

1 **PH-EITI 33rd MSG MEETING**
2 **9:00 AM- 12:00 PM | June 3, 2016**
3 **Waling-Waling Room, Orchid Garden Suites**
4 **Pablo Ocampo Street, Manila**
5
6

7 **Attendees:**
8

9	Dir. Elsa P. Agustin	Department of Finance (DOF)
10	Febe J. Lim	DOF
11	Engr. Romualdo D. Aguilos	Mines and Geosciences Bureau—Department of
12		Environment and Natural Resources (MGB-DENR)
13	Jean Centeno	Philippines Poverty-Environment Initiative (PPEI)/
14		Department of the Interior of Local Government (DILG)
15	ACIR. Nestor S. Valeroso	Bureau of Internal Revenue (BIR)
16	Dir. Teresita M. Angeles	BIR
17	Yolanda Luna	BIR
18	Genixon David	Union of Local Authorities of the Philippines (ULAP)
19	Atty. Ronald Rex S. Recidoro	Chamber of Mines of the Philippines (COMP)
20	Sebastian C. Quiniones Jr.	Petroleum Association of the Philippines (PAP)/ Shell
21		Exploration BV
22	Anthony Ferrer	Galoc Production Company/ Nido Production (Galoc)
23	Dr. Merian C. Mani	Marinduque State College
24	Gina Tumlos	Bantay Kita
25	Starjoan D. Villanueva	Alternate Forum for Research in Mindanao (AFRIM)
26	Chadwick G. Llanos	Cebu Alliance for Safe and Sustainable Development
27		(CASSE)
28	Jose Melvin Lamanilao	Independent Consultant
29	Engr. Maria Rosa Aynon A. Gonzales	Center for Strategic Policy and Governance- Palawan
30		State University
31	Atty. Golda S. Benjamin	Siliman University
32	Buenaventura M. Maata Jr.	Philippine Grassroots Engagement in Rural
33		Development Foundation, Inc. (PhilGrassroots-ERDF)
34	Atty. Maria Karla L. Espinosa	Secretariat
35	Abigail D. Ocate	Secretariat
36	Mary Ann D. Rodolfo	Secretariat
37	Joylin A. Saquing	Secretariat
38	Marikit J. Soliman	Secretariat
39	Angelita P. Galano	Secretariat
40	Roselyn A. Salagan	Secretariat

1 Ryan A. Dael Secretariat
2 Katherine Denise M. Domingo Secretariat
3 Rhea Mae G. Bagacay Secretariat
4 Jaime Miguel Secretariat
5 Genesis Surio Secretariat
6 Trisha Annika E. Delos Reyes Secretariat

7

8 RESOURCE PERSON:

9

10 Atty. Brenda Jay Mendoza PH-EITI Consultant

11

12

13 AGENDA:

- 14 • Minutes of the 32nd MSG meeting
- 15 • Welcoming new members
- 16 • Matters arising from previous MSG meetings
- 17 • Scoping study on large-scale non-metallic mining
- 18 • 2016 LGU roadshow program
- 19 • Report analysis workshop
- 20 • Comments on reporting template
- 21 • PH-EITI Validation: Comments on TOR of Validator
- 22 • Other matters

23

24

25 **1. Call to Order**

26

27 1.1. The Philippine Extractive Industries Transparency Initiative (PH-EITI) Multi-Stakeholder Group (MSG)
28 meeting was called to order at 9:15 AM.

29

30 1.2. The proposed agenda was presented and a Civil Society Organization (CSO) representative
31 suggested rearranging some of the presentations for a more logical sequence. It was subsequently
32 approved by the body.

33

34 **2. Welcoming new members**

35

36 2.1. The body welcomed five new members of the MSG. Four new members are from the CSOs and one
37 new member from the industry sector. The new members introduced themselves and the other
38 attendees did as well.

39

1 **3. Minutes of the 32nd MSG meeting**
2

3 3.1. The Secretariat distributed the minutes of the 32nd MSG meeting a day before the 33rd MSG
4 Meeting. As such, the Chair said that the MSG may review and comment on the minutes for a week.
5

6 **4. Matters arising from previous MSG meetings**
7

8 4.1. *Offer of Timor Leste to conduct a training for the PH-EITI MSG on the Petroleum Fund process:* The
9 Secretariat mentioned that it was already taken up in the past MSG meeting that the Natural Resource
10 Governance Institute (NRGI) has a complete module on the Sovereign Wealth Fund (SWF). It was also
11 suggested in the said meeting that a scoping study on SWF in the Philippine context should first be
12 conducted as a precursor to the training. However, the body has not decided on this matter.
13

14 4.2. An industry representative mentioned that there is already a process in place for a SWF in the
15 Philippines, which is mostly from Malampaya. What is needed is guidance on how to use the fund and
16 this requires congressional action. The representative suggests to close the matter and just task the
17 Secretariat to make a proposal to Congress.
18

19 4.3. A CSO representative mentioned whether there is a training or a scoping study, the end result
20 would be policy reform.
21

22 4.4. An industry representative stated that better understanding of the SWF is worth pursuing. How the
23 fund is implemented in other countries should also be studied, and how it can be adopted to Philippine
24 conditions.
25

26 4.5. A representative of the Petroleum Association of the Philippines (PAP) mentioned that they can ask
27 their lawyers to make a presentation on SWF for the MSG. This way there is no need to hire another
28 consultant to do a scoping study.
29

30 4.6 A CSO representative agreed to use local resources so as not to entail too much cost. After the
31 presentation, the body can then decide if a scoping study is still needed.
32

33 4.7. Another CSO representative suggested that the presentation on the SWF should include how it is
34 different from the Malampaya fund. It could also include a comparison between the SWF laws in Timor
35 Leste, Norway, and the Malampaya fund policy in the Philippines.
36

37 4.8. The Chair summarized the discussion stating the agreement that the industry sector will invite local
38 experts to present on SWF, which will happen in the next two months.
39

40 4.9. *Secretariat Institutionalization:* The Secretariat shared that the idea behind the institutionalization
41 was to make PH-EITI a permanent or organic office of the Department of Finance (DOF). The Secretariat

1 also shared that the matter has been included in the bigger rationalization plan of DOF submitted to the
2 Department of Budget and Management (DBM).

3
4 4.10. The Chair added that there was an effort from the DOF to restructure to a flat organization but the
5 DOF cannot create a new office without the rationalization plan approved by DBM. The Chair also
6 mentioned that the plan has been with the DBM for quite some time but because of the incoming
7 administration, the entire process needs to be repeated.

8
9 4.11. *Draft EITI bill:* The Secretariat shared that the intention of drafting the EITI Bill was to make EITI a
10 permanent institution. It was mentioned that the bigger idea is transparency in the extractives industry.

11
12 4.12. The same representative mentioned that a Technical Working Group (TWG) was convened last
13 April to discuss the elements of the draft EITI Bill. The TWG discussed the possible elements of the law,
14 referring to a model bill which is the Nigerian EITI Act of 2007; it was a study of which provisions will
15 work for the Philippine context and which will not.

16
17 4.13. During the meeting, the TWG also proposed the hiring of a consultant to provide expertise and
18 come up with a holistic bill that will not only seek to install EITI within the Philippine bureaucracy but
19 also to tackle the bigger subject of transparency in extractives. It was agreed during the TWG meeting
20 that there is a need to hire a consultant since there are numerous aspects to this subject.

21
22 4.14. The Secretariat mentioned that the consensus of the body is needed to move forward to drafting
23 the Terms of Reference for the consultant and hiring of the consultant for this purpose.

24
25 4.15. A CSO representative questioned the necessity to pass the EITI bill since the procedures and
26 processes of PH-EITI are legal and all its member agencies recognize the institution. The same
27 representative asked what is the disadvantage of operating within the current agreed upon conditions.

28
29 4.16. Another CSO representative answered that without the Freedom of Information (FOI) Bill, all the
30 processes of the institution are more of voluntary rather than mandatory. In relation to PH-EITI,
31 companies are not mandated to participate in the process.

32
33 It was also mentioned that it depends on the new administration if transparency will be a priority or not.

34
35 4.17. A different CSO representative stated the sustainability of EITI is another advantage of having a
36 law. Security of tenure for the Secretariat is crucial; the law will also assure that different sectors will
37 abide by the EITI process, as mentioned earlier.

38
39 4.18. Another CSO representative mentioned that the Philippines has also raised the standards in the
40 international level. PH-EITI went beyond the EITI Standard and this momentum has to be continued.
41 However, there are issues of sustainability in International EITI as well, so it is important that
42 implementing countries will be able to continue good governance.

1 4.19. The Chair highlighted that transparency really has no down side. According to the Chair, there has
2 to be a law to make EITI permanent and not rely on the whim of the administration.
3

4 4.20. A CSO representative mentioned that the MSG should be proactive in ensuring that PH-EITI will
5 continue after July 1. It was mentioned that having a bill is the long term advocacy of the MSG.
6

7 4.21. According to the Chair, information about the accomplishments of EITI have been forwarded to the
8 transition team of the incoming Secretary of Finance. However, it was mentioned that transition team is
9 more interested on the comprehensive tax reform program.
10

11 It was then suggested that the MSG set a meeting with the transition team of the incoming Secretary to
12 explain the purpose of EITI.
13

14 4.22. The Chair asked the Secretariat to draft a letter addressed to Undersecretary Recente, asking for
15 an appointment with the incoming Secretary of Finance.
16

17 4.23. *Selection process for MSG members:* The Secretariat shared that all of the three sectors
18 represented in the MSG have their own selection process. The CSOs and the industry sectors have
19 already submitted their guidelines for selection. As for the government, it was mentioned that the
20 Department of Interior and Local Government (DILG) and Union of Local Authorities of the Philippines
21 (ULAP) have already approved the selection process drafted by DOF.
22

23 4.24. The Secretariat mentioned that while the Mines and Geosciences Bureau (MGB) also approved the
24 selection process already, the DOF is still waiting for the formal letter signed by the MGB Director. On
25 the other hand, it was noted that the approval from the Department of Energy (DOE) is still pending.
26

27 4.25. The Secretariat mentioned that they will be following up with the DOE.
28

29 4.26. *Proposed Amendment of the Local Government Code (LGC):* The Secretariat recalled that there was
30 an earlier TWG meeting convened for this and the agenda was to draft the TOR for the consultant to be
31 hired. The Secretariat recalled that during the last MSG meeting, Director Bonagua of the DILG shared
32 that DILG have already conducted a study on this matter and that the body during the said meeting
33 agreed that the consultant to be hired should not develop or make a completely new study but instead,
34 the consultant should just analyze the results of the DILG study. It was mentioned that the consultant
35 should make a study on how the PH-EITI Report and the EITI process can contribute to the DILG agenda.
36

37 4.27. The Secretariat also mentioned that Director Bonagua was supposed to present the results of the
38 study, but there has been a conflict with the schedule of the MSG meeting.
39

40 4.28. A DILG representative stated that Director Bonagaua will be ready to present their study in the
41 next MSG meeting.

