be carried over to the SDMP budget for the following year.  
41

42 3.53. The Secretariat asked if the requested information can be found in SDMP monitoring reports.

1  
2 3.54. The MGB responded that the details reflected in the SDMP reports would depend on the regional  
3 offices. SMDP reports of one regional office may be more comprehensive than the other.

4  
5 3.55. The Chair stated that it is important to convene the regional directors in order to communicate the  
6 required information.

7  
8 3.56. According to the MGB representative, they are will be introducing the standardization of the  
9 reporting system on SDMP. It was mentioned that EITI related information will be incorporated in the  
10 standardization.

11  
12 3.57. The CSO representative then proposed to only include in the report those companies with  
13 information on SDMP.

14  
15 3.58. Since the narrative on SDMP was not part of the IA's TOR, the Secretariat volunteered to do the  
16 write up provided that MGB will give all the necessary documents.

17  
18 3.59. The CSO representative suggested that the Secretariat use the SDMP reports provided last year as  
19 bench mark.

20  
21 **4. Presentation and approval of 2<sup>nd</sup> EITI report**

22  
23 4.1. The IA mentioned that they will give updates as to the number of templates received, as well as  
24 present the overall results of the reconciliation procedure (the presentation material is attached as  
25 Annex B).

26  
27 4.2. On the scope of the report, the IA noted that there are 23 material mining companies and 4  
28 material oil and gas companies. It was reported that out of the total 23 material mining companies, 20  
29 have already submitted their templates while 3 companies expressed that they will not participate this  
30 year. These 3 companies are CTP Construction and Mining Corporation, SR Languyan and Citinickel  
31 Mines and Development Corporation.

32  
33 4.3. The IA shared that based on the reported sales, the 3 entities that declined to participate only cover  
34 6% of the total large-scale metallic mining companies operating in 2013. Therefore, the report still has a  
35 good representation of 94%.

36  
37 4.4. The body was informed that there were 11 non-material companies that submitted their reporting  
38 templates. According to the IA, they proceeded with the reconciliation of these 11 companies but these  
39 will be reported in a separate table or as a separate component in the report.

40



1 4.5. As for the oil and gas industry, the IA reported that there is 100% participation from all 4 material  
2 companies. It was also mentioned that 1 non-material company, which is Nido Production Galoc  
3 submitted their template.

4 4.6. In respect of the scoping that was done, the IA noted that they were able to cover 97% of the total  
5 payments from participating mining entities in 2013. It was mentioned that 10 mining revenue streams  
6 were looked into during the reconciliation procedure.

7

8 4.7. With regard to fines and penalties, the IA explained that the fine paid by Philex Mining Corporation  
9 in 2013 will still be reported as government receipt but will be excluded in the assessment of revenues  
10 since it is a non-recurring transaction.

11

12 4.8. For oil and gas, the IA reported that the scoping covered 99.96% of the total payments from  
13 participating oil and gas entities. This was comprised of 3 payments made by the companies namely  
14 corporate income tax, government share and withholding tax based on profit remittances to their  
15 foreign principals.

16

17 4.9. The IA reported that 100% of the funds from mining companies was covered. According to the IA,  
18 out of the Php 3.1 billion reported amount of funds, Php 2.99 billion refers to the material companies.

19

20 4.10. The body was informed that the total reconciled amount of payments from material mining  
21 companies, is Php 5.287 billion. Out of the total disclosures made by the 20 material companies, the  
22 unreconciled variance is Php 19.8 million which only covers 0.38% of the total payments.

23

24 4.11. To compare with the findings of the first report, the IA recalled that the total reconciled payment  
25 for 2012 was Php 6.2 billion while the unreconciled variance amounting to Php 79.3 million constitutes  
26 1.3% of total payments made by mining companies. The IA pointed out that the amount of unreconciled  
27 variance in the 2<sup>nd</sup> report is lower than what was reported in the first report.

28

29 4.12. Comparing the 2012 and 2013 figures, it was noted that there was a relative decline in the total  
30 payments from mining companies. According to the IA, this decline can be assessed relative to the  
31 movement of metal prices back in 2013.

32

33 4.13. It was reported that the unreconciled variance was only attributed to 4 mining companies that did  
34 not provide their supporting documents during the reconciliation process.

35

36 4.14. The material companies that were not able to provide their supporting documents are TVI  
37 Resource Development Philippines, Adnama Mining Resources Incorporated, Apex Mining Company and  
38 Rapu-Rapu Minerals, Inc.

39

40 4.15. According to the IA, they are still trying to convince some of the companies to provide their  
41 documents so that they can further decrease the unreconciled variance. It was reiterated that the 4  
42 companies were the source of variance across all revue streams.

1 4.16. On the other hand, the IA shared that the common reasons for variance in the first report like  
2 timing differences and disaggregation of information, were already resolved by both the government  
3 agencies and the material mining companies.  
4

5 4.17. The IA then presented the reconciliation results per agency and per revenue stream. For BIR, it was  
6 mentioned that the most significant variance was relating to excise tax.  
7

8 4.18. For the LGUs, the IA shared that the problem is that some of the templates were not yet submitted  
9 to them. The IA only received 58 templates out of the 72 LGUs that are hosting mining operations.  
10 According to the IA, the deadline for the remaining 14 LGUs to submit their template is on Wednesday  
11 (December 9, 2015).  
12

13 4.19. The IA explained that the main reconciliation that they are doing with regard to the share in  
14 national wealth is between LGU and DBM figures. However, because of the absence of templates from  
15 LGUs, some of the figures were not yet reconciled.  
16

17 4.20. The Secretariat asked the IA to give an update regarding the status of DBM's reporting template  
18 and the information that they provided.  
19

20 4.21. It was reported that the only information provided by the DBM was the LGU share in national  
21 wealth. The IA has already done the initial comparison and is currently in the reconciliation process.  
22

23 4.22. According to the IA, there are two phases for reconciling the share in national wealth; the first is  
24 between DBM and the collecting agencies and the other is between DBM and LGUs.  
25

26 4.23. As for the DBM figures and the reported amount from collecting government agencies, the IA  
27 explained that they still need to re-check the 2013 data based on what was reported as initial  
28 remittance by the collecting agencies as to the actual receipt made by the BTr.  
29

30 4.24. The IA also shared that another difficulty relating to the reconciliation of share in national wealth is  
31 the disaggregation of data.  
32

33 DBM provided disaggregated data but most of the LGUs were not certain as to the source of their share  
34 in national wealth, whether it came from royalty payments or excise tax. According to the IA, some LGUs  
35 reported that they are not receiving any formal notice from DBM to support the disaggregation of their  
36 share. Therefore, the LGU data is not sufficient for the IA to reconcile the figures.  
37

38 4.25. The Secretariat asked the IA to just include the disaggregated information from DBM in the report.  
39 In addition, the Secretariat inquired whether the IA has enough information to compute whether the  
40 40% sharing is being followed. The IA answered in the affirmative.

