

PH-EITI 34th MSG MEETING

9:00 AM- 12:00 PM | July 1, 2016

Waling-Waling Room, Orchid Garden Suites

Pablo Ocampo Street, Manila

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Attendees:

Dir. Anna Liza F. Bonagua	Department of the Interior of Local Government (DILG)
Febe J. Lim	Department of Finance (DOF)
Engr. Romualdo D. Aguilos	Mines and Geosciences Bureau—Department of Environment and Natural Resources (MGB-DENR)
Genixon David	Union of Local Authorities of the Philippines (ULAP)
Norbert Peter Indunan	ULAP
Nelia C. Halcon	Chamber of Mines of the Philippines (COMP)
Gerard Brimo	Nickel Asia Corporation (NAC)/ COMP
Atty. Ronald S. Recidoro	COMP
Sabino L. Santos	Petroleum Association of the Philippines (PAP)/ Chevron Malampaya LLC
Dr. Cielo D. Magno	Bantay Kita
Gina Tumlos	Banta Kita
Atty. Jay L. Batongbacal	College of Law, University of the Philippines
Dr. Merian C. Mani	Marinduque State College
Jose Melvin A. Lamanilao	Paglilingkod Batas Pangkapatiran Foundation, Inc.
Engr. Maria Rosa Aynon A. Gonzales	Center for Strategic Policy and Governance, Palawan State University
Starjoan D. Villanueva	Alternate Forum for Research in Mindanao (AFRIM)
Chadwick G. Llanos	Cebu Alliance for Safe and Sustainable Development (CASSE)
Atty. Golda S. Benjamin	Siliman University
Buenaventura M. Maata Jr.	Philippine Grassroots Engagement in Rural Development Foundation, Inc.
Atty. Maria Karla L. Espinosa	Secretariat
Abigail D. Ocate	Secretariat
Mary Ann D. Rodolfo	Secretariat
Joylin A. Saquing	Secretariat
Marikit J. Soliman	Secretariat
Angelita P. Galano	Secretariat
Roselyn A. Salagan	Secretariat
Ryan A. Dael	Secretariat
Katherine Denise M. Domingo	Secretariat
Rhea Mae G. Bagacay	Secretariat

1 Jaime Miguel Secretariat
2 Ricardo Evora Secretariat
3 Imelda Feliciano Secretariat
4 Trisha Annika E. Delos Reyes Secretariat
5 Ma. Rowena Raymundo Secretariat

6
7 RESOURCE PERSONS:
8

9 Jenny Belle Rodis Isla Lipana & Co.
10 Eureka Marie Yamakura Isla Lipana & Co.
11
12
13

14 AGENDA:

- 15 • Minutes of the 33rd MSG meeting
16 • Matters arising from previous MSG meetings
17 • PH-EITI and the New Administration
18 • Approval of Annual Progress Report
19 • Comments on the Reporting Template
20 • Presentation: DILG-PPEI Study Regarding LGU Shares
21 • Updates on PH-EITI Validation
22 • Other matters
23
24

25 **1. Call to Order**

26
27 The 34th Philippine Extractive Industries Transparency Initiative (PH-EITI) Multi-Stakeholder Group (MSG)
28 meeting was called to order at 9:26am. Department of the Interior of Local Government (DILG) Director
29 Anna Liza Bonagua chaired and facilitated the meeting.
30

31 There were 5 items in the main agenda for the meeting. The Chair asked if there were other matters
32 that participants wished to be included in the discussion. A Civil Society Organization (CSO) member
33 shared that she can provide an update on the validation and what is going on at the international level.
34

35 Secretariat suggested that the validation updates be included in the Main Business. The Chair agreed
36 and confirmed that the updates will be included in the last item of the Main Agenda.
37

38 **2. Minutes of the 33rd MSG Meeting**
39

40 The Chair proceeded with securing the body’s approval of the minutes of the 33rd MSG meeting (June 3,
41 2016) which was sent a day earlier. The Chair asked the body for comments and noted that urgent

1 concerns on the minutes can be discussed immediately, while other concerns or comments on the
2 minutes can be sent to the Secretariat within a week after the meeting. If no comments are received
3 after a week, the minutes will be deemed approved.

4
5 There being no urgent concerns raised on the minutes, the Chair declared that the Secretariat will wait
6 for comments within a week.

7 8 **3. Matters arising from previous MSG meetings**

9
10 The Chair called on the Secretariat to discuss the matters arising from previous MSG meetings.

- 11
- 12 • *Offer of Timor Leste for training of MSG on Petroleum Fund Process.* Based on the last MSG meeting,
13 the Petroleum Association of the Philippines (PAP) committed to make a presentation to the MSG
14 on the Sovereign Wealth Fund (SWF). The body will decide on what to do regarding the SWF after
15 the PAP presentation. PAP representative confirmed that the resource speaker is still being finalized
16 and he committed to get back to the Secretariat as soon as there are developments.
 - 17
18 • *Secretariat's Institutionalization.* Secretariat shared about Department of Finance's (DOF)
19 submission of a rationalization plan to the Department of Budget and Management (DBM), where
20 the institutionalization of the Secretariat as an organic office in the DOF was supposedly included.

21
22 According to the DOF representative, a transition meeting is scheduled on July 4 (Monday) where
23 current DOF officials will make a presentation to the incoming Secretary, and EITI is included in the
24 presentation.

25
26 Secretariat shared that this is a challenging time for the entire PH-EITI, but more particularly for the
27 Secretariat who has had to deal with a range of issues, from sudden change in the Focal Person, to
28 disallowed payments for past activities, to possible loss or change of office location, to uncertainty
29 in the whole organization. She disclosed that the contracts of two of their technical staff have
30 lapsed. Her term is coterminous with the Secretary and thus had effectively lapsed, too, as of June
31 30. The processing of contracts of their technical people, including hers as National Coordinator, are
32 pending and will be for action by the new Secretary. Despite these, the Secretariat continues to
33 operate and remains positive.

34
35 In reaction, a CSO representative asked if it would help if the three sectors of the MSG get together
36 and present EITI as part of the policy agenda for the new administration, not only to the Secretary
37 but to the MICC and to the President even. She expressed that it is also the responsibility of the
38 MSG to push for the continuity of EITI, noting that the Secretariat at that point are already working
39 without pay.

40
41 Another CSO representative recalled that there was a discussion in past meetings on the continuity
42 of the whole initiative. There was a suggestion last time for the MSG to set a meeting with the new

1 DOF Secretary or to establish a direct line to the President to discuss the whole issue of the
2 institutionalization of the PH-EITI and the Secretariat. He agreed with the suggestion to make a
3 presentation to the DOF Secretary or to the President about EITI and its accomplishments.
4

5 Secretariat noted that there was already a proposal on the issuance of a collective statement from
6 EITI, but no consensus was reached. The position of the government sector was to engage first the
7 respective Secretaries who in turn will discuss EITI with the President. The civil society sector was
8 for directly engaging the new administration (the Office of the President) in introducing EITI. Thus,
9 since there was no consensus, the Secretariat just started preparing briefing materials for when the
10 need for them arises.
11

12 Secretariat then revived the proposal for the body to come up with a collective letter to be signed by
13 the three sectors as represented by their respective focal persons. The letter will be addressed to all
14 the new Secretaries of the concerned agencies and will contain a brief introduction of PH-EITI,
15 welcoming their appointment with expression of support, and finally requesting for a meeting with
16 offer to provide an EITI briefing.
17

18 An industry representative recalled how EITI grew, pointing out the importance of having a strong
19 champion. He raised the possibility of reaching out to Sec. Gozun, if needed. He stressed the need to
20 identify and get a champion. Another industry representative remarked that Sec. Gozun might have
21 other priorities, though.
22

23 The Chair noted that the President has already made pronouncements indicating apprehension over
24 mining. PH-EITI can include in its letter to the President its expression of support to the President's
25 stand and his cause for responsible mining through transparency initiatives in the mining industry.
26 She asked Secretariat if there are already documents which can be sent to Sec. Gozun to make the
27 proper representation for PH-EITI to the President.
28

29 Secretariat confirmed that they can disseminate a draft letter over the weekend. Clarification was
30 asked as to whether the letter should be addressed to the President himself or just to the
31 Department Secretaries.
32

33 A CSO representative additionally suggested to attach to the letter a one-pager explaining how EITI
34 started, what has been achieved so far, and the roles that EITI plays today.
35

36 Another CSO representative suggested that as a follow-up to the letter, a meeting with the
37 President should be requested.
38

39 Yet another CSO representative suggested the appointment of at least two lead persons who will be
40 responsible for the letter and who will act as emissary in the meeting with the President, should it
41 be scheduled.
42

1 Still another CSO representative opined that the appropriate persons to face the President are the
2 focal persons from the three sectors, one from CSO, one from industry, and one from DOF together
3 with the National Coordinator.
4

5 Another CSO representative remarked that in the case of the government sector, the body has yet
6 to meet with the DOF. Hence, she asked if the Chair (from DILG) can be the representative of
7 government, considering the Chair's long stint in the MSG. The Chair replied that while she is
8 willing, she is apprehensive due to the absence of authority for the time being.
9

10 The Chair shared that at this time the uncertainty level across all departments in government is very
11 high, not just in DOF. Although Cabinet Secretaries have been appointed and have been sworn to
12 office recently, there is still uncertainty as to whether the programs and initiatives will be continued
13 by the new administration.
14

15 A CSO representative suggested to stick with the process, noting that the first thing to do is to get
16 the buy-in and endorsement of the new DOF Secretary, then proceed with getting the endorsement
17 of the two other Secretaries (DENR and DOE). Once they have the support of the three Secretaries
18 then that is the time they can confidently go to the President.
19

20 In summary, the Chair announced the final strategy that will be pursued. The buy-in of the new DOF
21 Secretary will be sought first, then the DOF Secretary will talk to other Secretaries concerned before
22 going to the President. The protocol will be followed.
23

24 A letter will be prepared, introducing EITI to the new administration. It will also indicate the intent
25 to provide a detailed presentation on EITI, its status, how it came about and the commitment to the
26 local community. The draft letter will be circulated to the MSG members during the weekend for
27 members to review and provide inputs.
28

- 29 • *Draft EITI Bill.* According to the Secretariat, this matter is pending; the MSG has agreed that a
30 consultant will be hired for this work. The Secretariat will prepare the Terms of Reference (TOR) for
31 the approval of the body.
32
- 33 • *Selection process for MSG members.* Secretariat noted that there is no change in the status of this
34 item. The CSOs and the industry sectors have already submitted their guidelines for selection. From
35 the government sector, DILG, Mines and Geosciences Bureau (MGB) and Union of Local Authorities
36 in the Philippines (ULAP) have already approved the selection process drafted by DOF. The approval
37 from DOE is still pending and the Secretariat committed to follow up on this.
38

39 A CSO representative suggested that after the processes from the different sectors are collected,
40 MSG review the criteria so that it is clear to everyone that MSG approves the criteria. It has to be
41 formalized and institutionalized that while the criteria is set by the different sectors, MSG also

1 approves the criteria. She suggested to have the different criteria and processes presented in the
2 next meeting. Secretariat agreed to prepare a presentation for the next MSG meeting.