1 4.29. *MGB regional directors should be convened*: The MGB representative shared that they have
2 scheduled an expanded meeting with the regional directors on June 21 and the Secretariat will be given
3 two hours to discuss EITI.
4

5 4.30. *Non-metallic Mining Associations*: It was reported that the pending action for this matter is for the
6 Secretariat to make an invitation list of non-metallic mining firms. The Secretariat mentioned that they
7 need to conduct an outreach activity to brief these companies on what is EITI and to present the
8 findings of the 2nd Report.
9

10 The Secretariat noted that a presentation on the scoping study on non-metallic mining sector in the
11 Philippines will be given by Atty. Brenda Jay Angeles as part of the main business.
12

13 4.31. The Secretariat noted that there are two issues on this matter; first is the pending question on
14 whether to include Large-Scale Non-Metallic (LSNM) mining in the 2016 Country Report or not and the
15 other is the engagement with non-metallic mining associations.
16

17 4.32. The Secretariat clarified that the proposal to engage the non-metallic mining associations was
18 independent of the decision on whether to include LSNM sector. According to the Secretariat, they have
19 started the engagement with the LSNM sector by inviting them to participate in the National Conference
20 last February 16, 2016. It was shared that the Cement Manufacturers' Association of the Philippines
21 (CEMAP) attended the said event.
22

23 4.33. *Local Government Units (LGU) roadshow*: The Secretariat shared that a draft concept and program
24 has been prepared for the MSG's consideration. The Secretariat mentioned that a presentation will be
25 made as part of the main business.
26

27 4.34. *Updates on the process of downloading of LGU shares*: The Secretariat reported that DBM, through
28 Undersecretary Janet Abuel, submitted a letter providing updates on the implementation of their action
29 plan to expedite and revise the process for downloading of LGU shares.
30

31 4.35. According to the Secretariat, DBM expressed in the letter that they have informed the collecting
32 government agencies to reflect the information required by PH-EITI in their certifications.
33

34 4.36. The Secretariat shared that the DBM has informed the Mining Industry Coordinating Council
35 (MICC) that because of the new setup under the 2016 General Appropriations Act (GAA), the shares of
36 LGUs are already directly released by the Bureau of Treasury (BTr) to the beneficiary LGUs. The
37 Secretariat noted that the DBM already advised the BTr to provide the disaggregated information
38 required by EITI in the Notice of Authority to Debit Account Issued (NADAI) being released to LGUs.
39

40 4.37. An industry representative inquired if there was a DBM-issued memorandum order formalizing the
41 direct download of LGU shares from the BTr.

1 4.38. The Secretariat responded that although there was no official memo to the BTr, DBM has
2 expressed its commitment to PH-EITI.
3

4 4.39. In response to the question raised by an industry representative, the Chair suggested that the
5 Secretariat confirms with DBM what instrument would be needed to institutionalize the direct
6 download of LGU shares by BTr.
7

8 4.40. A CSO representative asked whether the reported updates on the downloading of LGU shares are
9 published in the 1st PH-EITI Report. The same representative indicated that there is a flowchart in the 1st
10 Report regarding the release of the LGU shares.
11

12 4.41. The Secretariat clarified that the reported updates on the downloading of LGU shares is a revision
13 of the process discussed in the 1st Report. According to the Secretariat, this is an offshoot of the EITI
14 process since the engagement with LGUs during the 2015 roadshows revealed that the delay in the
15 release of LGU shares is an issue.
16

17 4.42. *Revenue management at the local level:* The Secretariat reported that the action required
18 regarding this matter is to conduct a training for Local Chief Executives on revenue management and
19 coordination with the Local Government Academy (LGA) and National College of Public Administration
20 (NCPA) to conduct the training. The Secretariat noted that this matter is still pending.
21

22 The Secretariat added that this is part of the work plan and it is for implementation.
23

24 4.43. *Online reporting tool:* The Secretariat noted that this item is included in the work plan. It was
25 shared that DAI and USAID has expressed willingness to fund the development of the said online
26 reporting tool. The Secretariat noted that a draft concept note has been submitted to DAI.
27

28 4.44. A DILG representative asked about the difference of the online reporting tool to that of MGB's
29 Mining Tax Information System (MTIS). An MGB representative responded that MTIS is an online system
30 being used by MGB Regional Offices to report to the MGB Central Office.
31

32 4.45. *Report analysis for the second report:* The Secretariat mentioned that this matter has been
33 included in the main business. The Secretariat added that a brainstorming activity has been conducted
34 for the report analysis workshop, which will be presented for comments and approval of the body.
35

36 4.46. The Secretariat mentioned that the next two items in the Matters Arising are all included in the
37 2016 Work Plan. These items include 1) Communication Training for MSG Members and the Secretariat
38 and, 2) Training for Media on How to Understand and Communicate the EITI. The concepts for these
39 activities are yet to be developed by the Secretariat, which will be shared with the MSG as soon as it is
40 done.
41

1 4.47. A CSO representative suggested that the Communications Training should be done prior to the
2 LGU Roadshows.

3
4 4.48. *Measuring the Public's Awareness of EITI*: The Secretariat noted that the action required regarding
5 this matter is to come up with a measurement of awareness of EITI. The Secretariat also noted that this
6 item has been included in the work plan.

7
8 4.49. A CSO representative suggested that measuring public's awareness of EITI can be included in an
9 evaluation or a feedback form to be distributed during the LGU roadshows. This is to serve not just as a
10 metric of awareness but also to capture the comparison with the previous LGU Roadshows.

11
12 4.50. *Engagement of Autonomous Region in Muslim Mindanao (ARMM)*: The Secretariat shared that
13 ULAP was tasked to assist in engaging the Department of Environment and Natural Resources (DENR)
14 and ARMM.

15
16 An ULAP representative suggested to start the engagement with ARMM after the transition with the
17 new administration.

18
19 4.51. 4.37. The CSO representatives talked about their respective scoping studies in relation to ARMM
20 until the Chair redirected the discussion to the main agenda of the meeting.

21
22 4.52. A CSO representative asked the MGB representative if SR Languyan is operating not on the basis of
23 Mineral Production Sharing Agreement signed by the Department of Environment and Natural
24 Resources (DENR). The MGB representative clarified that permits of SR Languyan do not go through the
25 MGB Central Office since ARMM has its own regional DENR and MGB.

26
27 4.53. The CSO representatives talked about their respective scoping studies in relation to ARMM until
28 the Chair redirected the discussion to the main agenda of the meeting.

29 30 **5. Scoping study on large-scale non-metallic mining**

31
32 5.1. The consultant presented the results of the scoping study on LSNM mining in the Philippines (the
33 presentation material is attached as Annex A). It was mentioned that the consultant already presented
34 the initial findings of the study in a previous meeting and that this presentation already covers the
35 second part of the study.

36
37 5.2. For the information of the body, it was shared that the same provisions of the constitution and also
38 the same laws governing the large-scale metallic mining apply to the large scale non-metallic mining.

39
40 5.3. According to the consultant, 148 Mineral Production Sharing Agreements (MPSAs) covering 130,000
41 hectares of land, have been issued for the large scale non-metallic mining.

1 5.4. The consultant explained that Luzon has the highest number of MPSAs with 84 MPSAs covering
2 approximately 71,000 hectares of land. This was followed by Visayas with 46 MPSAs and Mindanao with
3 18 MPSAs.

4
5 5.5. It was then explained that within Luzon, the concentration of LSNM mining in exploration,
6 development and commercial operation stage are found in Regions I, III and IV-B. For Visayas, Cebu has
7 the largest number of MPSA.

8
9 5.6. The body was informed that the following companies have the most number of MPSAs:

- 10 • Holcim Philippines - 15 MPSAs
- 11 • Rapid City Realty and Development Corporation - 9 MPSAs
- 12 • Apo Land and Quarry Corporation - 8 MPSAs
- 13 • Solid Earth Development Corporation - 6 MPSAs
- 14 • Teresa Marble - 3 MPSAs
- 15 • Lafarge Republic - 3 MPSAs

16
17 5.7. In addition, the consultant reported that there are currently 16 cement plants nationwide; 9 in
18 Luzon, 3 in Visayas and 4 in Mindanao. It was noted that most of the cement companies are members of
19 the CEMAP which aims to promote the interest of its members to produce high quality cement in the
20 implementation of sustainable development programs and also to provide sources of data for its
21 members and also for the general public.

22
23 The consultant explained that CEMAP is a different entity from the Chamber of Mines of the Philippines
24 (COMP). According to the consultant a few LSNM mining companies are also part of COMP. It was also
25 noted that there is an Eastern Rizal Miner's Association (ERMA) in Eastern Visayas.

26
27 5.8. The consultant shared that three areas hosting LSNM operations were covered by the scoping study
28 and these are Cebu, Bulacan and Rizal provinces. These areas were selected based on the prevalence of
29 LSNM operations relative to other areas in the country.