1 4.26. The IA shared that one of the recommendations that they are raising is for DBM to provide the  
2 LGUs with information on how much was the collection from the extractive industries for a particular  
3 year and how much was actually released.  
4

5 4.27. According to the IA, there are instances wherein DBM does not release the full amount of the  
6 computed share since the appropriated budget is lower. Any deficit will just then be remitted to the  
7 LGUs in the following year. However, the information is not being cascaded to the LGUs so they cannot  
8 monitor their share in national wealth.  
9

10 4.28. For NCIP, the IA shared that they relied on the regional submissions made during the conference  
11 with the regional NCIP officers. Currently, the IA is still awaiting the consolidated data from the central  
12 office.  
13

14 4.29. As for the funds from mining entities, the IA shared that the unreconciled variance amounting to  
15 Php 123.5 million (4% of the total amount) was due to insufficient supporting documents.  
16

17 The IA then highlighted that this amount is significantly lower than the post reconciliation variance in  
18 the first report which was Php 317.8 million, 25% of the total reported funds.  
19

20 4.30. With regard to the reconciliation results for oil and gas, the IA shared that the total reconciled  
21 revenue from the 4 material companies amounted to Php 35.8 billion pesos.  
22

23 The total unreconciled variance was reported to be Php 17 million constituting 0.05% of the total oil and  
24 gas revenue. The IA mentioned that the percentage variance is higher by only 0.01% compared to last  
25 year's report.  
26

27 4.31. For the information of the MSG members, the IA also presented the reconciliation results for the  
28 11 non-material entities that submitted their template. It was reiterated that this will still be included in  
29 the report but not in the main section of the reconciliation report.  
30

31 4.32. For the coal industry, specifically Semirara Mining and Power Corporation, the IA mentioned that  
32 the agreement was to disclose all available information. The IA shared that the Department of Energy  
33 (DOE) already disclosed the government share from the production of Semirara Mining amounting to  
34 Php 1.3 billion in 2013.  
35

36 4.33. According to the IA, the corresponding LGU reported receipt of about Php 6.67 million.  
37

38 4.34. Since BIR will not be able to provide any data due to the absence of the waiver, the IA shared that  
39 they sourced the corporate income tax payment of Semirara from the company's audited financial  
40 statement.

1 4.35. The DOE representative shared to the body that they have already submitted a memorandum to  
2 the DOE Secretary with an attached draft directive for Semirara Mining as well as for the oil and gas  
3 companies that did not participate in the 2<sup>nd</sup> report.  
4  
5 The same representative stated that they will follow this up with the office of the Secretary.  
6  
7 4.36. The Chair asked the Secretariat to follow up with DOE on Wednesday next week to ask for  
8 updates.  
9  
10 4.37. With regard to the Malampaya fund, the IA mentioned that they provided the breakdown of the  
11 disbursements made in 2012 and 2013 as well as the certified ending balance from 2012 to 2014.  
12  
13 4.38. According to the IA, they will be able to easily reconcile the amount since the receipts will only be  
14 attributed to the government share reported by the oil and gas companies.  
15  
16 4.39. It was mentioned that in volume two of the first report, there was already a discussion on how  
17 disbursements are being made from the Malampaya fund. The IA noted that they will try to incorporate  
18 the said discussion with the quantitative information that they received this year.  
19  
20 4.40. Going back to the share in national wealth, the IA clarified that the presented figures is just a  
21 comparison of the DBM disclosures to LGUs that submitted their template. The reflected amount for  
22 DBM is only the total share of all the 58 LGUs that submitted their template and not the overall share  
23 for the year 2013.  
24  
25 4.41. The IA reiterated that the variance for the share in national wealth was due to lack of  
26 disaggregated data from LGUs. There is no certainty that the amount reported by the LGUs only pertains  
27 to 2013 share since the LGUs were not able to disaggregate their data.  
28  
29 4.42. The IA added that when LGUs receive their shares from DBM, they are not being informed as to  
30 the source of the share and whether the amount is a deficit from previous years.  
31  
32 4.43. One representative of the oil and gas industry suggested to look into the planning and budget cycle  
33 of the LGUs.  
34  
35 4.44. The Chair elaborated that the suggestion was for the IA to look into how LGUs do their own  
36 planning and budgeting. For example, how do LGUs project the revenues that they will collect in a  
37 particular year and how do they plan to spend it.  
38  
39 4.45. A DILG representative explained that there are actually provisions for spending the LGU shares in  
40 national wealth. The LGU share in national wealth should be used for a particular purpose however, it is  
41 not clear whether these provisions are being followed. This is because the downloaded share in national  
42 wealth forms part of the general fund of the LGUs.

1 4.46. In order to monitor how LGUs utilize their share from national wealth, the same representative  
2 shared that their proposal is for DBM to mandate the LGUs to have a separate trust account for the  
3 national wealth remittances.  
4

5 4.47. The IA shared that during the LGU roadshows, some of the treasurers mentioned that they  
6 perform independent calculation of the expected share in national wealth and they try to reconcile the  
7 amount with DBM.  
8

9 4.48. The list of recommendations were then presented by the IA (see Annex B).  
10

11 4.49. The Chair asked the IA to elaborate their recommendation to consider setting aside revenues  
12 collected from mining companies towards the development of the communities affected by extractive  
13 activities.  
14

15 4.50. To clarify, the IA cited an example where one municipality has 10 barangays but only 2 barangays  
16 are hosting the mining operation. The 2 barangays will receive their own share from national wealth as  
17 mandated by law but the IA explained that there is no specific mandate for the municipality to utilize  
18 their share to the 2 host barangays. Therefore, the municipality may opt to utilize all the shares to other  
19 barangays.  
20

21 4.51. According to the IA, they are recommending this since the barangay share is not as significant as  
22 compared to what the municipality is getting.  
23

24 4.52. Relating to this, a CSO representative commented that there are also instances wherein a  
25 barangay is not receiving any share because the mining company did not declare it as host barangay.  
26

27 4.53. According to the Chair, the report should also highlight that head offices of mining companies  
28 receive a significant percentage of the share in national wealth. The Chair stated that policy makers  
29 should rethink this sharing scheme.  
30

31 4.54. With regard to the recommendation for DOE to consider the development of fixed timeline in  
32 awarding contracts to qualified applicants during PECR, the DOE representative explained that the  
33 delays in awarding of contract are usually due to external factors like having court injunctions.  
34

35 4.55. The Chair responded that the IA need to state the fact that some difficulties are being encountered  
36 for certain contract approvals.  
37

38 4.56. The Secretariat suggested that each sector be asked to also submit their own set of  
39 recommendations just like what the MSG did for the first report. The body agreed.  
40

41 4.57. The sector representatives were then asked to submit their recommendations to the Secretariat by  
42 next week for integration in the 2<sup>nd</sup> report.