3
4 The CSO representative also asked the Secretariat to review the discussion on expanding the MSG
5 membership to include representation from Bureau of Internal Revenue (BIR), DBM, non-metallic
6 mining and IP sectors. She requested the Secretariat to look at the existing orders if there is a way
7 to expand through an Executive Order.

8
9 In response, Secretariat noted that the Mining Industry Coordinating Council (MICC) is the body that
10 identifies the composition of the MSG, at least for the government sector, but Executive Order No.
11 147 (EO 147), which created PH-EITI, specifically provides a limit of only five (5) representatives from
12 each of the three sectors.

13
14 The Chair, while in agreement with what is stipulated in the EO, shared that DILG was not part of the
15 original members of the MSG but she remembered being called on later through an MICC
16 resolution. Thus, she pointed out that if the body intends to add more members, they can write the
17 MICC and propose for additional membership to the MSG.

18
19 A CSO representative sought clarification if the EO stipulates the number and composition of the
20 MSG membership, in which case, they may have to wait for another EO amending the number and
21 composition, unless the MSG itself was given authority to expand its members.

22
23 The Chair reiterated that DILG's membership was done through MICC authority, not through an EO,
24 so this can be done.

25
26 Another CSO representative believed that what happened was that in ensuring that EITI is
27 functional, other agencies like DILG, BIR and Bureau of Local Government Finance (BLGF) were asked
28 to regularly attend and eventually added in the MSG membership. She shared that numbers do not
29 matter because the body decides by consensus, and not votation, anyway.

30
31 Secretariat took note of the points made but nevertheless reminded the body about the cost
32 implications of a decision to expand MSG membership.

- 33
- 34 • *Proposed amendment to the Local Government Code.* Secretariat noted that the DILG Director
35 chairing the meeting will also be presenting the DILG Philippine Poverty Environment Initiative
36 (PPEI) Study under the Main Business of the Agenda. She reminded the body that after the
37 presentation, they are expected to decide on the scope of the study that will be commissioned to
38 support DILG's legislative agenda.
 - 39
40 • *Non-metallic mining associations.* Secretariat informed that based on the previous meeting, the
41 MSG has agreed to include large-scale non-metallic mining in the 4th Report. For the 3rd report,
42 however, the sector will be included only as part of the contextual information. Secretariat reported

1 that the engagement of this sector via briefing them on EITI is pending, and that the Secretariat will
2 be coordinating with COMP for the invitation list.

- 3
- 4 • *Updates on the process of downloading of Local Government Unit (LGU) shares.* Secretariat shared
5 that DBM has already submitted updates which were shared during the last MSG meeting. The
6 pending matter is confirming with DBM if an official memorandum order has been issued to
7 formalize the policy on direct downloading. Secretariat committed to inform the body once the
8 official document or any related official information has been secured.
9
 - 10 • *Revenue Management at the local level.* Secretariat informed that this pertains to trainings for local
11 chief executives about revenue management. The Chair pointed out that BLGF-DOF has a module
12 on revenue management in relation to their Electronic Statement of Receipts and Expenditures
13 (eSRE) module. This is part of an EU technical assistance that was concluded on June 30, 2016.
14
 - 15 • *Online reporting tool.* Secretariat reported that this is included in the work plan, and so far, the
16 USAID, through the Development Alternatives Inc. or DAI, has expressed interest to fund it.
17 Secretariat has submitted a draft concept note to DAI, but there is no feedback yet.
18
 - 19 • *Report Analysis for the second report.* Secretariat reminded the body about the proposal presented
20 on how they will go about the report analysis workshop – through a photo essay writing contest.
21 The proposal has been circulated and they have received comments. Based on the last agreement,
22 the proposal was approved for implementation but the details are still pending.
23

24 A CSO representative inquired from the Secretariat about the dataset that was asked to be
25 submitted by the Independent Administrator (IA) in relation to the 2nd EITI Report. Secretariat said
26 that they have actually received four separate excel files of data from the IA but they still do not
27 meet the specifications required for the dataset.
28

- 29 • *Communications Training.* Secretariat informed that the training will happen in the afternoon of
30 that day, and she hoped that members can still stay for the activity. She shared that the
31 International Secretariat has provided two resource persons, Communications Officer Christina
32 Berger and Country Manager Alex Gordy, who will be giving presentations on *Communicating the*
33 *EITI Report* later.
34
- 35 • *EITI Trainings for media.* Secretariat noted that this is included in the work plan and is still for
36 implementation.
37
- 38 • *Measuring public's awareness of EITI.* The suggestion during the last MSG meeting for the inclusion
39 of a questionnaire in the feedback form to be used for the LGU roadshow, to measure the public's
40 awareness of EITI, was well noted. The feedback form will be revised to incorporate the said
41 questionnaire.

- 1 • *Engagement of ARMM.* Secretariat recalled that the ULAP suggested that the engagement with
2 ARMM commence after the transition period of the new administration.
3

4 A CSO representative commented that the matter should not be just about dealing with the new
5 administration but understanding the whole mining situation in ARMM and the dynamics involved.
6 He noted that they have already done some scoping and volunteered to help on how MSG can have
7 better understanding and appreciation of the workings in ARMM.
8

9 An industry representative opened up on what they think about mining in the region, saying that
10 ARMM is a “black box” for them considering that they do not know what is really going on there.
11 The companies operating in the area are not members of any Chamber the industry knows. They do
12 not know who they are or what permits they have. The industry thus opined that these companies
13 should not be considered as part of the industry.
14

15 Another CSO representative noted that they are currently conducting a scoping study and has done
16 some interviews. In the area, the MPSA (mineral production sharing agreement) is issued by the
17 regional government. They have MMT (multipartite monitoring team) in Tawi-Tawi and they also
18 have CSO coalitions. The issuance of permits and licenses are happening at the regional level. The
19 data/information gathered from the initial scoping study are being consolidated and some of the
20 findings will be presented in the next MSG meeting. The objective is to put companies in ARMM in
21 the map. This is in line with the government’s program of inclusion. Poverty is very high in ARMM
22 and mining is one of the industries that can break the cycle of poverty in that area.
23

24 The CSO representative, however, did acknowledge the concern earlier shared by the industry
25 representative, that very little is known about the operations of companies in ARMM. She said that
26 there is nothing considered illegal in ARMM as “everything is allowed”, and that this was exactly the
27 point raised by the industry representative.
28

29 The CSO representative believed that there is a reason for the engagement of ARMM. She noted
30 that there can be two options for engagement: either they join EITI at the national level or they can
31 have their own sub-national EITI which is actually what is being encouraged.
32

33 The industry representative asked if the companies operating in ARMM are required to get ECC.
34 There was no clear answer to this, as according to the CSO representative, no one has granted them
35 an interview yet, because as of June 30, everybody was deemed resigned.
36

37 The Chair inquired if there are existing processes observed and followed in ARMM, considering
38 MPSAs have been issued to some mining companies there, as earlier disclosed. She turned to the
39 ULAP representative and asked how they intend to pursue engagement in ARMM.
40

1 According to the ULAP representative, they are waiting for the transition of the new administration
2 to be completed. In the meantime, they are conducting initial interviews/engagements with ARMM
3 and trying to establish contacts through one of their Executive Board members.
4

5 The Chair noted that ULAP and the CSO representative's group can work together in engaging
6 ARMM since initial study and basic scoping have already been started by these two groups.
7

8 Another CSO representative shared that the issue is not just mining. He warned that it is a very
9 complicated situation. MSG wants to start engagement, but it just might create new problems.
10 Mining is still a very hot and emotional issue in ARMM.
11

12 Yet another CSO representative proposed that at the minimum, what can be done is just a scoping
13 study and just a description of what's going on there so that the MSG will have an idea. MSG just
14 wants them to also report in the way that all other companies are asked to report.
15

16 The Chair also agreed that the scoping study must be pursued. The intention is to disclose mining
17 operations and what is happening in ARMM.
18

19 The industry representative remarked that just because these mining companies are operating in
20 ARMM this is no reason for them not to be part of EITI. Regardless of the fact that they operate in
21 ARMM, everyone in the business should participate in EITI.
22

23 The Chair summarized the issue by noting that the body will proceed with the scoping study as
24 planned and will move forward from there.
25

26 **4. PH-EITI and the new Administration**

27

28 Secretariat was requested by the Chair to start the discussion on the first item under the main business,
29 to which she responded that there has been in fact a substantial amount of discussion already on the
30 matter, under the second item of Matters Arising.
31

32 The Chair agreed then asked if there are still other suggestions relative to EITI engaging the new
33 administration.
34

35 A CSO representative asked if there is a timeline in terms of filing the (EITI) bill.
36

37 According to the Secretariat, there is a Technical Working Group (TWG) and a draft, but the agreement
38 was to hire a consultant to do more in-depth study, widen the scope, and examine all intersections with
39 other matters, possibly including an amendment to how the statistical authority reports its data, among
40 others. As to timeline, the entire duration of the 17th Congress is the relevant period. Secretariat also
41 shared that the Office of Sen. Angara has coordinated with them, as the former appears to be keen in
42 sponsoring transparency bill/measures.

1 A CSO representative suggested for the lawyers in the house to volunteer and work on the draft bill
2 which can be a very general law that should be flexible enough to adapt to possible changes.

3
4 The Chair mentioned that ideally there should already be a proposed legislative agenda. The usual
5 practice is that Congressmen are briefed by their secretaries about priority bills that are submitted or
6 recommended by government. There is already a draft bill that just needs to be enhanced, so she asked
7 the body for volunteers who will work with the Secretariat on expanding and detailing the bill.