30
31 5.9. According to the consultant, the study has brought out important issues about monitoring
32 mechanisms employed by the government, scope and limits of taxing powers and regulatory authority
33 of the LGUs vis a vis national government, social and environmental impact of large-scale non-metallic
34 mining as well as significant accounting and reporting issues.

35
36 5.10. The consultant added that the study has captured the recurring demands to improve the following:
37 process of remitting the LGU shares in national wealth, the quality of stakeholders participation in the
38 process of developing companies' SDMP and CSR programs as well as data collections and reporting
39 process of national government agencies and LGUs.

1 5.11. As part of the conclusion of the report, the consultant noted that the study highlighted the need to
2 properly inform the LSNM companies before fully engaging them in EITI discussions.
3

4 5.12. The Chair mentioned that the scoping study was done to help the MSG decide on whether to
5 include LSNM mining in the Reconciliation Report or not. To clarify, the Chair noted that there was
6 already an agreement to include the said sector in the Contextual Information of the next report.
7

8 5.13. An industry representative commented that it is essential to include the non-metallic sector in the
9 report because this industry has substantial tax payments, which might be bigger than the tax
10 contribution of the metallic sector. However, the same representative pointed out that the challenge is
11 determining the materiality threshold.
12

13 5.14. After the materiality threshold has been determined, the industry representative stated that the
14 MSG can then decide how to engage the LSNM sector. The same representative stated that COMP is
15 more than willing to be involved in explaining EITI and in endorsing this initiative to the LSNM
16 companies.
17

18 5.15. A CSO representative agreed and commented that the value of including the LSNM mining in the
19 2016 Reconciliation Report is to bridge the disconnect between the perception of the community and of
20 the industry on the types of fees and payments that companies pay and what the communities are
21 actually receiving.
22

23 5.16. The Chair commented that there is really no down side to expanding the scope of the EITI Report.
24 The MSG members were then asked to decide whether or not to include LSNM mining sector in the
25 Reconciliation Report.
26

27 5.17. The Secretariat pointed out that the inclusion of the LSNM industry in the Reconciliation Report
28 would have to be in 2017 PH-EITI Report unless the body would want to amend and already approved
29 TOR for the Independent Administrator (IA). The Secretariat explained that the LSNM mining industry
30 was not included in the TOR of the IA and this was not factored in the approved budget for the contract.
31

32 It was then stressed that the MSG will incur delay in producing the 2016 Report if the TOR will be
33 amended to include LSNM mining.
34

35 5.18. The members of the MSG agreed to just include the LSNM sector in the 2017 Reconciliation
36 Report.
37

38 5.19. The Chair then reiterated that the said sector will still be included in the Contextual Information of
39 the 3rd PH-EITI County Report.
40

41 5.20. A CSO representative asked what percentage of the LSNM mining production is covered by cement
42 companies.

1 5.21. The consultant for the scoping study responded that majority of the LSNM production is attributed
2 to the cement industry.

3
4 5.22. The same CSO representative then suggested that CEMAP be engaged for the Contextual
5 Information.

6 7 **6. 2016 LGU roadshow program**

8
9 6.1. The Secretariat recalled that in the last MSG meeting, comments were made on how the outcome
10 of previous LGU Roadshow should be incorporated or taken into consideration in designing the LGU
11 roadshow for this year.

12
13 6.2. It was shared that the Secretariat summarized the results of the 2015 LGU roadshow for the
14 consideration of the body.

15
16 6.3. The Secretariat then presented the draft concept note and draft program for the 2016 LGU
17 roadshow (the presentation material is attached as Annex B).

18
19 6.4. The presenter from the Secretariat mentioned that roadshows are being conducted so that target
20 stakeholders nationwide will be given opportunity to: gain awareness on EITI and examine the EITI
21 Reports, identify policy gaps and formulate plans on how to address those gaps based on report
22 findings, and to keep track of government's progress in implementing reforms.

23
24 6.5. It was shared that EITI was introduced to the LGUs and other stakeholders during the 2014
25 roadshow. In addition, the Secretariat mentioned that the 1st Country Report was presented during the
26 2015 roadshow.

27
28 6.6. According to the presenter, the objective of the 2015 LGU roadshow was to present the findings of
29 the 1st Country Report, gather feedback from the stakeholders on the report findings and discuss
30 extractive industry related issues as well as policy gaps. The 2015 LGU roadshow was organized in
31 partnership with ULAP and Bantay Kita.

32
33 6.7. The presenter noted that the 2015 roadshow was conducted in Butuan, Puerto Princesa, Cebu,
34 Davao, and Manila from July to August 2015. The roadshow was participated in by almost 400
35 stakeholders from LGUs, regional government agencies, industry representatives and CSOs.

36
37 6.8. The Chair asked if the 2016 roadshow will be different from last year's LGU roadshow.

38
39 6.9. In response, the Secretariat explained that the program is almost the same but they have lessened
40 the number of track sessions and concentrated on the topics that appealed most to the participants of
41 the 2015 roadshow. The Secretariat also mentioned that they added the launching of the EITI
42 Transparency Awards in the program.

1 6.10. It was shared that another important addition in the roadshow program is the updates on
2 government actions on MSG recommendations.
3
4 6.11. An industry representative suggested to replace the track session on Mining 101 with SDMP. The
5 same representative stated that the roadshow should focus more on SDMP since this has direct impact
6 to the host community.
7
8 6.12. Additional suggestion from the industry representative was to connect SDMP with local
9 development plans of LGUs.
10
11 6.13. A CSO representative pointed out that there is no complete and agreed monitoring procedure for
12 the Multi-Partite Monitoring Teams (MMTs), and that the different procedures of MGB and EMB need
13 to be harmonized. The same representative noted that this matter should also be discussed during the
14 roadshow.
15
16 6.14. Another CSO representative added that the roadshow can look at the monitoring mechanism of
17 MMTs and compare it with the LGU monitoring.
18
19 6.15. Going back to SDMP, a CSO representative commented that LGUs have to understand the
20 difference between SDMP and the municipal local development processes. The same representative
21 then suggested that local development planning process be discussed together with the SMDP.
22
23 6.16. According to the same CSO representative, it is better to have smaller number of track sessions so
24 that there will be more participants per break out group.
25
26 6.17. For the information of the body, a representative of the DILG shared that the Bureau of Local
27 Government and Finance (BLGF) and the Commission On Audit (COA) have an on-going initiative on
28 facilitating efficient use of share in national wealth.
29
30 6.18. The same representative added that the Environment and Natural Resource Data Management
31 Tool (ENRDMT), which will be presented in the 2nd day of the roadshow, also aims to disaggregate the
32 source of LGU share in national wealth.
33
34 6.19. It was also mentioned that the Philippines Poverty-Environment Initiative (PPEI) is funding a study
35 on the impacts of the SDMPs to local communities. The DILG representative shared that the study will
36 be completed by the 3rd quarter of 2016.
37
38 6.20. A CSO representative stated that LGUs and local communities would still enjoy the economic
39 benefits of mining, even after mine closure, if they have developed good social development plans.
40

1 6.21. Another CSO representative shared that the three topics presented are very much related and
2 timely to the target audience. However, she suggested that the No. 2 topic should come first, topic No. 3
3 will be second and the MMT and the LGU monitoring will be the last topic.
4

5 6.22. An MGB representative remarked that the SDMP is being crafted with the participation of LGUs.
6 He also suggested that environmental governance be put back as one of the session topics because it
7 covers Environmental Protection and Enhancement Program (EPEP), Final Mine Rehabilitation and
8 Decommissioning Plan (FMRDP) as well as monitoring.
9

10 6.23. Another CSO representative suggested that the framing of the program should begin with “why”,
11 start with LGU shares in national wealth, and present figures/data that are particularly relevant to the
12 LGUs to make the report valuable to them.
13

14 6.24. It was mentioned that for the past roadshow, the Secretariat already extracted the information
15 and data relevant to the target LGUs/clusters and developed special infographics for each of the areas
16 covered. The Secretariat also explained that the objectives and purpose of the program is also
17 integrated in the introductory topics.
18

19 6.25. The Chair asked for motions to approve and the same were given. The LGU roadshow program was
20 thereby approved by the body.
21

22 **7. Report Analysis Workshop**

23

24 7.1 In line with utilizing the report and communicating it, the Secretariat presented a proposed design
25 for the report analysis workshop for 2016 (the presentation material is attached as Annex C).
26

27 7.2. The presenter from the Secretariat noted that last year, there was also a report analysis workshop
28 to foster public knowledge in understanding the 1st Report.
29

30 7.3. According to the presenter, the design of the report analysis workshop is proposed to promote
31 practical ways to use the PH-EITI Report. It was shared that the proposal is to have an essay writing
32 contest. The suggested topics are, but not limited to the Philippine economy, local governance,
33 environmental governance, social impact of extractives operations, and big data management.
34

35 7.4 The presenter briefly explained the mechanics of the contest. It was mentioned that individuals or
36 teams composed of 2 people can join and only one entry per person or group is allowed. Not eligible to
37 join are the members of the and PH-EITI Secretariat.
38

39 The body was informed that there will be a panel of judges composed by the MSG members and invited
40 experts.
41

1 7.5. A DOF representative suggested that PH-EITI consultants should not be allowed to participate as
2 well.

3
4 7.6. The Chair asked if pictures or film may be used instead.

5
6 7.7. The Secretariat replied that other media are possible, depending on the MSG's agreement or
7 decision.

8
9 7.8. A CSO representative suggested to have a photo essay contest. The same representative suggested
10 the use of social media, specifically, Facebook for easy dissemination of information.

11
12 7.9. The Secretariat clarified that members of the MSG and a relevant expert will be part of the board of
13 judges.

14
15 7.10. A CSO representative suggested that 70% of the total score will come from the panel of judges and
16 the remaining 30% will come from the participation of the public for instance, likes or shares in social
17 media sites.