1 4.58. As for the contextual information, the Secretariat shared that they have already send their  
2 comments to the IA. It was pointed out that one representative of the CSO commented that all  
3 additional information in the template should also be included in the contextual information. Some of  
4 these additional information are incentives, employment, company profile, beneficial owners as well as  
5 export and production volumes and values.

6  
7 4.59. According to the Secretariat, a summary of the scoping study on both small-scale mining and large  
8 scale non-metallic mining will also be included in the report. The Secretariat mentioned that they will  
9 send a narrative to the MSG next week.

10  
11 4.60. In addition, the Secretariat recalled that there was also a previous suggestion to include the  
12 documentation of the roadshows in the report since this will provide context on what is really  
13 happening at the local level.

14  
15 4.61. The draft documentation of the LGU roadshows will be circulated to the MSG members for  
16 approval. The Secretariat pointed out that a lot of contentious comments were included in the narrative  
17 since it is a documentation of the discussions during roadshows.

18  
19 4.62. The Secretariat noted that they will put a caveat in the report stating that the narrative is just a  
20 documentation of the opinions expressed during the roadshow and that the content cannot be cited as  
21 facts and does not reflect the position of the MSG.

22  
23 4.63. It was mentioned that a narrative on EIS will also be circulated to the body for approval and for  
24 inclusion in the 2<sup>nd</sup> report.

- 25  
26 • Procedure for approval:

27  
28 4.64. The IA stated that they will submit both the draft contextual information and reconciliation report  
29 on December 10, 2016. According to the IA, they will send the revised contextual report after  
30 incorporating all the comments of the MSG and once the format has already been refined.

31  
32 For the reconciliation report, the IA reiterated that they will still be waiting for additional information  
33 from participating entities and government agencies until Wednesday next week.

34  
35 4.65. The Chair noted that the approval of the report will be done through email.

36  
37 4.66. One MSG member clarified whether the items discussed in the contextual information of the first  
38 report will again be included in the 2<sup>nd</sup> report.

39  
40 4.67. The Secretariat responded that this matter needs to be decided with the technical writer of the IA.

1 According to the Secretariat, one option is to refer to the contextual information of the first report and  
2 just state the updates and the gaps from the previous report so that the IA does not have to rewrite the  
3 whole contextual information.

4  
5 4.68. The members of the MSG agreed with the suggestion of the Secretariat.

6  
7 4.69. According to the IA, some items in the contextual information last year were again included in the  
8 report because they are worried that the 2<sup>nd</sup> report might be taken in isolation with the first report  
9 during validation.

10  
11 4.70. The Secretariat responded that it should be categorically stated that the contextual information of  
12 the first report still forms part of the 2<sup>nd</sup> report. According to the Secretariat, the IA should just refer to  
13 where the contextual information of the first report can be downloaded.

14  
15 4.71. With regard to hard copies of the report, a CSO representative commented that since reports  
16 should be distributed in sets, the contextual information (volume 1) of the first report should again be  
17 reproduced and distributed together with the 2<sup>nd</sup> report.

18  
19 4.72. An industry representative proposed that only relevant sections of the contextual information be  
20 reproduced and not the whole volume 1 of the first report.

## 21 22 **5. Agencies' actions on recommendations from the first report**

23  
24 5.1. The Secretariat recalled that the MSG provided recommendations in the first report which were  
25 elevated to the MICC. The MICC then directed the agencies to come up with action plans on how to  
26 implement the recommendations.

27  
28 5.2. In relation to this, the Secretariat shared that the following government agencies have already  
29 submitted their action plans: MGB, DBM, BIR, NCIP, DILG, DOE and BLGF.

30  
31 However, the Secretariat is still waiting for the submissions from PPA, Bureau of Customs (BOC), BOI and  
32 Philippine Economic Zone Authority (PEZA).

33  
34 5.3. For the information of the MSG members, the Secretariat shared that the action plans are included  
35 in the meeting kits.

36  
37 5.4. The Secretariat commented that some of the action plans were not actually responsive to the  
38 recommendations of the MSG. Moving forward, the Secretariat then encouraged the government  
39 agencies to come up with more concrete action plans.

40  
41 5.5. The body was informed that the submitted action plans will be summarized and included in the 2<sup>nd</sup>  
42 report.

1 **6. Updates from the International Secretariat**

- 2
- 3 • Board election
- 4

5 6.1. The Secretariat shared that the deadline for the submission of nominees is on December 18, 2015.  
6 The body was informed that a letter endorsing Asst. Sec. Habitan as nominee to the EITI International  
7 Board was already sent to Secretary Purisima.

8

9 6.2. The Secretariat explained that once the names of the nominees have been finalized, the profile and  
10 basic information about the nominees will be circulated. The MSG from different countries are going to  
11 choose one full member and one alternate member. Whoever gets the highest vote will become the full  
12 member.

13

14 6.3. According to the Secretariat, election will be done per country on January 23, 2016. The national  
15 coordinator will cast the vote but the decision will come from the MSG.

- 16
- 17 • Validation
- 18

19 6.4. The Secretariat noted that the MSG has to prepare for the validation process which will commence  
20 in July 2016.

- 21
- 22 • Global conference
- 23

24 6.5. It was recalled that the MSG members previously agreed to join the contest on impact story.

25

26 The Secretariat shared that they will hire a consultant who will write the impact story and also come up  
27 with videos and materials that will be distributed during the conference.

28

29 **7. Other Matters**

- 30
- 31 • Annual financial report and budget for 2016
- 32

33 7.1. The Secretariat reported that for 2015, the total fund from DOF is Php 6.5 Million while the budget  
34 under MDTF Php 46.6 million. As of November 30, the implemented activities under DOF fund  
35 amounted to Php 4.2 million.

36

37 7.2. It was noted that only Php 12.3 million was disbursed under the MDTF. However, the Secretariat  
38 explained that bulk of the budget was already obligated, Php 27.7 million.