8
9 A lawyer-CSO representative volunteered. She mentioned that she had already started mining the
10 pending bills from the last Congress so there is no need to start from scratch. She can also call the
11 Congress Committee secretaries for a compilation of other pending related bills to reduce the required
12 research work.

13
14 The Chair positively noted that with lawyer-volunteers coming from the different sectors of the MSG,
15 i.e. CSO, industry, government, and even academe, there is a strong legislative team that can deal with
16 Congress regarding the proposed EITI Bill.

17 18 **5. Approval of the Annual Progress Report (APR)**

19
20 According to the Secretariat, the first draft of the APR had already been disseminated and as of date,
21 they have received comments from a CSO representative and an industry representative. She
22 mentioned that some of the new CSO representatives waived their right to comment on the Report
23 considering that they weren't part of the MSG yet during the period covered by the APR.

24
25 Secretariat presented the text of the draft APR and highlighted the parts that were amended based on
26 the comments received.

27
28 The MGB representative inquired as to why the MGB Action Plan reflected in the APR appears to be
29 from the 2014 to 2015 action plans when updates are already available. Secretariat replied that they
30 have no official basis to include the updates because the Secretariat has not yet received the official
31 updates from the MGB. The MGB representative committed to provide the Secretariat with advance
32 copy of the updates.

33
34 Considering the deadline for the submission of the APR, the Chair asked if there is a need for the body to
35 approve the report that day.

36
37 A CSO representative moved for the approval of the report for submission, and the motion was
38 seconded by an industry representative. Thus, there is now authority for the Secretariat to submit the
39 APR to the International Secretariat.

40
41 At this juncture, an industry representative requested if the discussion can be advanced to item 5 of the
42 main business as he, together with the MGB representative, would have to leave the meeting early to

1 give a presentation in another Mining Forum. He expressed interest to be apprised of what is happening
2 with the validation at the international level.

3
4 With no objections from the body, the discussion advanced to item 5 of the Main Business.

5 6 **6. Updates on PH-EITI Validation**

7
8 Secretariat explained that the updates they can provide is more of a reiteration of the schedule and a
9 reminder for the body to go through the Validation Guidelines that has been distributed before. She
10 said that the CSO representative who is a member of the International Board may be in a better position
11 to give more relevant updates. Secretariat also shared that based on a last conversation with the
12 former National Coordinator (who is now a member of the International Secretariat), the idea of
13 whether the MSG would want to apply for adapted implementation or postponement of validation was
14 broached.

15
16 The CSO representative reported that there is a schedule for validation but the problem is money.
17 Before, countries pay for validation costing several thousands of dollars, but then it brought about
18 questions on conflict of interest. So there was a motion that instead of countries paying for validation, it
19 will now be the World Bank. However, there is still no money. The Board decided to reschedule the
20 validations. There are countries that will be validated starting July. The Philippines' validation has been
21 scheduled in January 2017, so the country will be validated on the 3rd Report to be produced this year.

22
23 There is pending discussion on how the cost will be covered and this will be discussed by the Board in
24 October.

25
26 The cost has been reduced from \$100,000 to \$30,000, and the process has been modified as well.
27 Before, the process involves hiring an Independent Validation Group to do all the data gathering, etc.
28 The modified process is that the International Secretariat will do the initial validation and their report
29 will be reviewed by an Independent Validator.

30
31 They also changed the validation rating. It is no longer a pass-fail, but color-coding by progression, i.e.,
32 *significantly compliant, compliant, needs progress*, and so on.

33
34 Secretariat asked for clarification regarding a comment on the need to engage Semirara Mining for the
35 country to be validated.

36
37 The CSO representative noted that Semirara will be a huge issue. She thinks the Board members will
38 raise the issue against the country's compliance status, because while Semirara is only one company, its
39 production volume is significant. The only way to get around it is either the government require
40 Semirara to report or show complete documentation that the government exerted enough effort to
41 ensure that Semirara complies. The CSO representative suggested that coordination be made with the
42 DOE to inform them of this development.

1 The Chair inquired if MSG has to come up with any position or decision on whether to postpone the
2 validation.

3
4 The CSO representative made it clear that the country's schedule for validation which is supposedly this
5 July, will now be in January 2017. PH-EITI still has six months, unless the country asks for extension, in
6 which case the country's status will no longer be "green". The other implication is that work will pile up.

7
8 The Chair asked clarification that if the validation will be in January 2017, then that will be based on the
9 3rd country report which means to say that such report has to be completed this year. For her, it would
10 have been better if validation happens in July as the country is already finished with its 2nd Country
11 Report.

12
13 On that note, Secretariat informed the body that the procurement of services of the Independent
14 Auditor and Consultant for the contextual information are some of the pending matters that need to be
15 acted upon by the new DOF Secretary.

16
17 It was mentioned that the approved budget for the contract was reduced because of financial
18 constraints. There was only one bidder, Isla Lipana, who happens to be the incumbent IA. And since
19 they have worked with PH-EITI under a previous contract, they are present in the meeting to present
20 their comments and recommendations based on their experience producing the 2nd country report.

21
22 A CSO representative queried if there would be pre-validation exercise prior to the validation, for the
23 purpose of having everyone on the same page in terms of interpreting the report data. The Chair noted
24 that this was done previously.

25
26 Another CSO representative suggested that in the preparation of the 3rd report, the body first have a
27 discussion on the weaknesses of the 2nd Report. She disclosed that when they reviewed the 2nd report,
28 they found some errors and even a number of discrepancies, and these must be avoided in the next
29 report. She said the 1st Report even appears to be even better than the 2nd Report.

30
31 Having noted all the comments, the Chair directed the discussion back to item 3 under the Main
32 Business of the Agenda.

33
34 **7. Comments on the Reporting Templates**

35
36 Isla Lipana started their presentation by saying that their comments are not just on the reporting
37 templates but also on the contextual information, and includes points for improvement of data
38 gathering and financial reconciliation.

39
40 The presentation of Isla Lipana is attached hereto as Annex A.

1 On LGUs: There were concerns in reporting the traceability of the share in national wealth received by
2 the different LGUs. But in Isla Lipana’s discussion with them, it is the protocol of the DBM that in the
3 release of such share, LGUs will receive notice that their share on the national wealth has been credited
4 to their account.
5

6 Also, some reporting templates were not considered, as the specific entities for which the information
7 pertains to were not indicated. As an improvement, it must be ensured that taxes and licenses included
8 in the template are attributed to specific entities.
9

10 According to an industry representative, royalty and excise tax are based on the actual value of minerals.
11 When disaggregated, the excise and royalty can be reported by the LGU. The function is specific, they
12 are different from IRA, different from other taxes collected by the LGU. IRA does not include excise and
13 royalty.
14

15 The MGB representative noted that inventory is already included in the production report. When
16 companies extract it from the mines, they report it as production.
17

18 Per a CSO representative, the production report is now in the MGB. But when you pay taxes, this is
19 based on what you sell, not on what you produce. So what is needed is information on annual sales. She
20 inquired if, based on experience in the previous report, there is now a way to reconcile and validate
21 whether what the LGUs receive are the accurate amounts based on what has been reported? Isla
22 Lipana said yes, but mentioned that it will also depend on the information that LGUs provide. They can
23 reconcile the data but only as against the amounts provided by the MGB and the BIR. Currently, for
24 some LGUs they know only that this is share in national wealth, not necessarily that it is based on
25 royalties or excise taxes. This issue has been discussed already with the LGUs during past roadshows.
26

27 The CSO representative recalled that there was already a commitment from BLGF and DBM that data
28 will be disaggregated. She suggested that in the template, what can be done is for MGB to produce
29 production data at the provincial level, so one can compute how much should be received for royalty
30 and excise tax and then from there, check if the LGU actually receive what they should receive based on
31 what was produced.
32

33 According to the industry representative, what the MGB produces is a monthly production report which
34 also includes the value. Then they correct it when the next report of the mines come in, because, just for
35 reporting purposes, while the production volume is correct, the value may not. Inventory comes at the
36 end of the year.
37

38 When there is report on the sales value, that is the basis of excise and even the royalty. Many would
39 think that the IRA already includes the excise or the royalty, but it should not be. Royalty is separate.
40 Even excise tax is separate. These are also different from the tax/fees collected by MGB and also
41 different from taxes and fees, even occupation fees collected by the LGUs. These should all be
42 disaggregated.

1 According to the CSO representative, the problem is, when you pay taxes, it is based on sales not on
2 production. Thus, what is needed is sales information, including the price. She said there is huge
3 disparity between the value of production and what is being reported as total sales. She suggested that
4 for the next report, the data collector must collect all information in the current template and use the
5 information in the template to validate the other information.

6
7 Isla Lipana noted the suggestions. One improvement that will be done is that the templates will not be
8 considered as received unless all information is deemed complete.

9
10 On DBM: There was some difficulty last year in identifying the focal person who would be handling the
11 EITI requirements. Proper coordination with the DBM to ensure the availability of data and the
12 responsible person with whom to coordinate in order to avoid delay is needed.

13
14 On MGB: The area for improvement is in the completeness of information included in the reporting
15 template. This is because most of the information are gathered from the Regional Offices. The same is
16 true for National Commission on Indigenous Peoples (NCIP). The suggestion is for the agency to ensure
17 that the information reported in the template are complete and accurate. Ideally, there should only be
18 one report from the agency, only one coming from the Central Office and not from the different
19 Regional Offices.

20
21 On NCIP: A CSO representative commented on the point raised about NCIP. He said that under the law,
22 NCIP is not a collecting agency. Royalties go directly to IPs. The sole responsibility of receiving such
23 payment goes to the IP. In response, Isla Lipana pointed out that NCIP is also mandated to monitor. The
24 CSO representative replied that even with this mandate, NCIP cannot be questioned if they are not able
25 to collect, and that this must clarified in the report, even in the contextual information.

26
27 Another CSO representative suggested to clarify in the report that what is being assessed is the
28 monitoring function of the NCIP, not as a collecting agency. She further suggested that in the next
29 report, associating the money with NCIP should be avoided. Organizations that receive money should
30 be clearly identified.

31
32 The first CSO representative shared that his impression was that NCIP is a collecting agent because the
33 gap has been attributed to the agency and there was no proper explanation provided. While the report
34 provides an evaluation of NCIP's level of efficiency in monitoring the payment, the impression is that
35 they are receiving the royalty. The Chair acknowledged the comment, saying that the way the report is
36 written should be reviewed. The contextual report should be able to reflect this.