18
19 7.11. Another CSO representative suggested to use video instead of photos. A DOF representative
20 responded that the prizes might be too small for a video contest.

21
22 7.12. The Chair suggested that the decision on the medium to be used in the report analysis workshop
23 be taken as homework of the MSG members. The body was given one week to provide comments on
24 the proposed contest design.

25
26 7.13. For lack of time, the Secretariat ran through the items that will serve as homework for MSG
27 members and these are the following: medium for the report analysis workshop, comments on the
28 reporting templates, comments on the TOR for the Validator, and the minutes of the past meeting.

29
30 7.14. The Chair reiterated that the MSG members have one week to provide inputs and comments on
31 the items that were enumerated.

32
33 **8. Other matters**

34
35 • *Financial Report*

36
37 8.1. The Secretariat shared the financial report as of May 31, 2016. It was shared that the government
38 funds for EITI is PHP 17.85 million. To date, the actual expenditure from the government fund is at PHP
39 6.984 million.

40
41 8.2. The body was informed that DAI-USAID through Bantay Kita, funded the launching of the 2nd Report
42 last February amounting to PHP 5.6 million.

1 8.3. With regard to the Multi-Donor Trust Fund (MDTF), the Secretariat shared that the grant was closed
2 last April 30. According to the Secretariat, the total grant was equivalent to PHP 49.6 million while the
3 total expenditures amounted to PHP 36.6 million only.

4

5 • *Setting the Next MSG Meeting*

6

7 8.4. The members of the MSG agreed to schedule the next meeting on July 1, 2016.

8

9 8.5. The Chair suggested to have a shorter agenda for the next meeting.

10

11 **ADJOURNMENT**

12

13 There being no other matters to discuss, the meeting was adjourned at 01:04 PM.

**SCOPING STUDY
ON LARGE SCALE
NON-METALLIC MINING
and QUARRYING in the
PHILIPPINES
(Part 2)**

Prepared by: *Atty.* Brenda Jay Angeles Mendoza
For EITI PHILIPPINES

OUTLINE OF PRESENTATION

Introduction

- I. Legal & regulatory framework
- II. Revenue streams & financial arrangements
- III. List of areas & companies with large scale non-metallic operations
- IV. Case studies of 3 areas

AREAS & COMPANIES WITH LSNM OPERATIONS

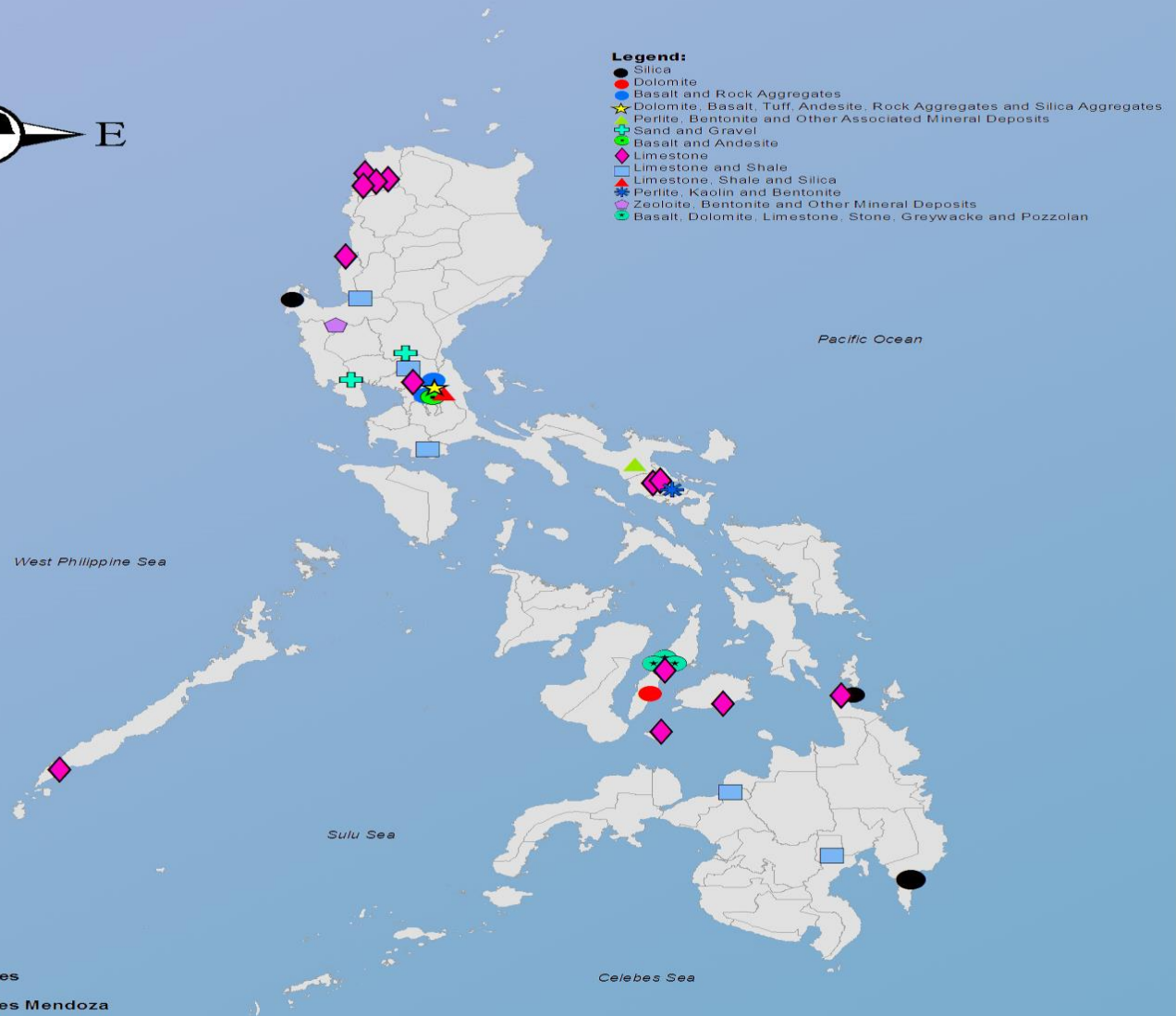
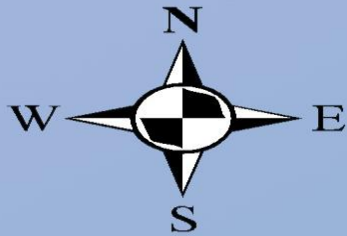
LSNM data (project status)

- [Resources\June 2013 MPSA 2A.pdf](#) (MGB Mining Tenements Management Division), as of June 2013
 - 339 MPSA contracts covering 602,012.2151 has. (large-scale metallic & non-metallic mining/quarrying)
 - 148 MPSA covering 129,975.5220 has. (large-scale non-metallic mining/quarrying)
 - 75 - exploration stage
 - 5 - development stage
 - 53 - commercial operation stage
 - 5 – exploration and commercial operation stage
 - 1 – development and commercial operation stage
 - 1 – partial development/commercial operation & partial exploration
 - 5 - for registration/not yet released/not signed
 - 3 – cancelled (under M/R or appeal)

LSNM companies and product data

- 44 large-scale non-metallic mining/quarrying companies
 - 28 in Luzon
 - 8 in Visayas
 - 8 in Mindanao
- Product
 - 25 limestone & shale (including marble)
 - 1 dolomite
 - 10 clay (silica, bentonite, zeolite)
 - 6 aggregates
 - 2 sand & gravel
- [Resources\Map of NMMines.pdf](#) (MGB website)

Non-Metallic Mining Companies Operating in the Philippines



Prepared by:
 Michael John B. Delos Reyes
 2011-11809, UP DGE
 For Atty. Brenda Jay Angeles Mendoza
 PH-EITI MSG Report 2015

Sources:
 PhilGIS (www.philgis.org)
 Mines and Geosciences Bureau

Note:
 Boundaries are not authoritative.

LSNM data (MPSA areas)

LUZON

Region	Province		Total MPSA	Total area (ha.)
CAR	Abra - 1		1	672.0000
1	Pangasinan - 9 Ilocos Norte - 2	La Union - 3	14	13,562.1843
2	Nueva Ecija - 3	Cagayan 1	4	2,991.4837
3	Bulacan - 12 Bataan - 5	Aurora - 1 Tarlac - 1	19	16,805.5950
4-A	Rizal - 28 Batangas - 4	Quezon - 1 Cavite - 1	34	8,495.6899
4-B	Oriental Mindoro - 1	Palawan - 4	5	15,697.6230
5	Camarines - 5	Albay - 2	7	12,475.1259
Subtotal			84	70,699.7018

LSNM data (MPSA areas)

LUZON

Region	Explo	Dev't	CO	E/D/CO	Cancel	For Reg.
CAR			672.0000			
1	10,263.3423		2,537.0100	761.8320		
2	2,864.0856	63.8789		63.5192		
3	14,016.0211		2,789.5739			
4-A	4,920.3499		2,005.7410	829.4110	740.1880	
4-B	15,613.0866	84.5364				
5	10,995.8481		1,479.2778			
Sub total	58,672.7336	148.4153	9,483.6027	1,654.7622	740.1880	

LSNM data (MPSA areas)

VISAYAS

Region	Province		Total MPSA	Total area (ha.)
6	Guimaras - 1 Antique - 2	Iloilo - 1 Negros Occ. - 1	5	4,550.5765
7	Cebu – 30 Negros Or. - 1	Siquijor - 1 Bohol - 1	33	21,146.3202
8	Northern Samar - 3	Leyte – 5	8	16,780.0588
Subtotal			46	42,476.9555

LSNM data (MPSA areas)

VISAYAS

Region	Explo	Dev't	CO	E/D/CO	Cancel	For Reg.
6	3,782.5765		768.0000			
7	11,613.8360	3,343.4600	3,409.8017	943.5000	769.5000	1,066.2225
8	14,390.5588					2,389.5000
Sub total	29,786.9713	3,343.4600	4,177.8017	943.5000	769.5000	3,455.7225

LSNM data (MPSA areas)

MINDANAO

Region	Province		Total MPSA	Total area (ha.)
9	Zamboanga del Norte - 1	Zamboanga del Sur - 2	3	6,075.0000
10	Lanao del Norte - 3	Misamis Oriental - 4	7	2,311.8648
11	Davao Oriental - 5	Davao del Norte - 1	6	7,316.3473
12	N.A.			
13	Surigao del Norte - 2		2	1,095.6529
Subtotal			18	16,798.8650
TOTAL			148	129,975.522

LSNM data (MPSA areas)

MINDANAO

Region	Explo	Dev't	CO	E/D/CO	Cancel	For Reg.
9	2,268.0000					3,807.0000
10	915.5220		1,396.3428			
11	6,344.5628		971.7845			
12	NA					
13			1,095.6529			
Sub total	9,528.0848		3,463.7802			3,807.0000
TOTAL	97,987.7897	3,491.8753	17,125.1846	2,598.2622	1,509.6880	7,262.7225

List of Companies & Individuals with MPSA for LSNM/Quarrying

CAR

- Abra Mining & Industrial Corp.