39

40 7.3. The Secretariat reiterated that the remaining funds under MDTF cannot be used to fund the  
41 activities next year since the grant will close on December 31, 2015.



1 7.4. As to the amount that have been obligated, it was noted that the Secretariat has until April 2016 to  
2 pay for these expenses. The only problem would be the contracts of the consultants that have not been  
3 executed.

4  
5 7.5. For next year, the Secretariat clarified that they have funds from DOF but the grant from World  
6 Bank might be delayed.

7  
8 7.6. Items that will be affected by the delay would be the participation of the MSG to the global  
9 conference in Lima, the national conference in February and the salaries of the national coordinator,  
10 outreach officer and the communications officer.

11  
12 7.7. One option that was raised was to assign someone within DOF to act as national coordinator while  
13 waiting for the funds and looking for a replacement. The Secretariat also mentioned that the national  
14 conference be moved to a later date.

15  
16 7.8. The Chair stated that while waiting for the grant, the outreach officer can be hired under DOF.

17  
18 7.9. The MSG members agreed to send a letter to Secretary Purisima signed by the CSO and industry  
19 representatives, expressing the concerns of the Secretariat and indicating the impact or consequence if  
20 the issues will not be addressed. The body agreed to send the letter by Monday.

21  
22 7.10. Another agreement was to send a letter to World Bank in order to address the funding gap  
23 concerns of the MSG.

24  
25 7.11. It was suggested that the salary of the national coordinator under the new grant of World Bank be  
26 changed to Assistant Secretary level.

27  
28 • MSG composition

29  
30 7.12. The Secretariat shared that Mr. Roldan Gonzales resigned as full CSO representative to the MSG.  
31 He will be replaced by Ms. Starjoan Villanueva.

32  
33 7.13. It was reiterated that a full MSG representative from non-members of COMP needs to appointed.

34  
35 • Proposed schedule for 2016

36  
37 7.14. The Secretariat shared that the proposed schedule of activities for 2016 is included in the meeting  
38 kits.

39  
40 **ADJOURNMENT**

41  
42 There being no other matters to discuss, the meeting was adjourned at 12:35 PM.

# STATUS OF SCANNING: SUPPORTING DOCUMENTS

## No DMPF documents:

1. Johson Gold Mining Corporation
2. Oceana Gold (Philippines), Inc.
3. Ore Asia Mining and Development Corp.
4. Rio Tuba Nickel Mining Corporation
5. Shenzhou Mining Group Corporation
6. Shuley Mine Incorporated

**15% of total  
companies**

## No 5-year SDMP:

1. Cambayas Mining Corporation
2. Hinatuan Mining Corporation
3. Rapu-Rapu Minerals, Inc.

**7% of total  
companies**

## No EPEP document:

1. AAM-PHIL Natural Resources Exploration and Development Corporation
2. Adnama Mining Resources Inc.
3. Berong Nickel Corporation
4. Cagdianao Mining Corporation
5. Filminera Resources Corporation
6. Johson Gold Mining Corporation
7. Lepanto Consolidated Mining Corporation
8. Marcventures Mining and Development Corp.
9. Ore Asia Mining and Development Corp.

## No EPEP document:

10. Platinum Group Metals Corporation
11. Rio Tuba Nickel Mining Corporation
12. Shenzhou Mining Group Corporation
13. Investwell Resources, Incorporated
14. Norweah Metals and Minerals Company, Inc.
15. Wellex Mining Corporation

**37% of total  
companies**

## No FMRDP document:

1. AAM-PHIL Natural Resources Exploration and Development Corporation
2. Adnama Mining Resources Inc.
3. Cagdianao Mining Corporation
4. Carmen Copper Corp.
5. Hinatuan Mining Corporation
6. Johson Gold Mining Corporation
7. Krominco, Inc.
8. Lepanto Consolidated Mining Corporation
9. Marcventures Mining and Development Corp.

## No FMRDP document:

10. Oceana Gold (Philippines), Inc.
11. Ore Asia Mining and Development Corp.
12. Oriental Synergy Mining Corporation
13. Platinum Group Metals Corporation
14. Rio Tuba Nickel Mining Corporation
15. Shenzhou Mining Group Corporation
16. Investwell Resources, Incorporated
17. Norweah Metals and Minerals Company, Inc.
18. Wellex Mining Corporation

**44% of total  
companies**



## No SDMP Monitoring Reports:

1. Berong Nickel Corporation
2. Leyte Iron Sand Mining Corporation

**5% of total  
companies**

\* The rest of the companies have SDMP reports but 1 or more quarterly reports are missing

## No MMT/ISHES monitoring reports:

1. Lepanto Consolidated Mining Corporation
2. Leyte Iron Sand Mining Corporation

**5% of total  
companies**

\* The rest of the companies have MMT reports but 1 or more quarterly reports are missing

## No MRFC monitoring reports:

1. AAM-PHIL Natural Resources Exploration and Development Corporation
2. Filminera Resources Corporation
3. Johson Gold Mining Corporation
4. Rapu-Rapu Minerals, Inc.
5. Shuley Mine Incorporated
6. SinoSteel Phils. H.Y. Mining Corporation
7. Investwell Resources, Incorporated
8. Norweah Metals and Minerals Company, Inc.

**20% of total  
companies**

\* The rest of the companies have MRFC reports but 1 or more quarterly reports are missing

## No MWTF reports:

1. AAM-PHIL Natural Resources Exploration and Development Corporation
2. Berong Nickel Corporation
3. Carrascal Nickel Corporation
4. Citinickel Mines and Development Corporation
5. Greenstone Resources Corporation
6. Leyte Iron Sand Mining Corporation
7. Mt. Sinai Mining Exploration and Development Corporation
8. Oriental Synergy Mining Corporation
9. Philsaga Mining Corporation
10. Rio Tuba Nickel Mining Corporation
11. Shenzhou Mining Group Corporation
12. Investwell Resources, Incorporated
13. Norweah Metals and Minerals Company, Inc.
14. Wellex Mining Corporation

**34% of total  
companies**

\* The rest of the companies have MWTF reports but 1 or more quarterly reports are missing

## No EIA reports:

1. Adnama Mining Resources Inc.
2. Cambayas Mining Corporation
3. Carmen Copper Corp.
4. Johson Gold Mining Corporation
5. Krominco, Inc.
6. Lepanto Consolidated Mining Corporation
7. Mt. Sinai Mining Exploration and Development Corporation
8. Philex Mining Corporation
9. Rapu-Rapu Minerals, Inc.
10. Shuley Mine Incorporated
11. SR Metals, Inc.
12. Investwell Resources, Incorporated