37
38 On BIR/BOC/PPA/DOE: The templates for these government agencies are mostly straightforward and
39 are already complete, so there was no point for improvement or additional details identified.

40
41 Isla Lipana presented a slide on the reporting templates of companies. The areas for improvement
42 identified are all based on comments during the course of information gathering and last year's report

1 preparation. First, companies have requested for clarity on the information required specifically for the
2 funds. There was some confusion as to whether the requested information is the fund balance as of a
3 certain period or fund expenses for the year.

4
5 The other area of concern is the Social Development and Management Program (SDMP). For some, it is
6 difficult to determine how much is the cost incurred for a specific year considering that SDMP is a five-
7 year plan.

8
9 An industry representative remarked that it is difficult because SDMP is a five-year plan and they have to
10 do/deliver something yearly. In saying that companies just have to report the amount spent for a
11 certain year, does it mean that in the reporting template, companies have to indicate the full five-year
12 budget and then for the second year (which is the reporting year, for instance) fund release is low, then
13 the same may reflect inefficiency on the part of those implementing the SDMP? She suggested to get
14 the total for the five years and the target for each year. This is more transparent and one will see how
15 the money is spent.

16
17 On improvements of the contextual information: According to Isla Lipana, during the last report, there
18 were topics and sections that were added and changed throughout the course of drafting. Thus, it is
19 suggested that everyone agree on the detailed scope, content and timeline of/for the contextual
20 information report to avoid inefficiencies and/or doubling of work.

21
22 On Data Integrity: Isla Lipana reported that there were changes noted between the initial information
23 submitted and the final reports received by both the companies and the government agencies. An
24 action point would be to confirm with the respective agencies that the report received is the final
25 version and that there are no expected changes or modifications. There were also some information
26 that were not readily available, like the GVA of coal, given limitations cited by the Philippine Statistics
27 Authority. To address this challenge, assistance from relevant government agencies in obtaining the
28 said information from other sources should be sought and ensured.

29
30 In the preparation of the next report, Isla Lipana identified points to aid data gathering and financial
31 reconciliation: (1) early start, considering that there remain barely 6 months to complete the report; (2)
32 accountability - templates should be sent directly to the one who would accomplish the forms to avoid
33 delays; and (3) completeness - templates should be considered as “received” only once all information
34 in the template has been filled out.

35 36 **8. Presentation: DILG-PPEI Study re LGU Shares**

37
38 The presentation was given by the DILG representative who also served as Chair of the meeting. She
39 said that the presentation is a portion of a study conducted under one of the projects of DILG PPEI
40 supported by UNEP and UNDP. Only the slides deemed relevant to EITI were selected.

41
42 The presentation of DILG is attached hereto as Annex B.

1 The DILG representative mentioned that the whole report is available in the DILG website.

2

3 *Comments/Reactions:*

4

5 A CSO representative shared that they tried in Compostela Valley to come up with special accounts for
6 all local mining taxes, fees, charges. But the problem is, the special accounts which will remain under
7 the General Fund will not be included in the computation of local income/revenue and therefore it will
8 affect the LGU's income classification, which right now stands as a first class city. This will also affect
9 their budget status.

10

11 The DILG representative clarified that what is referred to is a special account within the General Fund, so
12 that a separate accounting system can be made for that special account. As to its effect on the income
13 classification of an LGU, it may be best to clarify with BLGF what is the basis of determining the income
14 class of LGUs.

15

16 Secretariat reminded the body that after listening to the presentation, they are expected to comment
17 on the coverage of the scoping study previously agreed upon by the body to be commissioned with
18 respect to the proposal to amend the Local Government Code (LGC).

19

20 A CSO representative asked the body if they really want to review the LGC as she thinks this is beyond
21 the mandate of the MSG, and considering that the MSG is also pushing for the EITI Bill. She suggested
22 that they just contribute their inputs to the ongoing initiative of the government as regards the LGC
23 amendment. MSG should just focus on producing the third report for the EITI, and then the EITI bill, and
24 then maybe on an Order that will facilitate the other data needed.

25

26 Secretariat clarified that they are just pursuing the subject because it is part of matters arising from past
27 MSG meetings. She reminded the body that they already agreed that the study will not be an
28 amendment of the LGC; instead, it would be a review of both the EITI report vis-à-vis the DILG study to
29 find ways on how the PH-EITI reporting process can be support the DILG agenda.

30

31 The DILG representative remarked that when they did a review on the LGC last year, they did not see
32 many LGC provisions that are relevant to or would support EITI. The transparency required in the
33 extractive industry is very specific compared to the many other things that LGUs would want to be
34 included the LGC.

35

36 The CSO representative suggested to strike the subject out from the Matters Arising. However, another
37 CSO representative thinks that it is ok to retain it. According to him, the proposed amendment is
38 consistent with the MSG efforts because there were some items/concerns pointed out previously that
39 would call for amendments in the LGC.

40

41 The first CSO representative raised another suggestion, on the possibility of LGUs setting up a trust fund
42 for the money that they receive, because sometimes there really are windfalls for LGUs. With no

1 incentive to save, they will have to spend; there is no context of financial management. The DILG
2 representative said the Commission on Audit discourages the opening of several accounts at the local
3 level, or even at the national agency level.

4
5 An industry representative remarked that the 60-40 sharing of national wealth has been there for a long
6 time. Based on past studies, the reason is that government has to consider the population, the
7 implication in the area where the mining activity is located. Because not all areas have minerals, the
8 national level gets the bigger share (60%) so that it can divide the wealth from natural resources and be
9 able to give also to those without mineral resources. She requested DILG to revisit the 60-40 sharing.

10
11 According to the DILG representative, the MICC already has a study which will actually determine the
12 appropriate share of the national and local governments, and if there is a need to change the 60-40
13 sharing.

14
15 The second CSO representative reacted to the earlier suggestion of the first CSO representative about
16 opening of trust funds. He said that right now, these are actually discouraged, but he thinks the body
17 can probably table the discussion after seeing the presentation on Sovereign Wealth Fund because
18 maybe that is the other possible option.

19
20 There will be a presentation on sovereign wealth fund in the next MSG meeting.

21 22 **9. Other Matters**

23 24 • **Update on Extractives Global Programmatic Support (EGPS)**

25
26 Secretariat provided some positive update on the status of the EGPS grant from the World Bank (WB).
27 She informed the body that the grant has been approved by the Country Office of the Bank. It has been
28 received by the International Finance Group of the DOF. However, this will still have to go through
29 another process of review and approval on the side of the Philippine government. It will now be up to
30 the new DOF Secretary to take action on the approval of the grant on the side of the government.

31
32 As a related update, Secretariat disclosed the status of the current funds of the Secretariat, noting that
33 the GOP counterpart fund is actually already depleted. This already considered critical allocations such
34 as for the Independent Administrator, for the contextual information consultant, and for the MSG
35 meetings. For the LGU roadshow, USAID will partially fund the activity.

36
37 The Chair noted that the WB approval of the grant would give more reason for the new administration
38 to continue the EITI as WB has already committed to pursue and sustain the operations of EITI.

39
40 A CSO representative asked if back pays can be charged to the grant, assuming the money comes in
41 already. Secretariat replied in the negative; the grant does not allow retroactive payments. It will only
42 shoulder expenses incurred after the transfer of the funds.

1 The Chair then asked how long it would take for DOF to actually make the fund available and usable and
2 if there will be some sort of “bridge funding” in the meantime. Secretariat replied in the negative.

3
4 Another CSO representative inquired as to what action the body can collectively take regarding the
5 financial concerns of the Secretariat, as this is also an issue of sustainability and continuity. He
6 expressed appreciation for the voluntary work of the Secretariat.

7
8 The Chair asked if it would help if MSG comes up with a resolution to be submitted to the new Secretary
9 indicating the important issues faced by the EITI. She believes it would help to point out some issues
10 that need to be immediately addressed, like the institutionalization of the Secretariat, commitment to
11 the international community, the WB funding that needs GOP approval, timeline for the country
12 validation, and other important matters.

13
14 Secretariat mentioned that they have already informed the EITI Officer-in-Charge, Usec Gil Beltran, who
15 replaced Asec Habitan, about these pressing issues.

16
17 Considering that EITI is a multi-stakeholder effort, a CSO representative made a motion to produce an
18 MSG resolution, containing all the suggestions mentioned earlier. The Chair added that this resolution
19 will also serve to help the OIC Focal Person in making representations to the DOF Secretary. The one-
20 page resolution will contain priority issues that should be looked into with regard to the operation of
21 EITI Philippines and the country’s application for validation.

22
23 The motion was seconded and approved. Secretariat took note of this and volunteered to draft the
24 resolution. The body agreed that the Secretariat can already prepare the last page where all can
25 immediately sign. The content of the resolution will first be circulated among the members before the
26 document is actually submitted.

27
28 The Chair made a final motion to include in the resolution the status of contract of the Secretariat.

29
30

- **Schedule of next MSG Meeting**

31
32 With no other concerns and comments, the Chair asked the body for the schedule of the next MSG
33 meeting. Secretariat reiterated that by default MSG meetings are held on the first Friday of every
34 month, so the next meeting would be August 5, unless, because of the numerous matters to discuss, the
35 body would like to consider holding the meeting a week earlier.

36
37 The body agreed and the Chair confirmed the next meeting to be on August 5, 2016.

38
39 The meeting was adjourned at 12:53 pm.

Elevating Transparency

PH - Extractive Industries
Transparency Initiative

MSG Meeting

July 2016

*Isla Lipana & Co/
PwC*



Contents



Improvements

- 1** Improvements - Reporting templates
- 2** Improvements - Contextual information
- 3** Initiatives - Data gathering and financial reconciliation
- 4** Next steps

Reporting templates

Improvements

Agency	Points for improvement	Additional details to include
All	Certain sections in the templates are not applicable, according to government agencies, based on the current/existing process.	Revisit templates and agree sections with the corresponding government agencies before release.
	Details are only for specific entities; total amounts for the industry are needed for the contextual information	To include in government templates required aggregation for each revenue stream
LGUs	Traceability of share in national wealth received	Reference no. for notice of receipt of share in national wealth
	Some reporting templates were not considered as the specific entities for which the information pertains to were not indicated.	Ensure that taxes and licenses included in the template are attributed to specific entities.
DBM	Proper turnover of documents within the DBM to facilitate easier access to required information.	Not applicable. No specific template for this government agency.