REGION 1

- [Holcim Phils. \(5\)](#)
- Marble Mining Explo. Corp.
- Northern Cement Corp.
- GML Corp.
- Cunickel Mining & Industrial Corp.
- Gulf Estate Mining Corp.
- Oregon Mining & Dev't Corp.

- Heirs of Elias E. Olegario
- Heirs of Fernando P. Dancel
- Napoleon R. Navato

REGION 2

- Magnetic Construction & Dev't Corp.
- Anamel Builder Corp.
- Long Fong Corp.
- Marbleland Mining & Development Corp.

REGION 3

- Eagle Cement Corp. (2)
- [Holcim Phils. \(3\)](#)
- Industries Dev't Corp.
- Robust Rock Resources, Inc.
- Continental Cement Corp.
- Rockmix, Inc.
- Rock & Ore Industries, Inc.
- Solid North Mineral Corp.
- Diamante Cement & Mining Corp.
- Spar Development Co. Inc.
- TMC International Corp.
- Lafarge Republic, Inc
- Talibayog Mining Corp.
- Orient Aggregates & Structural Concept Developers, Inc.
- Mariveles Aggregates & Base Dev't Corp.
- Rolando B. Gimeno/La Concepcion Construction & Dev. Corp.
- Teresa Marble Corp.

REGION 4-A

- Rapid City Realty & Dev't. Corp. (9)
- Teresa Marble (3)
- Lafarge Rep. (3)
- Concrete Aggregates Corp. (2)
- Sulu Resources Dev't Corp.
- Golden Ore, Inc.
- Quarry Rock Group, Inc.
- Island Quarry & Aggregates Corp.
- San Rafael Dev't Corp.
- Quimson Limestone, Inc.
- Hard Rock Aggregates, Inc.
- Landtech Mining Resources, Inc.
- Montalban Millex Aggregates Corp.
- Gozon Devt. Corp.
- Limpain Dev't Corp.
- Asensio Pinzon Agg. Corp.
- Asturias Chemical Ind.
- Vulcan Materials Corp.
- Roxanna S. Go
- Atty. Romulo B. Reyes

REGION 4-B

- Phil. Sunrise Marble, Inc.
- Central Palawan Mining & Industrial Corp.
- Palawan Star Mining Ventures Inc.
- Pyramid Hill Mining & Industrial Corp.
- Rio Tuba Nickel Mining Corp.

REGION 5

- UP Mines, Inc.
- Ibalong Resources & Dev't Corp.
- UBS Marketing Corp.
- East Environ Corp.
- Orophil Stonecraft, Inc.

- Vivencio F. Abano, Jose F. Abano, Jr., Luis F. Abano, Ofelia Abano-Tamayo
- Maria Cruz del Gallego

REGION 6

- Dorilag Cement Corp.
- Tudor Mineral Explo. Corp.
- Silicon Dev't Corp.
- I.C. Bertumen & Co. Inc.
- Far East Cement Corp.

REGION 7

- Apo Land & Quarry Corp. (8)
- Solid Earth Dev't Corp. (6)
- Lafarge Republic (2)
- South Western Cement Corp. (2)
- APC Group, Inc. (2)
- Kimhee Realty Corp. (2)
- Taiheyo Cement Phils. Inc.
- JLR Construction & Aggregates Inc.
- Dolomite Mining Corp.
- Oriental Hyundai Quarry & Development Corp.
- Lazi Bay Resources Dev't.
- Ibalong Resources & Dev't Corp.
- Bohol Limestone Corp.
- Citadel Mining Corp.
- Quarry Ventures Phil. Inc.
- Peblea Q. Alfaro
- Jose R. Soberano

REGION 8

- Panapino Mining, Inc.
- Alcorn Gold Resources
- Canaan Agricultural Dev't Corp.
- Monark Constructors Corp.
- Alumina Mining Phil., Inc.
- Bauxite Resources, Inc.

- Jorge P. Tan Jr.
- Deprosa Perez

REGION 9

- Emaco, Inc.

- A. Dynasty Multi-purpose Cooperative

- Glicerio Pescador Jr.

REGION 10

- Holcim Phils. (3)
- Iligan Cement
- Mindanao Portland Cement Corp.
- Maria Cristina Chemical Industries (MCCI)

- Epetacio Du. Beltran

REGION 11

- Holcim Phils. (6)

REGION 13

- Pacific Cement Co. (2)

Cement plants data

- 16 cement plants in the country
 - 9 in Luzon, 3 in Visayas, 4 in Mindanao
 - Holcim Philippines (La Union, Bulacan, Misamis Oriental, & Davao)*
 - Northern Cement Corp. (Pangasinan)*
 - Eagle Cement Corp. (Bulacan)
 - Solid Cement Corp. (Rizal) (CEMEX Group)*
 - Apo Cement Corp. (Cebu) (CEMEX Group)*
 - Lafarge Republic, Inc. (Bulacan, Rizal, Batangas, Cebu, Iligan)*
 - Taiheyo Cement Phils. (Cebu)*
 - Goodfound Cement Corp., Phil. (Albay)
 - Pacific Cement Phils. (Surigao del Norte)*
 - [Resources\Map List of Cement Plants.pdf](#) (MGB website)

*CEMAP member

LSNM Grouping

- Cement Manufacturers' Association of the Philippines (CEMAP)
 - Dr. Ernesto Ordonez – President
- Chamber of Mines of the Philippines
 - Dolomite, Teresa Marble, Solid Earth
- Geographic/regional grouping
 - Eastern Rizal Miner's Association (ERMA), etc.

A GLIMPSE OF LSNM OPERATIONS IN SELECTED AREAS

Criteria for selection
Approach

1. Province of Cebu

Province of Cebu

- 30 out of 46 MPSAs in the Visayas
- 19,343 ha. covered
- 15 companies & individuals

- Apo Land and Quarry Corp. selected
 - member CEMEX group & CEMAP
 - with 2 contract areas in Naga, Cebu

Relevant Local Legislation

- Cebu Provincial Ordinance No. 2008-10
(Revenue Code of 2008)
- Resolution No. 1483-2012/Ord. No. 2012-13
(Environmental Code)

Revenue Code of 2008

- Chapter VI on the regulatory powers of the governor in the conduct of business & trade related to ENR
 - Implementation issue – Mining Act & MGB
 - Draft ordinance to amend the Revenue Code
 - Based on Local Government Code on limits of LGU right to levy taxes, fees, charges
 - OTP, environmental enhancement fees/fund

Environmental Code 2012

- Provisions to address issues re LSNMM:
 - Coordinate with mining industry players, government, and general public
 - Coordinate with MGB, agencies, stakeholders, closely monitor enforcement and implementation of environmental, mine safety and health laws
 - Mandatory public hearing/consultations in barangays prior to LGU endorsement
 - For large-scale mining operations, coordinate with DENR in licensing, operation, and rehabilitation
 - Sufficiency, update, & audit of EGF and MRF and plans

Issues and Concerns

- MGB regional officials:
 - Monitoring compliance
 - Generally compliant
 - Small-scale mining as problem
 - Stakeholders & their inter-relationships
 - Generally good, with MMT
 - Active and collaborative NGOs
 - LGU satisfactory, esp. in barangays, but needs improvement at the provincial LGU level (PMRB)
 - No regional or provincial mining association, but...
 - Regional MMT monitoring template more simple

Issues and Concerns

- MGB regional officials:
 - Accountability in implementing EPEP, SDMP, FMRDP by MPSA and MPP holders
 - Operating costs as basis for SDMP – cement case
 - Scope of LGU powers and authority
 - Taxation and revenue generation
 - Regulation of mining activity – MGB in PMRB
 - Remittance of LGU share in revenue from NR use
 - Data computerization and linkages
 - Revenue data vis a vis Production data
 - EITI capacity

Issues and Concerns

- Local Community Member in Naga, Cebu:
 - Increased local employment, contractual
 - Augmented infrastructure support, limited
 - Provided supplemental grants to local schools

On APO Land:

- Immediate communities enjoyed infrastructure support and health services, extent
- Change in the process of receiving socio-economic benefits

Issues and Concerns

- Local Community Member in Naga, Cebu:
 - EMB's presence in facilitating conflicts
 - Quality of community consultation
 - Credible CSO participation in the MMT
 - More participatory SDMP and CSR process
 - Transparency in LGU spending of its share from mining proceeds
 - Include in EITI submission: EIS, consultation activities, environmental and health standards

2. Province of Rizal

Province of Rizal

- 28 out of 34 LSNM MPSAs in CALABARZON
- 5,000 ha.
- 16 communities & individuals