**29% of total  
companies**



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# *Elevating Transparency*

PH - EITI

MSG Meeting

04 December 2015

*Isla Lipana & Co/  
PwC*



**pwc**

# *Contents*



- 1** Scope and materiality
- 2** Reconciliation results
- 3** Malampaya fund
- 4** Share in national wealth
- 5** Recommendations



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# *1. Scope and materiality*

## 1. Scope and materiality - Mining Companies (above Php1B revenues)

Company name	2013 revenue (in Php '000)	% to total original scope
Carmen Copper Corporation	13,583,950	15.22%
Philex Mining Corporation	10,243,407	11.48%
Oceana Gold Inc.	8,466,400	9.49%
Krominco Inc.	7,434,107	8.33%
Carrascal Nickel Corporation	4,408,217	4.94%
Platinum Group Metals Corporation	3,759,984	4.21%
Hinatuan Mining Corporation	3,438,856	3.85%
Rio Tuba Nickel Mining Corporation	3,189,634	3.57%
Taganito Mining Corporation	3,109,101	3.48%
SR Metals, Incorporated	2,596,409	2.91%
Marcventures Mining and Development	2,516,601	2.82%
TVI Resources Development Philippines, Inc.	2,389,331	2.68%
Lepanto Consolidated Mining Company	2,025,213	2.27%
Adnama Mining Resources Incorporated	1,781,413	2.00%
Apex Mining Company Inc.	1,735,841	1.95%
Eramen Minerals, Inc.	1,635,756	1.83%
Filminera Resources Corporation	1,480,635	1.66%
Rapu-Rapu Minerals, Inc.	1,399,693	1.57%
Benguet Nickel Mines, Inc.	1,289,326	1.44%
Greenstone Resources Corporation	1,234,982	1.38%
CTP Construction and Mining Corporation	2,070,323	2.32%
SR Languyan	1,239,321	1.39%
Citnickel Mines and Development Corporation	1,623,658	1.82%

- *In-scope entities with revenues **above Php 1B** in 2013 is **93%** of the total in-scope or **23 out of 48 entities**, with total revenues of **Php82.652 billion***
- *Out of the 23 entities, **-20** will participate, equivalent to **87%**, with total revenues of **Php77.719 billion***
- ***-3** will not participate, equivalent to **6%**, with total revenues of **Php4.933 billion***

## 1. Scope and materiality - Mining Companies (less than P1B revenues)

Company name	2013 revenue (in Php '000)	% to total industry
LNL Archipelago Minerals Incorporated	988,295	1.11%
Cagdianao Mining Corporation	737,905	0.83%
AAM-PHIL Natural Resources Exploration and Development Corp.	691,706	0.78%
Philsaga Mining Corporation	510,843	0.57%
Shuley Mine Incorporated	437,022	0.49%
Ore Asia Mining and Development Corporation	251,117	0.28%
Sinosteel Phils. H. Y. Mining Corporation	169,626	0.19%
Philippine Mining Development Corporation	133,044	0.15%
Leyte Iron Sand Corporation	49,753	0.06%
Pacific Nickel Phils., Inc.	33,780	0.04%
Johson Gold Mining Corporation	-	0.00%
Berong Nickel Corporation	859,633	0.96%
Wellex Mining Corporation	471,227	0.53%
Shenzhou Mining Group Corporation	294,944	0.33%
Oriental Synergy Mining Corporation	283,557	0.32%
Zambales Diversified Metals Corporation	267,846	0.30%
Cambayas Mining Corporation	163,888	0.18%
Century Peak	69,118	0.08%
Investwell Resources, Incorporated	64,612	0.07%
Norweah Metals and Minerals Company	44,632	0.05%
Strong Built (Mining) Development	35,460	0.04%
Mt. Sinai Mining Exploration and Development Corporation	22,862	0.03%

- Other entities with revenues **below Php 1B** in 2013 is **7%** of the original in-scope or **25 out of 48 entities**, with total revenues of **Php6.581 billion**
- Out of the 25 entities, **-11** will participate, equivalent to **4%** with total revenues of **Php4.003 billion**  
**-11** will not participate, equivalent to **3%** with total revenues of **Php2.578 billion**  
**-3** will not participate with no revenues in 2013

## 1. Scope and materiality – Oil & Gas Companies

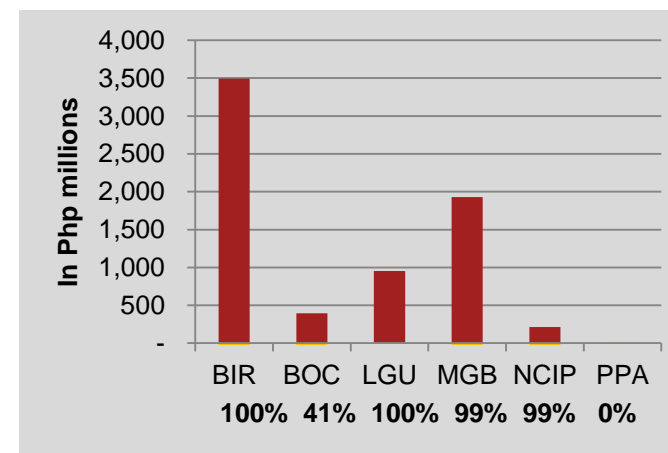
Company name	2013 revenue (in Php '000)	% to total industry
Chevron Malampaya LLC	26,880,372	42.27%
Shell Philippines Exploration B.V.	25,143,983	39.54%
PNOC - Exploration Corporation	6,451,523	10.15%
Galoc Production Company	3,392,630	5.33%
Nido Production Galoc	66,276	0.10%
The Philodrill Corporation	725,541	1.14%
Oriental Petroleum & Minerals Corp.	671,725	1.06%
Forum Energy Philippines Corp.	181,641	0.29%
TransAsia Oil & Energy Devt. Corp.	75,902	0.12%
Alcorn Gold Resources Corp.	2,699	0.00%
Nido Petroleum Phils. Pty. Ltd.	-	0.00%
Forum Pacific Inc.	-	0.00%

- *In-scope entities with revenues **above Php 1B** in 2013 is **97%** of the original in-scope or **4 out of 12 entities**, with total revenues of **Php61.869 billion***
- *Out of the other 8 entities,  
-1 will participate, equivalent to **0.10%** (**Php66.276 million**)  
-5 will not participate, equivalent to **3%** (**Php1.658 billion**)  
-2 will not participate with no revenues in 2013*