Reporting templates

Improvements

Agency	Point for improvement	Additional details to include
MGB	Completeness of information included in the reporting template	Review and confirm that information reported are complete and accurate
NCIP	Inconsistent information and level of details received from different regional offices	Reporting template should be consolidated and completed by the central office
BIR	None noted.	None noted.
BOC	None noted.	None noted.
PPA	None noted.	None noted.
DOE	None noted.	None noted.

Reporting templates - Companies

Improvements

Clarity on information required for funds

Actual costs incurred for the year under SDMP are difficult to determine considering that SDMP is a five-year plan

Indicate whether required information are fund balance as of date or fund expenses for the year

State explicitly in the reporting templates that only expenses for the year are needed.

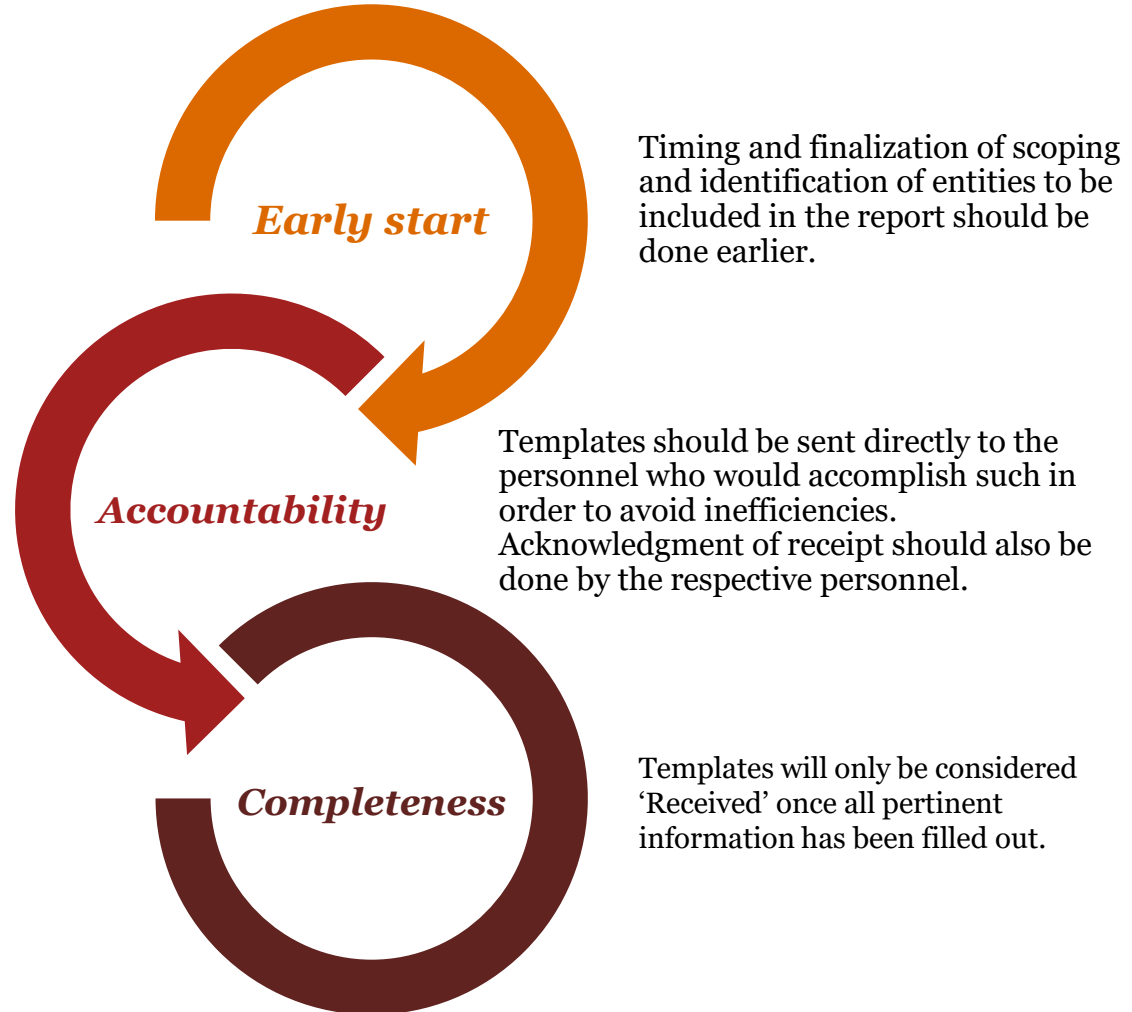
Contextual information

Improvements

Areas	Details	Action points
Scope	Topics and sections were added and changed throughout the course of drafting the contextual information report.	Agree on detailed scope, content and timeline of contextual information report to avoid inefficiencies.
Data integrity	<p>There were changes noted between the initial information submitted and the final reports received.</p> <p>Some information are not readily available (e.g. GVA of coal) given limitations cited by PSA.</p>	<p>Confirm with the respective government agencies that the reports received are final versions.</p> <p>Assistance from the relevant government agencies in obtaining the said information from other sources.</p>

Initiatives

Data gathering and financial reconciliation



Next steps



Questions?



PHILIPPINE POVERTY-ENVIRONMENT INITIATIVE

**FACILITATING THE RELEASE AND
PUBLIC DISCLOSURE OF LGU SHARES
FROM NATIONAL WEALTH**

*Environment and Natural Resource Revenues and Benefits for Poverty
Reduction and Environmental Sustainability*



*Empowered lives.
Resilient nations.*



- ❑ *PEI is a global UN-led programme on-going in Africa, Asia-Pacific, Latin America and Europe*
- ❑ *It supports country efforts to achieve a greener and more inclusive development path.*

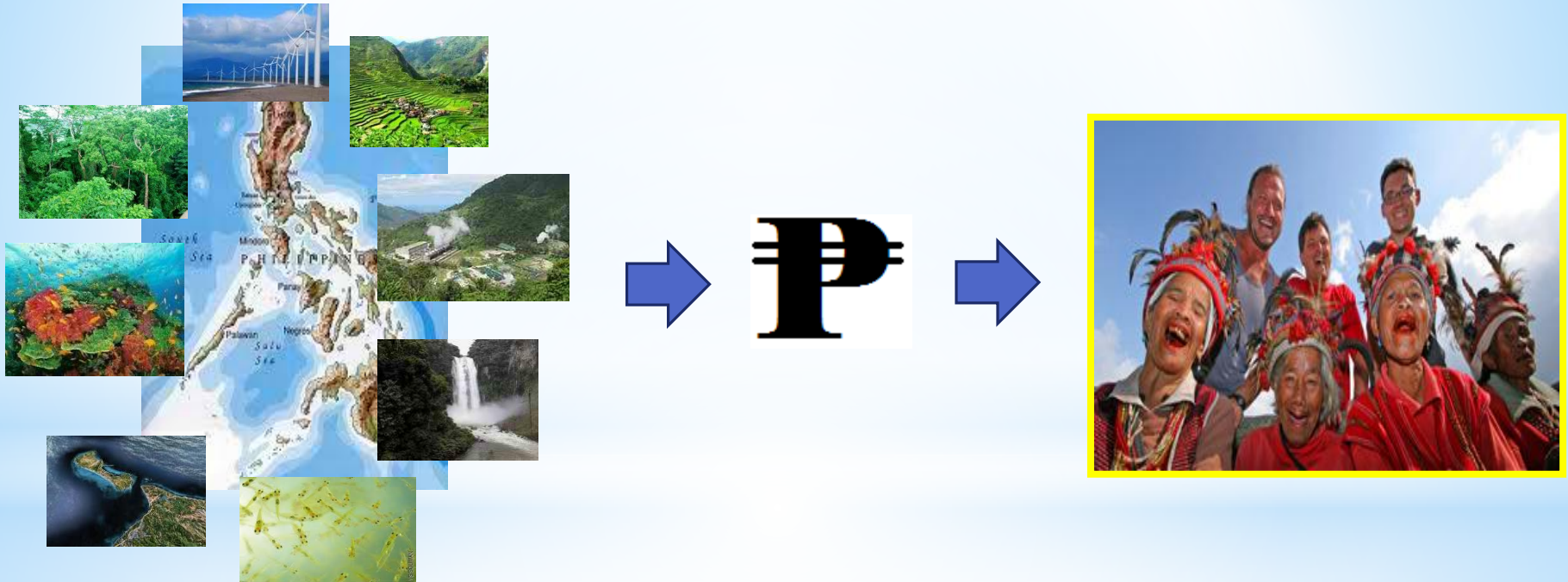
PHILIPPINES POVERTY-ENVIRONMENT INITIATIVE



- A five-year (2011-2015) collaborative programme of UNDP-UNEP and the Government of the Philippines, through the DILG as the implementing partner and DENR, DOE, DOF, DBM, NEDA and NAPC as collaborating agencies
- Main goal is to support the Philippine government, civil society and the business sector in utilizing revenues and benefits from sustainable environment and natural resources management for poverty reduction and environmental protection through improved capacity and enabling conditions at national and local levels
- PPEI supports the achievement of the **UNDAF and UNDP PHL CPD Outcome Statement:**

- ❑ Outcome 4: Adaptive capacities of vulnerable communities and ecosystems are strengthened to be resilient to threats, shocks and disasters and climate change

The Continuing Key Challenge ...



To reverse the persistent poverty situation by turning the country's environment and natural resources into capital for poverty reduction and sustainable management of environment and natural resources.



Legal Bases

1987 Constitution

Article 10 - Local Government

Sec. 7. “Local governments shall be entitled to an equitable share in the proceeds of the utilization and development of the national wealth within their respective areas, in the manner provided by law, including sharing the same with the inhabitants by way of direct benefits.”



1991 Local Government Code

Book 2, Title 3, Chapter 2 - Share of LGUs in the National Wealth

Sec. 289 - Share in the Proceeds from the Development and Utilization of the National Wealth

“LGUs shall have an equitable share in the proceeds derived from the utilization and development of the national wealth within their respective areas, including sharing the same with the inhabitants by way of direct benefits.”