- 5 MPPs issued by MGBs
- 12 quarry permits by provincial government

- Lafarge Republic selected
 - CEMAP member
 - 2 MPSAs in the province

Relevant Local Legislation

- Resolution No. 223, S2013
 - Moratorium on *new applications* for all forms of permits, contracts, operating agreements, and clearances on quarrying & mining activities in the province
 - Urged DENR to declare a moratorium on large-scale mining activities & operations in the province
- Resolution No. 243, S2013
 - Moratorium on the *renewal* of previously issued permits
 - Strongly requested DENR to declare a moratorium on the renewal of large-scale mining activities & operations

Issues and Concerns

- MGB regional officials:
 - Monitoring compliance
 - With environmental perspective
 - Monitoring processes, new monitoring template
 - A number satisfactorily implemented EPEP
 - Staff competence & need to train non-technical MMT members
 - Stakeholders & their inter-relationships
 - Quality varies across the region
 - Outside the MMT occasionally problematic
 - No association in region, cited ERMA and MAPA
 - LGU moratorium
 - MGB's divergent view

Issues and Concerns

- Other stakeholders:
 - NGO's take on the LGU moratorium and participation in MMT activities
 - Impact of moratorium on socio-economic conditions
 - Need to communicate real contributions of mining
 - ERMA's take on SDMP and EITI
 - ERMA activities beyond SDMP
 - Value of transparency in transactions involving the industry recognized
 - No commitment on behalf of ERMA
 - Need to approach and secure individual company commitments to EITI standards and recommendations

3. Province of Bulacan

Province of Bulacan

- 12 out of 19 LSNM MPSAs in Region 3
- 2,780 ha. commercial operations
- 3,816 ha. exploration

- Holcim Philippines selected
 - CEMAP member
 - Effectively 4 MPSAs in the province, with one co-owned by Doric Marble
 - Partial assignments to and from Teresa Marble

Relevant Local Legislation

- Resolution No. 186-2011/Ord. No. C-005 (Revised Environmental Code)
 - Art. VII, Sec. 45 on Provincial ECC requirement
 - Power of governor to declare projects as environmentally critical, subject to PECC, EPEP, etc.
 - Fees to construct or operate pollution control device/wastewater treatment facility
 - Mining tax – 10% of FMV of mineral resources extracted
 - Environmental fees – for certain extraction activities
 - Delivery receipts or transport slips for delivery or transport of mineral resources covered by OTP
 - Accreditation system for all engaged in extraction, processing, transport of mineral resources, products, byproducts (annual fee)

Issues and Concerns

- MGB regional officials:
 - Monitoring compliance
 - LSNM generates same environmental impact as the metallic sector, except in pollution aspects
 - MMT important in quarterly monitoring
 - Concerns re: Joint monitoring by EMB-MGB regions
 - Stakeholders and their inter-relationships
 - No association of LSNM in the region, except CEMAP
 - Community Technical Working Group for Holcim
 - Difficulties with EMB re: harmonized monitoring structure

Issues and Concerns

- MGB regional officials:
 - Other challenges
 - Illegal mining - areas covered by certificates of title and therefore private properties of individuals, and simultaneously covered by MPSAs issued by DENR
 - Surface owners operate w/o the consent of MPSA holder
 - Mining permits secured from LGU w/o the consent of MPSA holder
 - Not aware of any issues re: scope of locally-imposed fees related to mining activities

CONCLUSION

1. Study has drawn out important issues about:
 - Monitoring mechanisms employed by the government (harmonized monitoring structure & monitoring capabilities)
 - Scope and limits of taxing powers and regulatory authority of LGUs *vis a vis* national government
 - Social and environmental impact of LSNM
 - Significant accounting & reporting issues – (SDMP calculation for cement, MPSA-MPP accountability)

2. It has captured the recurring demands to:
 - Improve the process of remitting the share of LGUs from the proceeds of natural resources use
 - Increase transparency in the manner by which LGUs spend such share from national wealth, including the way by which benefits from SDMP are given to affected communities
 - Improve the quality of stakeholder participation in the process of developing companies' SDMP & CSR programs
 - Improve the data collection & reporting process from MGB & EMB ROs as well as from LGUs (including to link this data to other NGAs)
 - Effectively communicate such data & analysis to the concerned public

3. It has highlighted the need to properly inform before fully engaging the LSNM sector in the EITI discussions

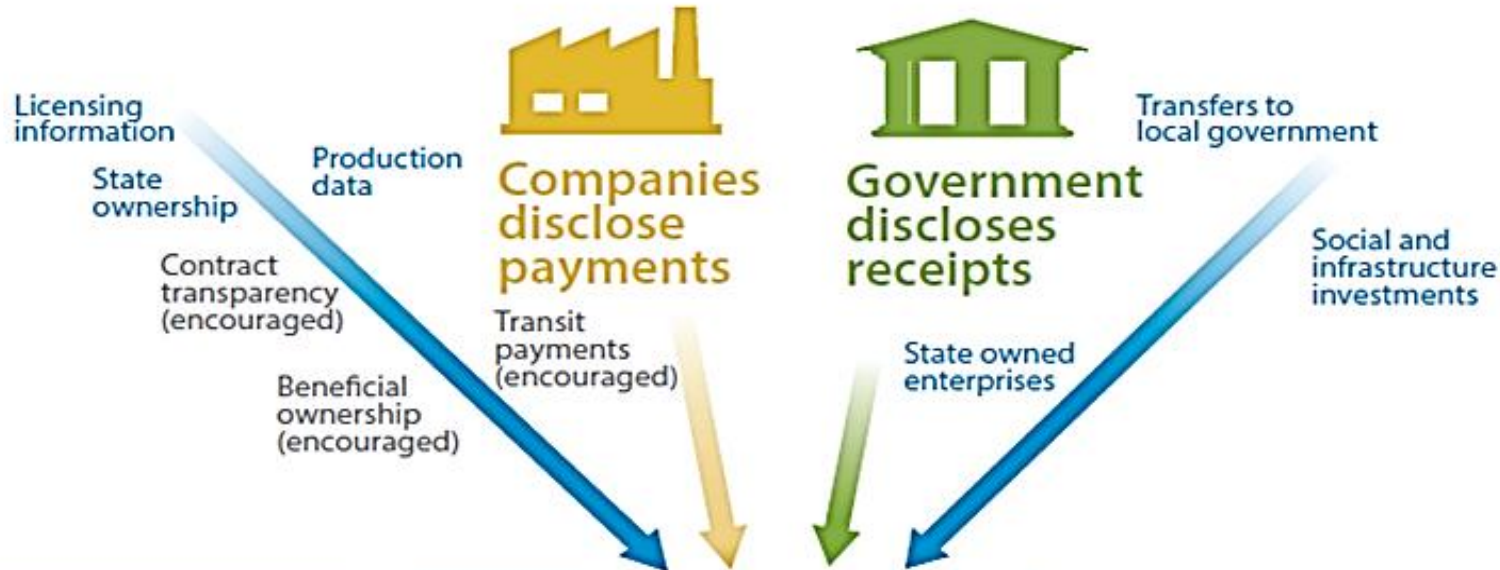
- Through individual mining companies and regional/provincial mining associations (ERMA, etc.)
- Including the CEMAP, the LGUs, and DENR (MGB and EMB at national and regional levels)

End of Presentation

LGU Roadshow

Rationale

EITI rests on three pillars:



A national **multi-stakeholder group** (government, industry & civil society) decides how their EITI process should work.



Government revenues and company payments are disclosed and independently assessed in an **EITI Report**.



The findings are communicated to create **public awareness and debate** about how the country should manage its resources better.

EITI rests on three pillars:



- **All government revenues and company payments should be regularly published and independently assessed**

EITI rests on three pillars:



- **Data should be communicated to target stakeholders to create awareness and opportunities for dialogue on the governance of extractive industry**

EITI rests on three pillars:



- **Publication of data should be managed and overseen by a multi stakeholder group composed of:**
 - ✓ **the government**
 - ✓ **the industries**
 - ✓ **the civil society**

EITI Requirement No. 6

- **EITI Requirement No. 6**
- **The EITI requires EITI Reports that are**
 - **comprehensible**
 - **actively promoted**
 - **publicly accessible, and**
 - **contribute to public debate.**

Disclosure of government revenues and company payments will have no use without public awareness, without making the public understand what the figures mean.

EITI Requirement No. 6 ensures stakeholders are engaged in dialogues about how resource revenues can be used and managed effectively.

Why we conduct roadshows

So that target stakeholders nationwide will be given opportunity to:

1. Gain awareness on and examine the EITI Report results
2. Identify policy gaps and formulate plans how to address those gaps based on its findings
3. Keep track of government's progress in implementing reforms

Brief background on 2014 and 2015 LGU Roadshows

2014 LGU Roadshows

Purpose: to introduce EITI and conduct a series of technical briefings for 29 LGUs (8 provinces and 21 cities/municipalities) and LGUs from the Autonomous Region in Muslim Mindanao

Roadshow areas: South Cotobato, Benguet, Metro Manila, Butuan, Cebu, Palawan

Date: August to September 2014

Participants: LGU Officials, Provincial/Municipal Treasurers, Provincial/Municipal Accountants, Local Revenue Collection Officers, Local Treasury Operations Officer, DENR Regional Office and other regional government office representatives

Baguio



Butuan



Cebu

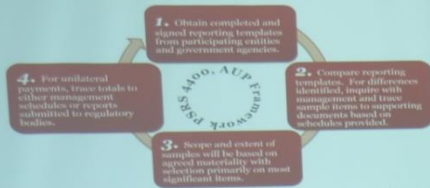


Cotobato



Palawan

Reconciliation process



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11 September 2014
Page 4



OVERVIEW OF EITI



2014 LGU Roadshows

Outcome:

- LGUs had a better appreciation of the EITI implementation process and a clear understanding of what the reporting template entails
- IA gained knowledge on the financial closing processes of LGUs which was helpful in the conduct of reconciliation activities for local payments
- Additional material payments to LGUs were identified
- The roadshow served as a venue for LGUs to provide inputs to improve the reporting template of LGUs and to assess the feasibility of implementing EITI at the local level