## 1. Scope and materiality - Revenue streams/ Payments (Mining)

Revenue stream	Government agency	Amount (in Php)
Corporate income tax	BIR	1,486,584,234
Excise tax on minerals	BIR	189,591,000
Royalty in mineral reservation	MGB	1,472,946,681
VAT on imported materials and equipment	BOC	223,236,942
Local business tax	LGU	144,209,250
Withholding tax - Foreign shareholder dividends	BIR	775,470,991
Customs duties	BOC	800,896,931
Withholding tax - Royalties to claim owners	BIR	214,978,164
Real property tax - Special Education Fund (SEF)	LGU	104,211,099
Real property tax - Basic	LGU	28,530,647
Other payments	Government agency	Amount (in Php)
Royalty for IPs	NCIP	214,978,164
Other payments	Government agency	Amount (in Php)
Others (e.g. penalties, fines, etc.)	MGB	1,034,745,541

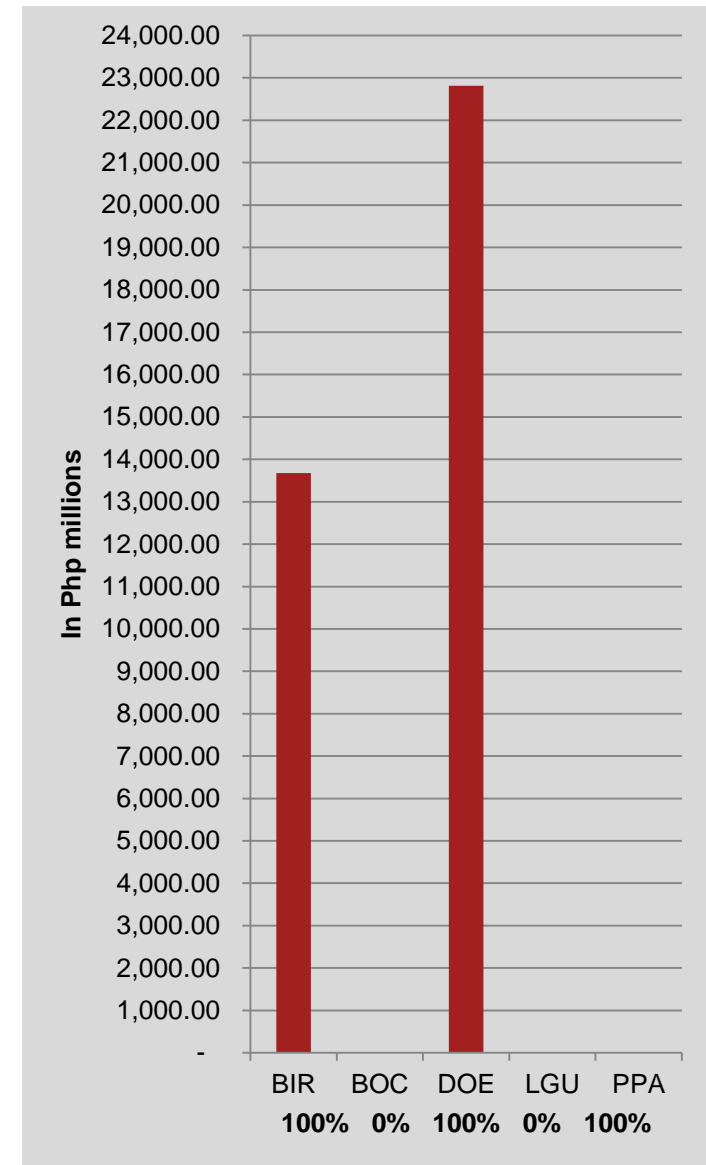
Our scoping covers **97%** of the total payments from participating mining entities.



## 1. Scope and materiality - Revenue streams (Oil and Gas)

Revenue stream	Government agency	Amount (in Php)
Corporate income tax	BIR	10,537,734,359
Government share from oil and gas production	BIR	22,817,838,988
Withholding tax - Profit remittance to principal	DOE	3,139,363,122

Our scoping covers **99.96%** of the total payments from participating oil and gas entities.



## 1. Scope and materiality - Funds (Mining)

Revenue stream	Amount (in Php)
Rehabilitation Cash Fund - Actual Expenditure	-
Monitoring Trust Fund - Actual Expenditure	14,905,701
Environmental Trust Fund - Actual Expenditure	840
Final Mine Rehabilitation and/or Decommissioning Fund - Actual Expenditure	800,760
Mine wastes & Tailing fees	136,321
Annual EPEP	2,161,788,157
Social Development & Management (host and neighboring communities)	586,874,337
Mining Technology and Geosciences advancement	59,539,432
Information, Education & Communication (IEC)	87,524,716
Safety and Health Programs	135,184,214
	<b>3,046,754,478</b>

We have covered **100%** of the funds for mining entities.

---

## ***2. Reconciliation results***



## 2. Reconciliation results (Mining) - BIR

	Corporate income tax	Withholding tax - Foreign shareholder dividends	Excise tax on minerals	Withholding tax - royalties to claim owners
AMOUNT* (Per entity)	1,564.70	189.59	1,606.19	134.37
AMOUNT* (Per government)	1,657.34	50.40	1,209.24	98.68
VARIANCE* (Pre-recon amount)	(92.64)	139.19	396.96	35.69
VARIANCE (Pre-recon %)	-6%	73%	25%	27%
RECONCILED AMOUNT*	1,549.92	189.59	1,485.41	130.63
VARIANCE* (Post-recon amount)	25.76	-	72.83	(12.31)
VARIANCE (Post-recon %)	2%	0%	5%	-9%
Count of entities with unreconciled variance	2	N/A	1	2

\*Amounts are presented in Php millions.

### Common source of variance:

Absence of detailed schedule supporting the reporting template provided by either the participating entity or government agency

## 2. Reconciliation results (Mining) - LGU

	Local business tax	Real property tax - Special Education Fund (SEF)	Real property tax - Basic
AMOUNT* (Per entity)	260.48	38.94	95.10
AMOUNT* (Per government)	300.96	35.55	43.46
VARIANCE* (Pre-recon amount)	(40.47)	3.40	51.64
VARIANCE (Pre-recon %)	-16%	9%	54%
RECONCILED AMOUNT*	233.74	48.08	78.81
VARIANCE* (Post-recon amount)	40.88	(0.01)	2.96
VARIANCE (Post-recon %)	17%	0%	4%
Count of entities with unreconciled variance	4	1	4

\*Amounts are presented in Php millions.