1991 Local Government Code

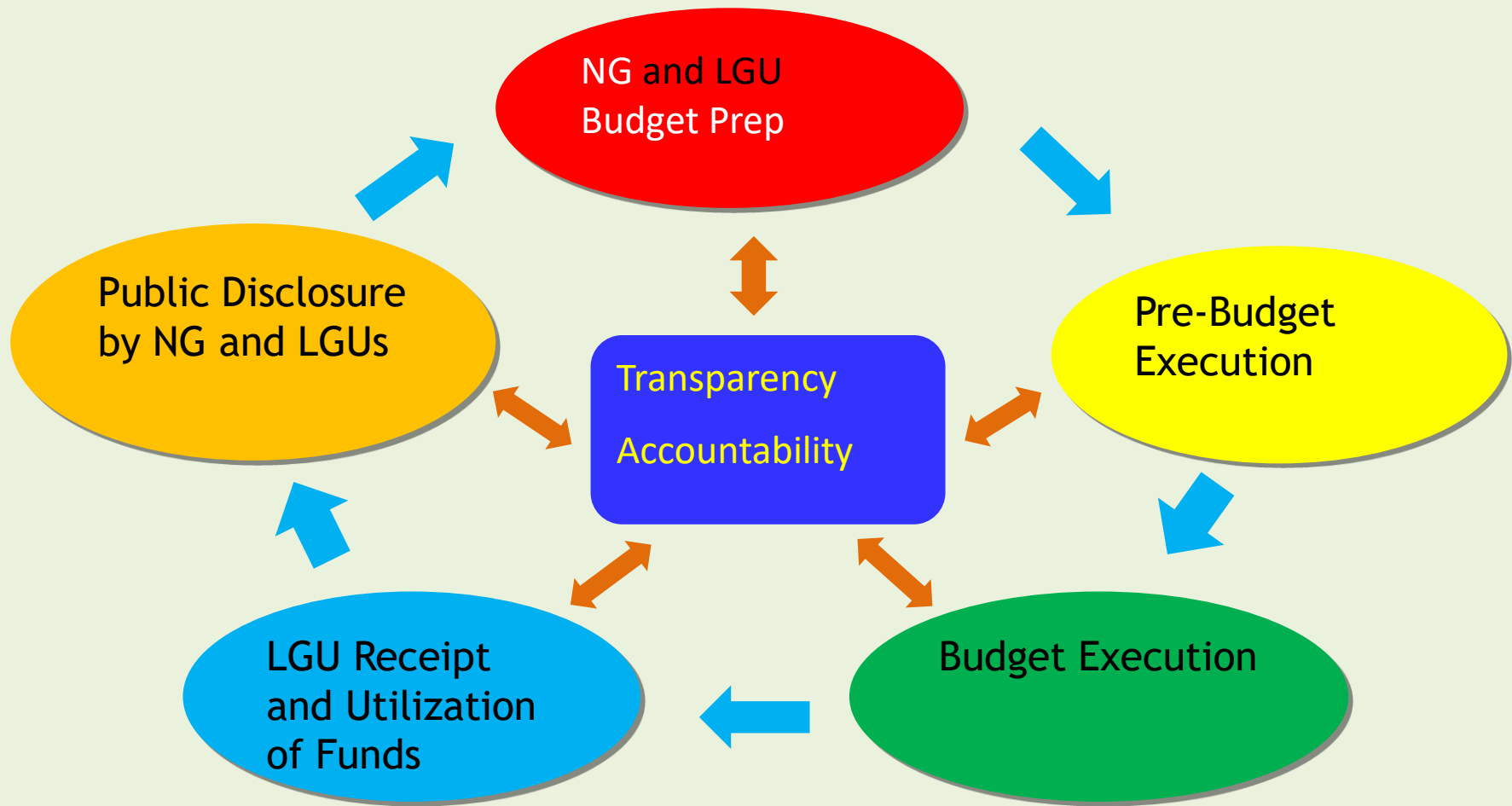
Title 3, Chapter 2 - Share of LGUs in the National Wealth

Sec. 290 - Amount of Share of LGUs

LGUs shall, in addition to the IRA, have a share of forty percent (40%) of the gross collection derived by the national government from the preceding fiscal year from mining taxes, royalties, forestry and fishery charges, and such other taxes, fees, or charges, including related surcharges, interests, or fines, and from its share in any co-production, joint venture or production sharing agreement in the utilization and development of the national wealth within their territorial jurisdiction.



LGU Shares from National Wealth



Release and Distribution of Shares from National Wealth

Release and Distribution of Shares from National Wealth

DOF-DBM-DILG-DENR Joint Circular No. 2009-1 dated March 31, 2009

MGB

-estimated/actual volumes and values of metallic mineral production (Feb/Mar) and non metallic (Oct) of ensuing year per project/permittee basis; and the list of new metallic permittees, actual volumes and values of their respective production and extraction sites.

LMB

updated copy of the consolidated masterlist of land area

DILG

validated list of actual extraction sites of all non-metallic mineral products with a summary of LGUs where such production /extraction originated(15th of May); enjoin LCEs to ensure submission by mining permittees of the quarterly production and sales report form to the MGB; and furnish DBM, BIR and BTr with the updated masterlist of LGUs during the 1st quarter of each year.



BIR

determine the correct mining taxes paid and collected during the immediately preceding year based on the estimated and actual volumes and values of the mineral products submitted by the MGB.

Prepare joint certification (with BTr) of the actual collections from mining taxes with the schedule of the corresponding shares of the beneficiary LGUs;

BTr

validate and approve the joint certification (within 30 days), based from BTr Regional offices and AAGDB; transmit to DBM within 45 days after the receipt of said certification and schedule of LGU shares; copy furnish BIR with summary of recorded mining tax deposits and/or collections and the JEV issued within 15 days from submittal to DBM

DBM

Release shares to specific LGUs; DBM RO to issue SARO and NCA/ funding check for the 1st 3 quarters in Feb of the ensuing year and the 4th qrt in May of the ensuing year.

Special Provision in 2016 GAA

President's Message for 2016 Budget

“This Budget establishes a policy whereby the BTR will now directly release the IRA and Shares in NG revenues to LGUs.”

Special Provision in the 2016 National Expenditure Program (NEP)

Direct Release of LGU Shares. “The IRA and all the current year LGU shares appropriated herein shall be released directly by the BTr to the LGU beneficiaries only through the authorized government servicing banks.”

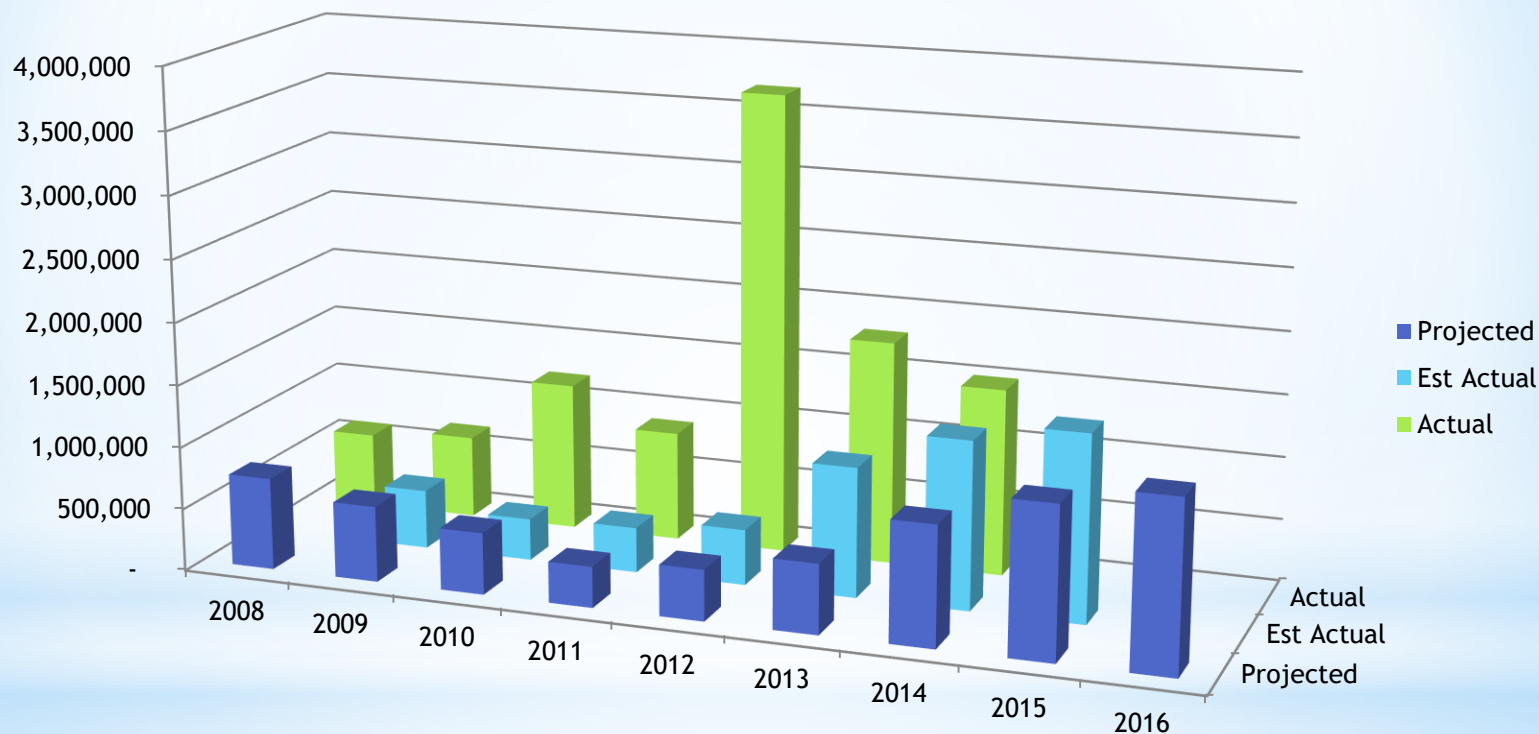
At present, it is the DBM Central Office that releases the IRA and other LGU shares in NG revenues to the DBM Regional Offices (ROs). The DBM-ROs then process and effect the downloading of funds to the accounts of LGUs.