2015 LGU Roadshows

Purpose: to present the findings of the first EITI Country Report; gather feedback from the stakeholders on the report findings; discuss extractive industry related issues, policy gaps and plans to address the gaps

Roadshow areas: Butuan, Puerto Princesa, Cebu, Davao, Manila

Date: July to August 2015

Participants: 387 stakeholders from LGUs, regional government agencies, companies operating in the area, civil society organizations



Butuan City, July 15-16





Puerto Princesa City, July 22-23





Cebu City, July 29-30





Davao, August 5-6



 **PH-EITI**  THE WORLD BANK  

Forum on Natural Resource Governance: Making Transparency Matter





Manila, August 19-20



PH-EITI



THE WORLD BANK



Platform for Natural Resource Governance

All presentations in this forum
will be uploaded to our website:
www.ph-eiti.org

Facebook icon and other social media links

EXIT

2015 LGU Roadshows

Outcome:

- Findings of the first EITI Country Report was communicated to target stakeholders
- LGUs were better capacitated in accomplishing reporting templates through workshops conducted

2015 LGU Roadshows

Outcome:

- Participants were given orientation on the following extractive industry topics through track sessions conducted:
 1. Environmental Governance, Social Development and Management Programs and Social Expenditures
 2. Mining 101
 3. Sub-national Transparency Framework
 4. Small-scale Mining

2015 LGU Roadshows

Outcome:

- The roadshow served as a venue to surface issues in the extractive industries, concerns regarding LGU shares in the national wealth and policy gaps both in national and local levels.
- It also served as a platform to formulate and agree on ways to move forward through meaningful discussion with local stakeholders.

2016 LGU Roadshow

Theme:

PH-EITI: MAKING TRANSPARENCY WORK FOR YOU

*A local forum on promoting transparency and accountability
in the mining, oil and gas sectors*

2016 LGU Roadshow

Day 1: Forum

Day 2: Workshop on the Environment and Natural Resource Data Management Tool (ENRDMT) of the Bureau of Local Government Finance (BLGF)

2016 LGU Roadshow

Proposed venues and schedules and target number of participants:

	Tentative Schedule	Venue	Target No. of Participants
Roadshow I	Second week of August	Surigao City	130
Roadshow II	Third week of August	Palawan	70
Roadshow III	Fourth week of August	Antique	100
Roadshow IV	First week of September	Davao	100
Roadshow V	Second week of September	La Union/ Pangasinan	70
Roadshow VI	Fourth week of September	Manila	130

2016 LGU Roadshow

- ✓ Programme for the Forum (Word file)
- ✓ Programme for the Workshop on the Environment and Natural Resource Data Management Tool (Word file)

I. CURRENT CONTEXT AND THE EXTRACTIVE INDUSTRIES TRANSPARENCY INITIATIVE (EITI)

The Philippines is one of the world's richest countries in mineral resources. According to the Mines and Geosciences Bureau (MGB), the country ranks fifth in the world in terms of total mineral reserves. In terms of specific metals, the Philippines is third in gold, fourth in copper, fifth in nickel and sixth in chromite.

Based on the data of Australia-New Zealand Chamber of Commerce in the Philippines (cited in Gozum, Forbes and Ridsdel, 2014), copper reserves are the largest in the country with 5.0151 billion metric tons of reserves. Gold, nickel, chromite and zinc reserves were estimated to be 79%, 96%, 86% and 85%, respectively, of the country's mineral reserve estimates.¹

However, the contribution of the extractive industries to the Philippine economy has been the subject of much debate. Anti-mining groups argue that what the extractive industries contribute should be weighed against the adverse impact of mining operations on communities.

Against this background, the Government committed to implement EITI in 2012 aiming to:

1. Increase transparency and accountability in the payment and collection of taxes and fees by the extractive industries and the government, respectively;
2. Provide an inclusive platform for dialogue among government, industry and civil society; and
3. Identify gaps in government systems and formulating recommendations to address those gaps.

The EITI Standard is an international standard that seeks to improve the transparency around countries' oil, gas and mineral resources. It is based on the premise that a country's natural resources belong to the State and its citizens have the right to know what their government is receiving from the extraction of these resources, and how their government is spending what they receive. Governments benefit from following an internationally recognized transparency standard that demonstrates commitment to reform and anti-corruption, and leads to improvements to the tax collection process and enhanced trust and stability in the extractives sector. Companies benefit from a level playing field in which all companies are required to disclose the same information. They also benefit from an improved and more stable investment climate in which they can better engage with the civil society. Citizens and civil society benefit from receiving reliable information about the sector and a multi-stakeholder platform where they can better hold the

¹ Gozum, Gian Michael; Forbes, John; and Ridsdel, John. 2014. "Responsible Mining: Realizing Its Potential." Arangkada Philippines Policy Brief No. 3. Retrieved at http://www.investphilippines.info/arangkada/wp-content/uploads/2015/09/Mining_Policy_Brief_PDF.pdf

government and companies to account. Executive Order Nos. 79 and 147 issued by President Benigno Aquino III provide the legal basis for EITI implementation in the Philippines.

Globally, EITI is overseen by an international board, with members from governments, companies and civil society. The Mining Industry Coordinating Council, chaired by the Department of Finance (DOF) and the Department of Environment and Natural Resources (DENR), is tasked under Executive Order No. 79 to operationalize EITI in the mining sector.

The Philippine EITI Multi-stakeholder Group (PH-EITI MSG) sets the policies and directions for EITI implementation in the country. The MSG consists of representatives from the government, the civil society and the industry:

- The government is represented by the DOF, DENR, Department of Energy (DOE), Department of the Interior and Local Government and Union of Local Authorities of the Philippines.
- The civil society is represented by Bantay Kita Philippines, a coalition of civil society organizations advocating transparency and accountability.
- The industry is represented by the Chamber of Mines of the Philippines and the Petroleum Association of the Philippines.

II. THE PHILIPPINE EITI (PH-EITI) REPORT

A main part of the country's commitment to the EITI process is the production of an EITI report that discloses payments made by extractive companies and collections of the government from such companies. An independent administrator examines such disclosures to determine if they tally. If they do not tally, the report reconciles such figures and identifies the possible causes of discrepancies. Unreconciled discrepancies should be looked into by the government to identify the reforms that should be introduced to ensure that there are no leakages in the revenues collected from the extractive sector.

The Philippines submitted its first and second country reports to the EITI International Board on 29 December 2014 and 30 December 2015, respectively. The latest PH-EITI report contains financial disclosures of 24 material companies (20 large scale metallic mining companies and four oil and gas companies) covering year 2013. Material companies are those with net sales of at least PhP1.0 billion. Out of the 28 companies targeted, four (4) companies failed to participate, which include Semirara Mining and Power Corporation, CTP Construction and Mining Corp., Citinickel Mines and Development Corp. and SR Languyan.

The reconciliation process undertaken by the Independent Administrator, Pricewaterhouse Coopers, reveals a total unreconciled discrepancy between company and government figures amounting only to **PhP2.7 million, which is a**

significant decrease of PhP55.5 million or approximately 95% from 2012.

This is a significant turnaround that demonstrates immediate action taken to address more common reasons of discrepancies during the first reconciliation exercise particularly in adopting common accounting framework (i.e., accrual basis) and familiarity with required level of disaggregation that led to more accurate and correct information in the report.

Twelve (12) material revenue streams and other funds are in scope, including the following:

- Corporate income tax;
- Withholding tax - foreign shareholder dividends;
- Excise tax on minerals;
- Local business tax;
- Customs duties;
- VAT on imported materials and equipment;
- Royalty on mineral reservation;
- Withholding tax - royalties to claim owners;
- Government share from oil and gas;
- Real property tax - Special Education Fund;
- Real property tax - Basic; and
- Royalty for indigenous peoples.

The report also includes information on the shares of 59 local government units (LGUs) from national wealth coming from extractive industries within their localities. Data is aggregated per revenue stream and per company.

Direct payments to LGUs in 2013 amounted to PhP301,525,311.00, with Central Visayas (PhP93 million or 30.8% of total collection), Bicol Region (PhP58 million) and Caraga (PhP44 million) getting the highest collections. The National Capital Region, which does not host any actual mine project, but most principal offices of participating companies, reported receipts of PhP31 million or 10.4 percent of total LGU revenue streams. The LGU's percentage share from total collection in 2013 is one (1) percent.

The highest collecting agency is the DOE with revenues of PhP22,247,984,129.00 (54.66% of the total) representing government shares from oil and gas. The second highest collecting agency is the Bureau of Internal Revenue with PhP16,284,928,891.00 (40% of the total) mostly from excise tax and corporate income tax. Both agencies have the least amount of discrepancy also.

On the other hand, the highest percentage of unreconciled discrepancies are from the National Commission on Indigenous Peoples (NCIP), with 22.2% variance or PhP53,829,852.00 coming from reported royalty payments, and the LGUs, with 14.3% variance or PhP43,007,948.00. This underscores the need to improve the quality of reporting and monitoring for these entities. On the other hand, it is worthy

to note that the NCIP has a 131.2% decrease in unreconciled discrepancy from 2012.

III. IMPACT OF EITI IMPLEMENTATION

EITI implementation in the country has had positive impact in terms of surfacing gaps in existing government systems. Since the publication of the first EITI country report, several recommendations of PH-EITI MSG have been acted upon by government agencies to address those identified gaps. These include the following:

- Formulation of action plans to expedite the release of LGU shares in national wealth;
- Disclosure of all sources of direct and indirect payments collected by LGUs from the mining sector;
- Digitization of LGU reporting;
- Improvement of monitoring of Indigenous Peoples royalties; and
- Online disclosure of mining and oil and gas contracts and other supporting documents.