### Common source of variance:

Absence of detailed schedule supporting the reporting template provided by either the participating entity or government agency

## 2. Reconciliation results (Mining) - BOC

	Customs duties VAT on imported materials and equipment	VAT on imported materials and equipment
AMOUNT* (Per entity)	159.61	794.53
AMOUNT* (Per government)	147.76	842.90
VARIANCE* (Pre-recon amount)	11.86	(48.37)
VARIANCE (Pre-recon %)	7%	-6%
RECONCILED AMOUNT*	125.00	704.46
VARIANCE* (Post-recon amount)	9.79	(17.40)
VARIANCE (Post-recon %)	8%	-2%
Count of entities with unreconciled variance	3	3

### Common source of variance:

Absence of detailed schedule supporting the reporting template provided by either the participating entity or government agency

\*Amounts are presented in Php millions.

## 2. Reconciliation results (Mining) - MGB

	Royalty on mineral reservation
AMOUNT* (Per entity)	894.91
AMOUNT* (Per government)	1,006.93
VARIANCE* (Pre-recon amount)	(112.02)
VARIANCE (Pre-recon %)	(13%)
RECONCILED AMOUNT*	896.81
VARIANCE* (Post-recon amount)	(89.54)
VARIANCE (Post-recon %)	(10%)
Count of entities with unreconciled variance	1

### Common source of variance:

Absence of detailed schedule supporting the reporting template provided by either the participating entity or government agency

\*Amounts are presented in Php millions.

## 2. Reconciliation results (Mining) - NCIP

	Royalty on IPs
AMOUNT* (Per entity)	214.98
AMOUNT* (Per government)	70.52
VARIANCE* (Pre-recon amount)	144.46
VARIANCE (Pre-recon %)	67%
RECONCILED AMOUNT*	149.68
VARIANCE* (Post-recon amount)	53.83
VARIANCE (Post-recon %)	36%
Count of entities with unreconciled variance	2

### Common source of variance:

Absence of detailed schedule supporting the reporting template provided by either the participating entity or government agency

\*Amounts are presented in Php millions.

## 2. Reconciliation results (Mining) - Funds (SDMP)

	Rehab Cash Fund	Monitoring Trust Fund	SDMP	MTG	IEC
AMOUNT* (Per entity)	-	14,095.09	559.46	55.37	84.21
AMOUNT* (Per government)	-	9,414.37	333.17	24.50	48.57
VARIANCE* (Pre-recon amount)	-	4,680.72	226.29	30.87	35.64
VARIANCE (Pre-recon %)	N/A	33%	40%	56%	42%
RECONCILED AMOUNT*	-	7,113.32	319.44	25.24	47.94
VARIANCE* (Post-recon amount)	-	6,728.91	50.63	4.58	6.79
VARIANCE (Post-recon %)	N/A	48%	9%	8%	8%
Count of entities with unreconciled variance	N/A	4	6	5	5

### Common source of variance:

Absence of detailed schedule supporting the reporting template provided by either the participating entity or government agency

\*Amounts are presented in Php thousands.

## 2. Reconciliation results (Mining) - Funds (EPEP and others)

	Environmental Trust Fund	Final Mine Rehabilitation and/or Decommissioning Fund	Mine wastes & Tailing fees	Annual EPEP	Safety and Health Programs
AMOUNT* (Per entity)	0.84	800.76	136.32	2,108.70	121.45
AMOUNT* (Per government)	-	-	-	1,101.70	141.02
VARIANCE* (Pre-recon amount)	0.84	800.76	136.32	1,006.99	(19.57)
VARIANCE (Pre-recon %)	100%	100%	100%	48%	-16%
RECONCILED AMOUNT*	0.25	-	-	2,069.04	45.20
VARIANCE* (Post-recon amount)	0.59	800.76	136.32	85.10	(31.18)
VARIANCE (Post-recon %)	70%	100%	100%	4%	-26%
Count of entities with unreconciled variance	2	1	3	6	18

### Common source of variance:

Absence of detailed schedule supporting the reporting template provided by either the participating entity or government agency

## 2. Reconciliation results (Oil and Gas) - BIR

	Corporate income tax	Withholding tax - Profit remittance to principal
AMOUNT* (Per entity)	10,537.73	3,139.36
AMOUNT* (Per government)	10,008.18	3,417.98
VARIANCE* (Pre-recon amount)	529.55	(278.61)
VARIANCE (Pre-recon %)	5%	(9%)
RECONCILED AMOUNT*	10,465.09	3,139.36
VARIANCE* (Post-recon amount)	72.64	-
VARIANCE (Post-recon %)	1%	0%
Count of entities with unreconciled variance	1	1

### Common source of variance:

Absence of detailed schedule supporting the reporting template provided by either the participating entity or government agency



## 2. Reconciliation results (Oil and Gas) - DOE

	Government share from oil and gas production
AMOUNT* (Per entity)	22,817.84
AMOUNT* (Per government)	22,801.67
VARIANCE* (Pre-recon amount)	16.17
VARIANCE (Pre-recon %)	0%
RECONCILED AMOUNT*	22,247.98
VARIANCE* (Post-recon amount)	(89.82)
VARIANCE (Post-recon %)	0%
Count of entities with unreconciled variance	1

### Common source of variance:

- Absence of detailed schedule supporting the reporting template provided by either the participating entity or government agency

\*Amounts are presented in Php millions.

## 2. Reconciliation results (Mining) – entities below Php1 billion

	BIR	LGU	BOC	MGB	NCIP
AMOUNT* (Per entity)	241,512.18	58,133.34	34,467.12	94,012.61	-
AMOUNT* (Per government)	55,024.02	50,282.00	33,212.64	92,415.64	-
VARIANCE* (Pre-recon amount)	186,488.16	7,851.33	1,254.48	1,596.98	-
VARIANCE (Pre-recon %)	77%	14%	4%	2%	N/A
RECONCILED AMOUNT*	146,126.77	59,100.04	6,245.05	94,012.61	-
VARIANCE* (Post-recon amount)	64,869.00	819.26	1,254.48	-	-
VARIANCE (Post-recon %)	44%	1%	20%	0%	N/A

\*Amounts are presented in Php thousands.

### Common source of variance:

Absence of detailed schedule supporting the reporting template provided by either the participating entity or government agency

## 2. Reconciliation results (Mining) - coal

	Government agency	Amount (in Php millions)	Remarks
Government share in production - 2013	DOE	1,304.96	
Real property tax	LGU	6.67	
Corporate income tax	BIR	131.45	From 2013 AFS
Branch profit remittance tax	BIR	-	No waiver

\*Amounts are presented in Php thousands.