Revenues Earmarked for LGUs as their Shares from National Wealth

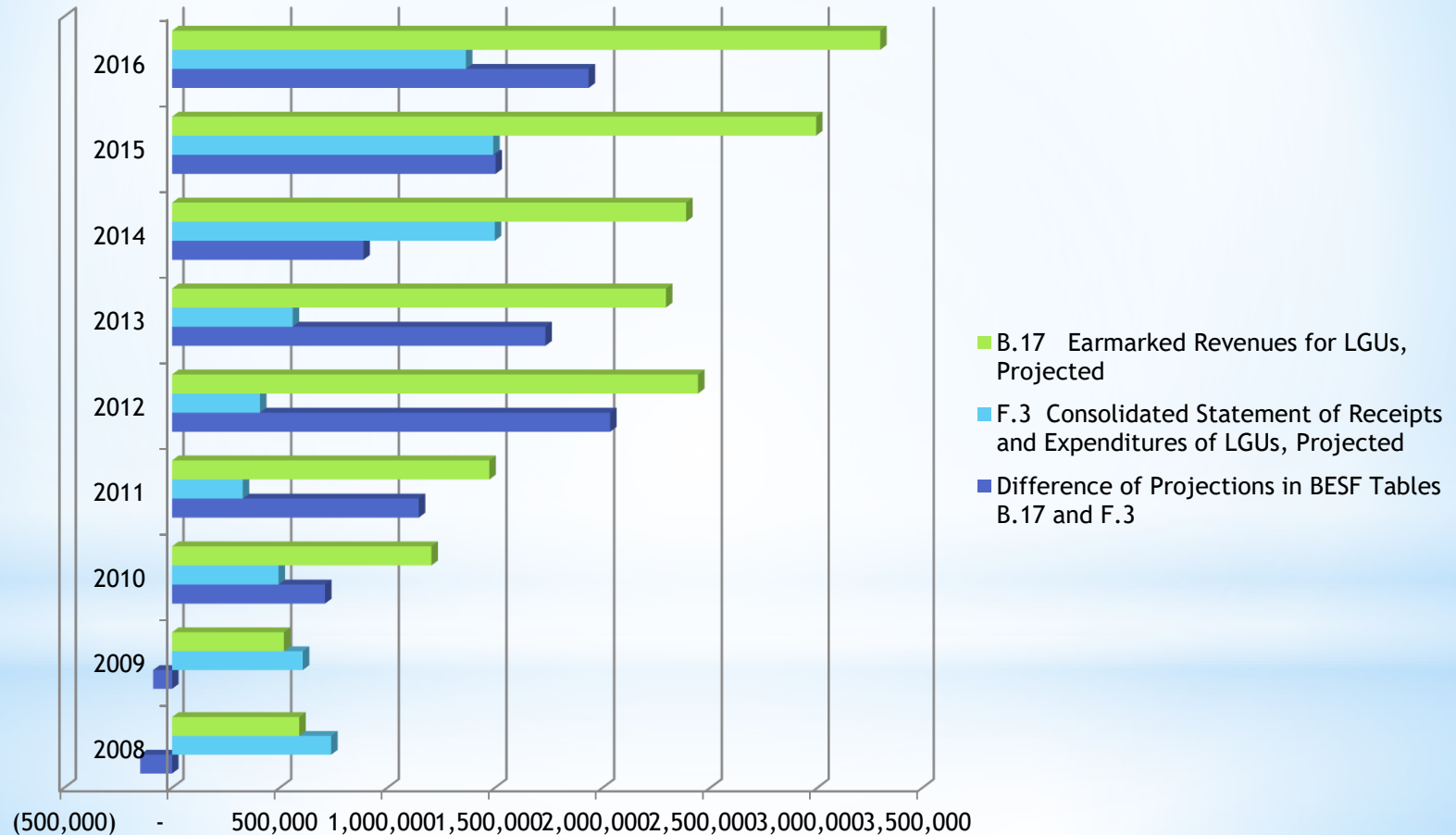
Particulars	2013		2014		2015	2016
	Projected	Actual	Projected	Actual	Projected	Projected
Special Shares from DOE						
40% of Royalty Fees from Energy Resources Production	1,113,581	697,795	969,234	720,210	1,277,213	1,291,089
Special Shares from DENR						
40% of Forest Charges	26,531	12,607	7,643	0	9,196	8,733
40% of 90% of Royalty Fees from Mineral Reservations	404,572	570,371	415,400	471,861	474,120	496,836
Special Shares from BIR Collections						
40% of Mining Taxes	749,000	741,537	995,200	531,594	1,233,000	1,502,000
2% Special Privilege Tax on Mini Hydroelectric Power	-	-	-	-	-	-
Grand Total, LGU Special Shares from Natural Resources	2,293,684	2,022,310	2,387,477	1,723,665	2,993,529	3,298,658

Source: BESF Table B.17

Projected and Actual LGU Shares from National Wealth



Differences in Projections of LGU Shares from National Wealth



Earmarked vs Actual LGU Shares from National Wealth

- * In 2013, 88% of earmarked revenues were actually released. This declined to 72% in 2014.
- * The decline is mostly due to the big drop in LGU shares from the mining tax actually released, from 99% in 2013 to 53% in 2014.
- * Excellent performance of DENR and DBM in releasing LGU shares in royalties from mineral reservations continued, 140% in 2013 and 114% in 2014.
- * The DOE and DBM improved their performance in releasing LGU shares in royalties from energy resource production from 63% in 2013 to 74% in 2014.
- * In 2013, only 48% of LGU shares in forest charges was released. Nothing was released in 2014.