While noteworthy, these reforms still require follow up actions and further operationalization. In addition, other recommendations from the first and second report are yet to be acted upon, making it important to conduct roadshows where stakeholders nationwide will be given an opportunity to examine the results of the second EITI country report, formulate policy proposals based on its findings, and keep track of government's progress in implementing reforms.

PH-EITI staged a series of roadshows in 2014 and 2015, which served as a means to introduce EITI to stakeholders, and, in the case of the 2015 roadshows, to present the findings of the first EITI country report to the broader public. These roadshows were crucial in securing the support and participation of relevant stakeholders, and in providing a platform to discuss issues relating to governance of the extractive industries. Roadshows for this year will be even more critical in that it will further define the agenda of the Philippine government in terms of institutionalizing reforms through the EITI process. The emphasis of the event is on how EITI implementation, specifically full disclosure of payments, contracts and other relevant information, can translate into reforms to improve governance of the sector and ensure that the country benefits from the extractive industries.

IV. OBJECTIVES, TARGET PARTICIPANTS AND SCHEDULE

The PH-EITI report contains a wealth of information that can inform policies in the extractive sector. As in other countries, it can be used as a vital tool in stimulating public debate and promoting data-driven governance. It is in this light that PH-EITI is organizing a forum and workshop.

A. The forum on the first day has the following objectives:

1. To present the findings of the second EITI country report to relevant stakeholders;
2. To have a dialogue on policy gaps and issues pertaining to regulation and governance of the sector;
3. To collectively discuss plans to address the identified gaps and issues and improve EITI implementation in the Philippines;
4. To discuss how the EITI process can be used as a tool to strengthen governance of the extractive industries at the local level; and
5. To gather feedback from the stakeholders on the findings of the second EITI country report.

Target participants for the forum are the following:

1. Local Chief Executives;
 2. Representatives of the Provincial, Municipal and City Councils;
 3. Representatives of the Leagues of Provinces, Municipalities, Cities and Barangays;
 4. Representatives of the Union of Local Authorities of the Philippines;
 5. Regional Directors of the Mines and Geosciences Bureau, National Commission on Indigenous Peoples, Department of Energy, Bureau of Internal Revenue, Philippine Ports Authority, Bureau of Customs, Department of Budget and Management and Department of the Interior and Local Government and Bureau of Local Government Finance;
 6. Representatives of civil society organizations;
 7. Representatives of minerals, coal, oil and gas companies in the locality; and
 8. Technical personnel (local treasurer/accountant) of LGUs concerned.
- B. The second day will be a workshop on the Environment and Natural Resource Data Management Tool (ENRDMT) of the Bureau of Local Government Finance (BLGF). ENRDMT will be included in the Electronic Statement of Receipts and Expenditures (ESRE) reporting system of LGUs.

ENRDMT was developed as a response to the recommendations of the MSG in the first Country Report to improve the reporting system for LGUs. ENRDMT also aims to simplify the process of gathering LGU data on revenues from

extractive industries. The benefits of implementing ENRDMT include the following:

1. EITI data is integrated in the regular reporting requirements of LGUs, making all information accessible in one online portal;
2. It significantly reduces the complexity of data gathering from individual local government units;
3. It ensures the credibility of the data;
4. It assures that the data are complete, regularly updated, and produced in an open format; and
5. Since LGUs are legally mandated to submit their reports, their participation in the EITI process is guaranteed.

Target participants for the Workshop on the second day are the Local Treasurers / Local Accountants of Provincial, City and Municipal LGUs.

The Forum and Workshop will be held on the following dates and venues:

	Tentative Schedule	Venue	Target No. of Participants
1st Roadshow	Second week of August	Davao	70
2nd Roadshow	Third week of August	Palawan	70
3rd Roadshow	Fourth week of August	Antique	70
4th Roadshow	First week of September	Pangasinan	70
5th Roadshow	Second week of September	Surigao City	100
6th Roadshow	Fourth week of September	Manila	130

V. PRE-WORK

1. Participants of the Forum on Day One are encouraged to read the summary of the second EITI country report and/or the full EITI report which may be accessed at <http://ph-eiti.org/app/EITI-Report/#/Second-Country-Report>.
2. Participants of the Workshop on Day Two are required to bring the following data:
 - a. **Collections from large-scale metallic mining companies for all types of payments for the year 2014 and 2015;**
 - b. **Receipt of shares from national wealth for 2014 and 2015; and**
 - c. **Management/utilization of collection shares from national wealth for 2014 and 2015.**

PH-EITI: MAKING TRANSPARENCY WORK FOR YOU

A local forum on promoting transparency and accountability in the mining, oil and gas sectors

PROGRAMME

8:00 - 9:00 AM	Registration
9:00 - 9:15 AM	Welcome Remarks <i>Representative of League of Chief Executives/Governor/Mayor</i>
9:15 - 9:30 AM	Presentation of Forum Objectives and Levelling of Expectations <i>PH-EITI Secretariat</i>
9:30 - 9:45 AM	What is PH-EITI? <i>PH-EITI National Coordinator</i>
9:45 - 10:15 AM	Presentation on the Key Findings and Recommendations of the Second Country Report <i>PH-EITI Focal Person</i>
10:15 - 10:30 AM	Issues and Government Actions on the Report Recommendations: Updates <i>PH-EITI National Coordinator</i>
10:30 - 11:15 AM	Panel Discussion <i>PH-EITI Multi-Stakeholder Group (Government, Industry, Civil Society Organization) and Local Government Unit (LGU) Representatives</i>
11:15 - 11:50 PM	Open Forum
11:50 AM - 12:00 PM	Photo-Op
12:00 - 1:00 PM	Break
1:00 – 2:00 PM	Plenary: Extractive Industry Topics <ol style="list-style-type: none">1. LGU Shares in the National Wealth <i>Department of Budget and Management Central Office</i>2. Social Development and Management Program and Local Development Planning Processes3. Environmental Governance MMT and LGU Monitoring Processes4. CSO Assessment of the 2nd PH-EITI Country Report <i>Bantay Kita – PYWP Philippines</i>
2:00 – 3:00 PM <i>Breakout Session</i>	Workshop on the following: (FGD/Action planning) <ol style="list-style-type: none">A. Governance of the Extractive IndustryB. Collection and Management of Revenues from Extractives at the Local Level

3:00 - 3:30 PM

Introduction of the *Environment and Natural Resource Data Management Tool (ENRDMT)* for Online Reporting of LGUs
Bureau of Local Government Finance

3:30 - 3:45 PM

Presentation on the *PH-EITI Transparency Awards*

3:45 - 4:00 PM

Commitment Ceremony

4:00 – 4:10 PM

Closing Remarks

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Workshop on Environment and Natural Resource Data Management Tool (ENRDMT)

[Date / Venue]

PROGRAMME

8:00 - 8:30 AM	Registration
8:30 - 8:45 AM	System Overview and Navigating the System
8:45 - 9:00 AM	Navigating the System
9:00 - 9:30 AM	Module I: Report Submission
9:30 - 10:00 AM	Module II: Payments to Local Government Units
10:00 - 10:30 AM	Module III: Receipts of Shares from National Wealth
10:30 - 11:00 AM	Module IV: Utilization of Collections
11:00 - 11:30 AM	Module V: Infrastructure Projects
11:30 AM - 12:00 PM	Module VI: Gross Sales from Operations
12:00 - 1:00 PM	BREAK
1:00 - 1:30 PM	Module VII: Grants and Donations
1:30 - 2:00 PM	Module VIII: Viewing Reports
2:00 - 2:30 PM	Q&A
2:30 PM	END OF WORKSHOP

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2016 “Report Analysis Workshop” Proposal:

T Talks and Essay Writing Contest

Concept

Last year, PH-EITI, together with the EITI International Secretariat and the World Bank, organized a Report Analysis Workshop to foster public knowledge, understanding, analysis, and communication of the first PH-EITI Country Report.

This year, on the heels of the publication of the second Country Report and the shift in international focus to translating EITI reports to concrete results, it is proposed that the “report analysis workshop” be designed as to promote the practical use of the PH-EITI Country Report and affirm its relevance to Philippine development.

In this light, an essay writing contest is seen to purposely and directly “extract” from the contestants themselves ideas on how the Report can be used to benefit a particular sector or cause. In the process, the activity will provide an opportunity for creative minds to read, understand, and identify uses for the Report. This activity is seen to be a potential vehicle for continued innovation in how to utilize data and information generated by the PH-EITI Reports.

Topics

The entries should describe how data derived from the Report can be applied to address various concerns, not only in natural resource or extractives governance but also in development as a whole. Areas of particular interest include, but are not limited to, the present and potential role and relevance of PH-EITI to the following:

- Philippine Economy
- Local Governance
- Environmental Governance
- Social Impact of Extractives
- Big Data Management

Mechanics

- Individuals or teams up to 2 people, college level and above are eligible to participate
- Not eligible to join: MSG members, PH-EITI secretariat, ...
- Only one entry per person or group is permitted
- Entries from across sectors; Government, Industry, and Civil Society are welcome
- Entries will be judged by a panel/board composed of members of the MSG and invited expertt

Criteria

- Innovation in using the data in the PH-EITI Country Reports
- Identification of best practices, recommendations, and action ideas
- Relevance to the sector the contestant represents
- Overall quality of submission, clarity of arguments, structure and technical input

Submission Guidelines

- Entries must be in Word Document, between 3000-5000 words, 1.5 spacing, Times New Roman, Font 12, justified
- Entries must be original, unpublished, and unaccepted by any other publisher at the time of submission. This applies to self-published pieces and blogs.
- Entries must have a cover page with the title, name or names of author and affiliation, if any
- Entries should be submitted to [contest email address], on or before [date]

Prizes

Winner/s of the contest will receive the following prizes:

First	P20,000 + Opportunity to sit in and observe an MSG Meeting held in a mining site + Opportunity to present in 2017 National Conference
Second	P15,000
Third	P10,000