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## *3. Malampaya fund*

### ***3. Malampaya fund***

Details of the projects funded by the Malampaya Fund for 2012 and 2013

Year	Implementing Agency	Project	Amount
2012	Department of National Defense	Weather High Endurance Class Cutter and training of Navy personnel	880,615,176
2012	National Electrification Administration	Sitio Electrification Program and Barangay Line Enhancement Program	1,108,245,890
2013	National Electrification Administration	Fund for Mindanao Modular Generator Sets	4,500,000,000
2013	Department of National Defense	RADAR and hull repainting of superstructure, including training of personnel and annual operating costs	335,096,962
<b>Balance of the Malampaya Fund</b>			
As at December 31, 2012			118,082,014,693
As at December 31, 2013			138,979,012,118
As at December 31, 2014			161,259,798,891

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## *4. Share in national wealth*

## 4. Share in national wealth

	Excise taxes on mining	Royalties from mineral reservation	Utilization of hydroelectric
Amount per LGU	275,669	102,982	31,732
Amount per DBM	361,326	323,157	-
VARIANCE* (Pre-recon amount)	(85,882)	(226,272)	31,372
VARIANCE (Pre-recon %)	-31%	-234%	100%
RECONCILED AMOUNT*	-	-	-

\*Amounts are presented in Php thousands.

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# *5. Recommendations*



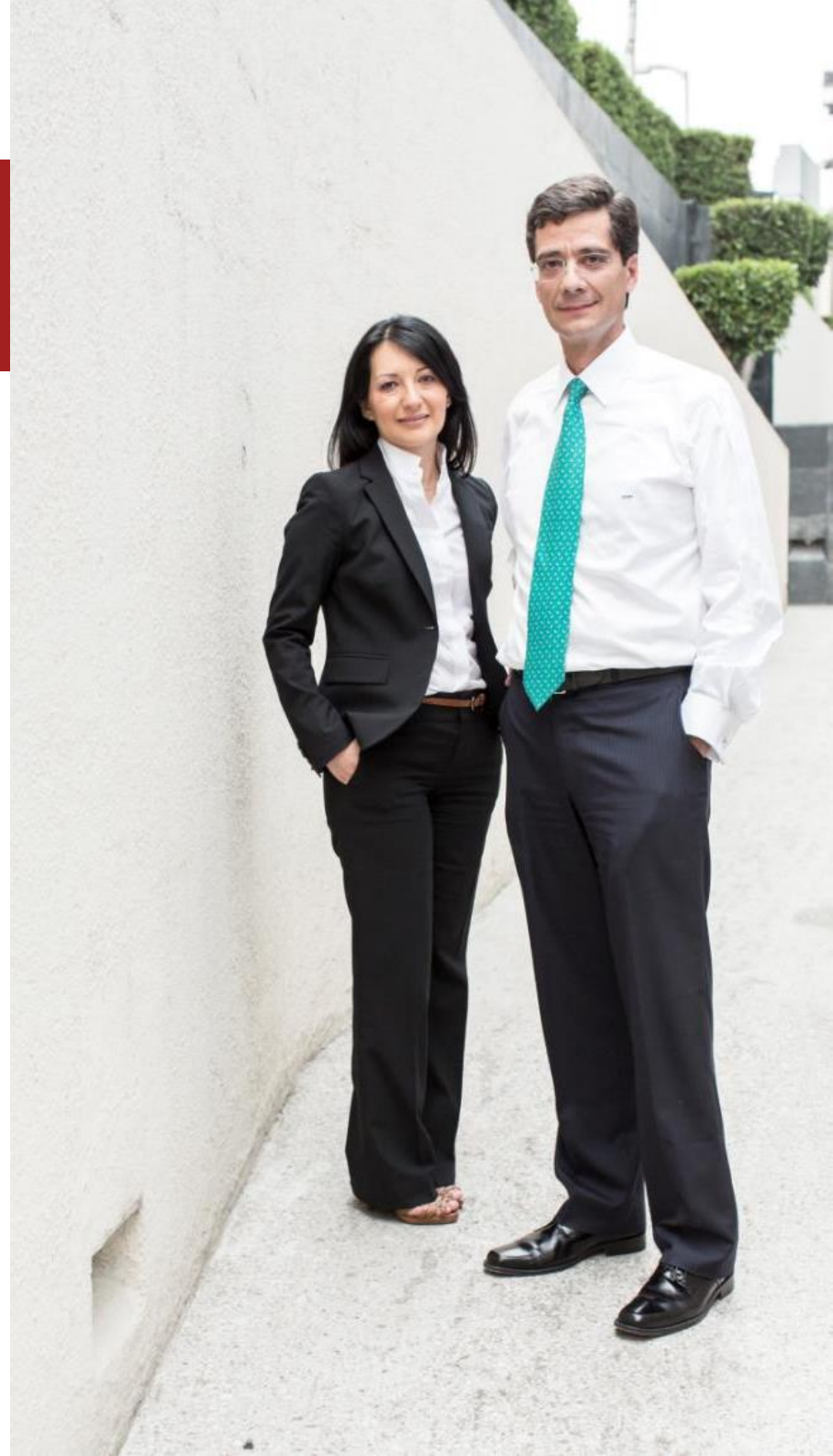
## 5. Recommendations

Area	Recommendation
BOC	Consolidate and monitor payments made in the mining sites in a centralized database for ease of retrieval
DBM/LGU	Inform all LGUs of their share in national wealth, including the computation of such
LGU	Implement monitoring of projects and improvements donated/provided by mining companies
LGU	Consider setting aside revenues collected from mining companies towards the development of the communities affected by extractive activities
MGB/NCIP	Conduct further workshops and guidance forums between participating entities, government agencies and other involved parties with respect to the requirements of the EITI program/templates.

## 5. Recommendations

Area	Recommendation
MGB	Implement a formal monitoring mechanism/tool to verify actual implementation of the SDMP 5 year plan (i.e. unspent funds, back logs, etc.)
MGB	Standardize reports submitted to the Head Office to ensure consistency and completeness of information for monitoring purposes.
MGB	Implement stricter compliance and monitoring measures in terms of the required reporting from the Regional Offices to the Head Office (i.e. AEPEP, SDMP, SHP, etc.). Enforce active collaboration between the regional offices and HO in terms of reporting/communication.
Government/ MGB	Consider additional manpower requirements to compensate for the increasing level of license applications received by the department including extensive monitoring of the status of all license applications.
DOE	Consider implementing procedures to collect and monitor employment data (i.e. number of employees) of the companies in the oil and gas industry
DOE	Consider the development of fixed timeline in awarding contracts to qualified applicants during PECR

*Questions?*



***Thank you!***

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