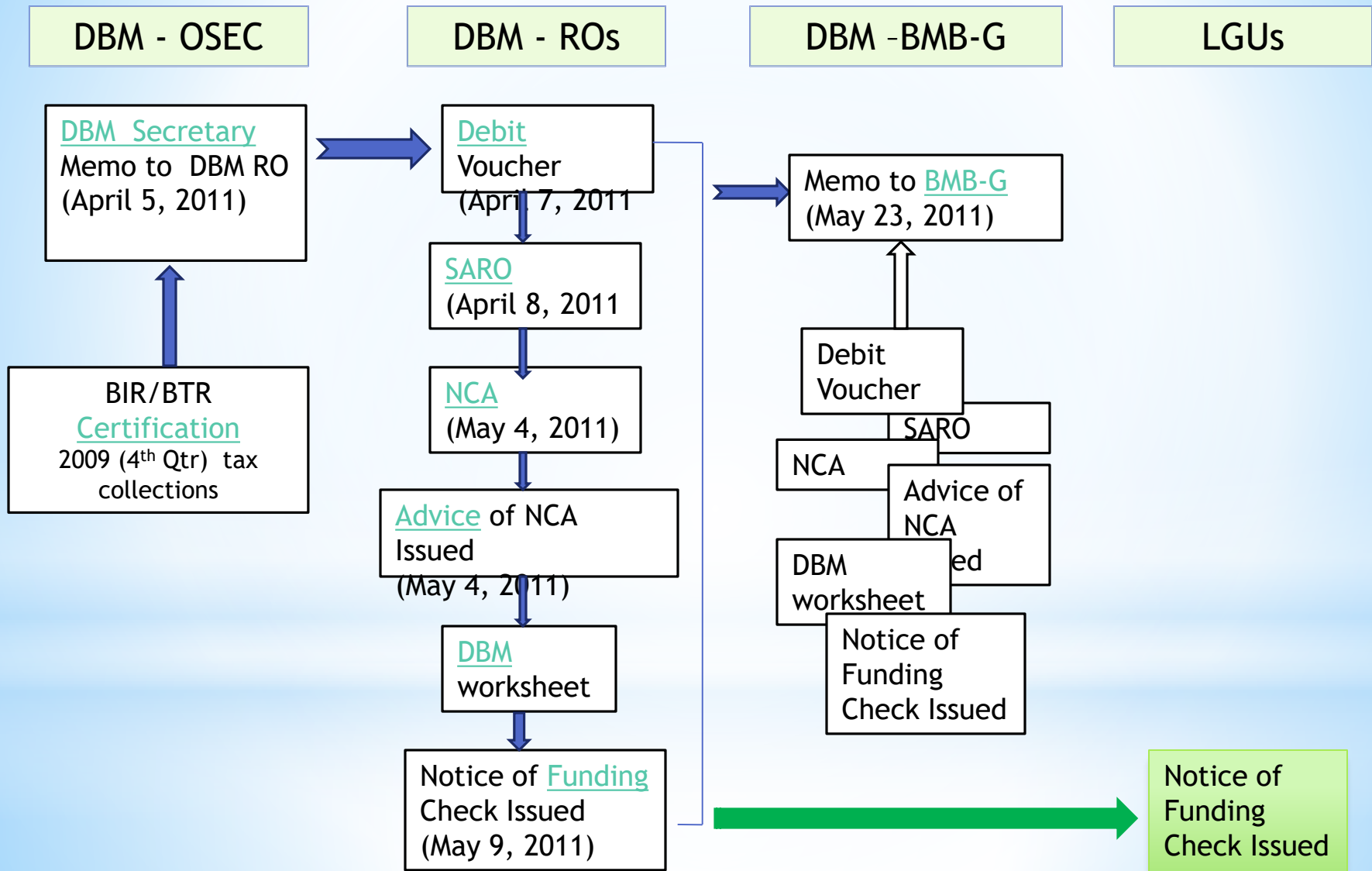
Proposed Amendments

JMC No. 2009-1

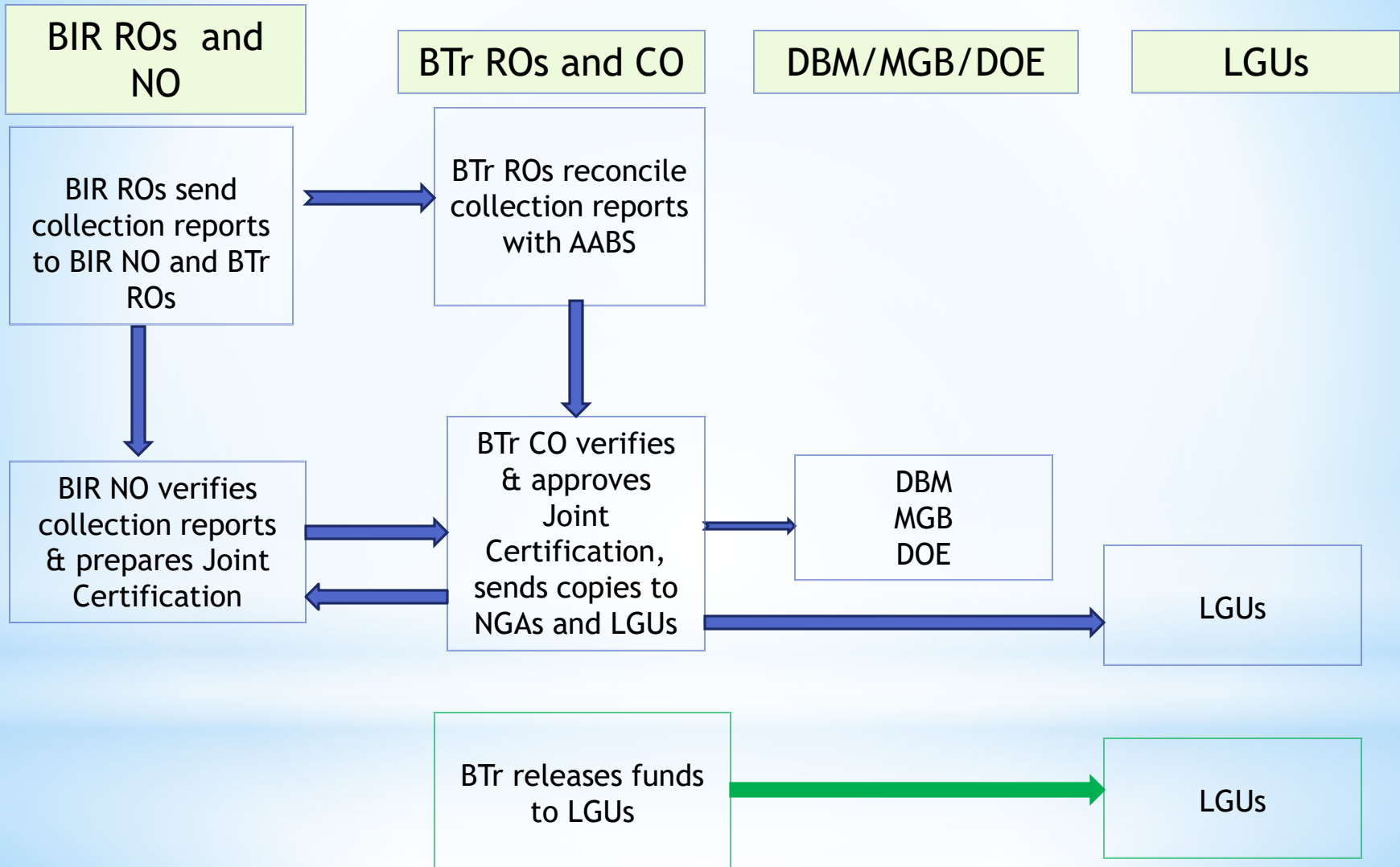
Period	BIR Submission of Joint Certification to BTr	BTr Validation and Submission of Joint BIR & BTr Certification to DBM	Release of Funds by DBM
1 st Qtr. Collection (March 31 of the current year)	June 15 of current year	July 31 of current year	Within February of ensuing year
2 nd Qtr. Collection (June 30 of the current year)	September 15 of current year	October 31 of current year	
3 rd Qtr. Collection (September 30 of the current year)	December 15 of current year	January 31 of ensuing year	
4 th Qtr. Collection (December 31 of the current year)	March 1 of ensuing year	April 30 of ensuing year	Within May of ensuing year



Sample Timetable Under JMC 2009-1



Proposed Amendments to JMC 2009-1



Proposed Amendments to JMC 2009-1

- * By end-Feb, MGB to give BIR estimates of the volumes and values of metallic and non-metallic mineral production for the current year, with the host LGUs clearly identified from the provincial to the barangay levels.
- * Based on above info from MGB, BIR shall compute and submit to DBM and BTr by March 15 every year breakdown of the revenues earmarked for LGUs among the beneficiary LGUs, from the provincial down to the barangay levels.
- * By end-June, with assistance from host LGUs and DOE, MGB to give BIR the actual volumes and values, by project, of non-metallic minerals produced during the immediately preceding year.
- * Within 60 days after end of each quarter, with assistance from host LGUs and DOE, MGB-ROs to give BIR-ROs the list of new metallic and non-metallic permittees and the actual volumes and values of their production and extraction sites. BIR-ROs shall send these reports to the BIR-NO.



Proposed Amendments to JMC 2009-1

- * Within 15 days after end of each quarter, BIR-ROs to send reports of actual collections from mining tax to the BIR-NO and to the BTr-ROs.
- * Within 15 days of receipt of the reports of actual collections from BIR-ROs, the BTr-ROs to reconcile the data with the local Authorized Agent Banks (AABs) and submit the reconciliation reports to the BTr-CO.
- * Within 30 days of receipt of reports from its ROs, BIR-NO to verify these reports and prepare and send to BTr-CO a Joint Certification of the actual collections and the schedule of the corresponding shares of the beneficiary LGUs.
- * Within 30 days of receipt of a Joint Certification from BIR and with the reconciliation reports from its ROs, BTr shall verify and approve the Joint Certification.
- * Within 5 days of its approval, a copy of the Joint Certification to be sent by BTr to the BIR and DBM.
- * Within 10 days of its approval, a copy of the Joint Certification to be sent by BTr to the MGB, the beneficiary LGUs and the DOE (as appropriate).

Proposed Amendments to JMC 2009-1

- * Based on the Joint Certifications it receives from BTr, beneficiary LGUs to include in their proposed budget the amounts they expect to receive in the ensuing year together with the development and livelihood projects that they plan to undertake and finance with their expected shares.
- * In January of each year, BTr to release the LGUs' shares for the first 3 quarters of the immediately preceding year.
- * In April of each year, BTr to release the LGUs ' shares for the fourth quarter of the immediately preceding year.

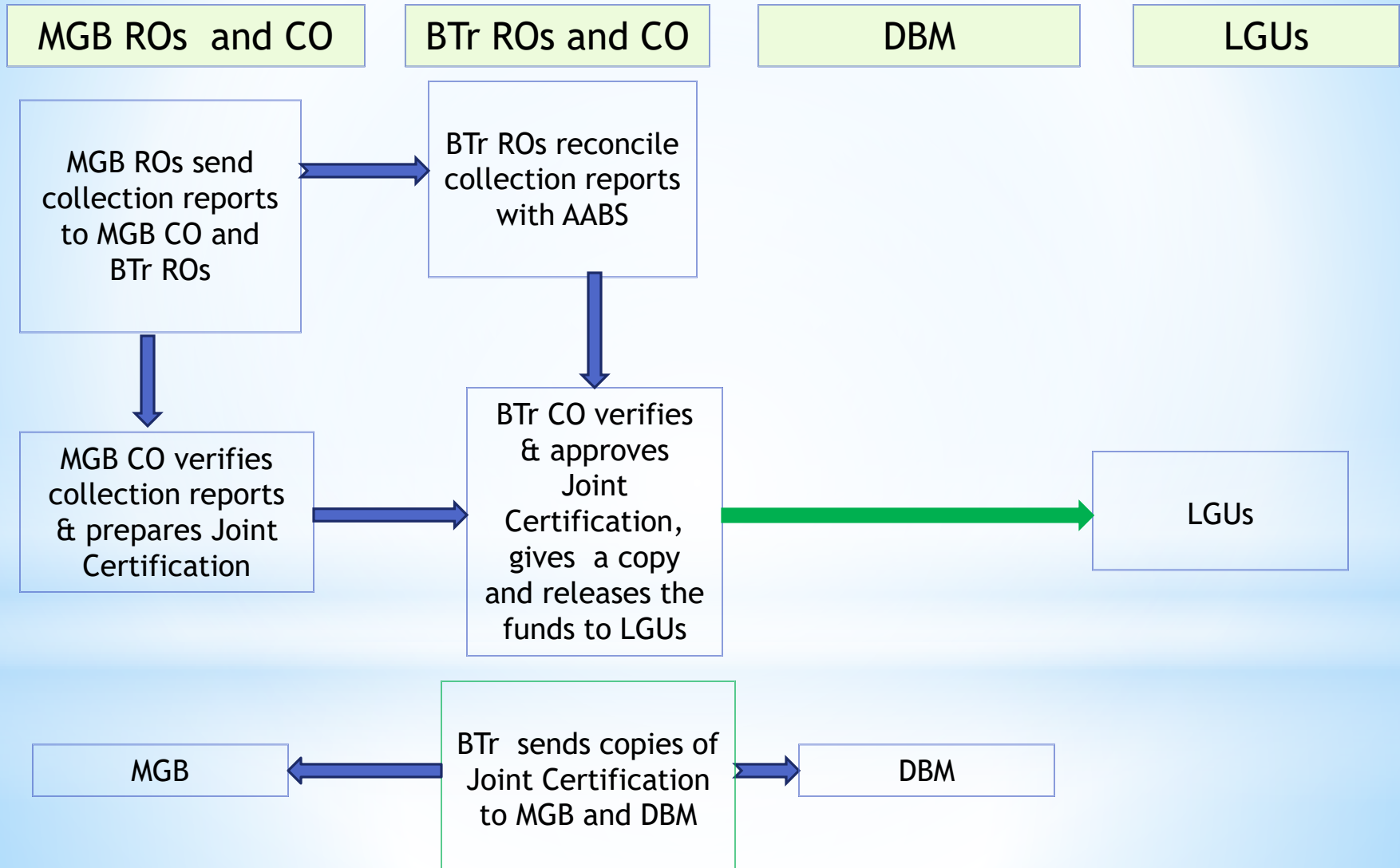


JMC No. 2010-1

Period	MGB Submission of Joint Certification to BTr	BTr Validation and Submission of Joint MGB & BTr Certification to DBM	Release of Funds by DBM
January 1 to December 31 of the current year	Within 60 days from the end of the preceding year	30 days from the submission of MGB collections/15 days after completion of validation	Within 30 days from receipt of the joint certification from MGB and BTr



Proposed Amendments to JMC 2010-1



Proposed Amendments to JMC 2010-1

- * By March 15, MGB to submit to DBM-CO and BTr the breakdown of the LGU shares in the targeted royalties collection, from the provincial down to the barangay levels.
- * By June 15 every year, concerned DBM-ROs to inform beneficiary LGUs of the shares in royalty fees from mineral reservations that they can expect to receive in the following year.
- * Based on the above information, beneficiary LGUs to include in their proposed budget the amounts they expect to receive in the ensuing year together with the development and livelihood projects that they plan to undertake and finance with their expected shares.

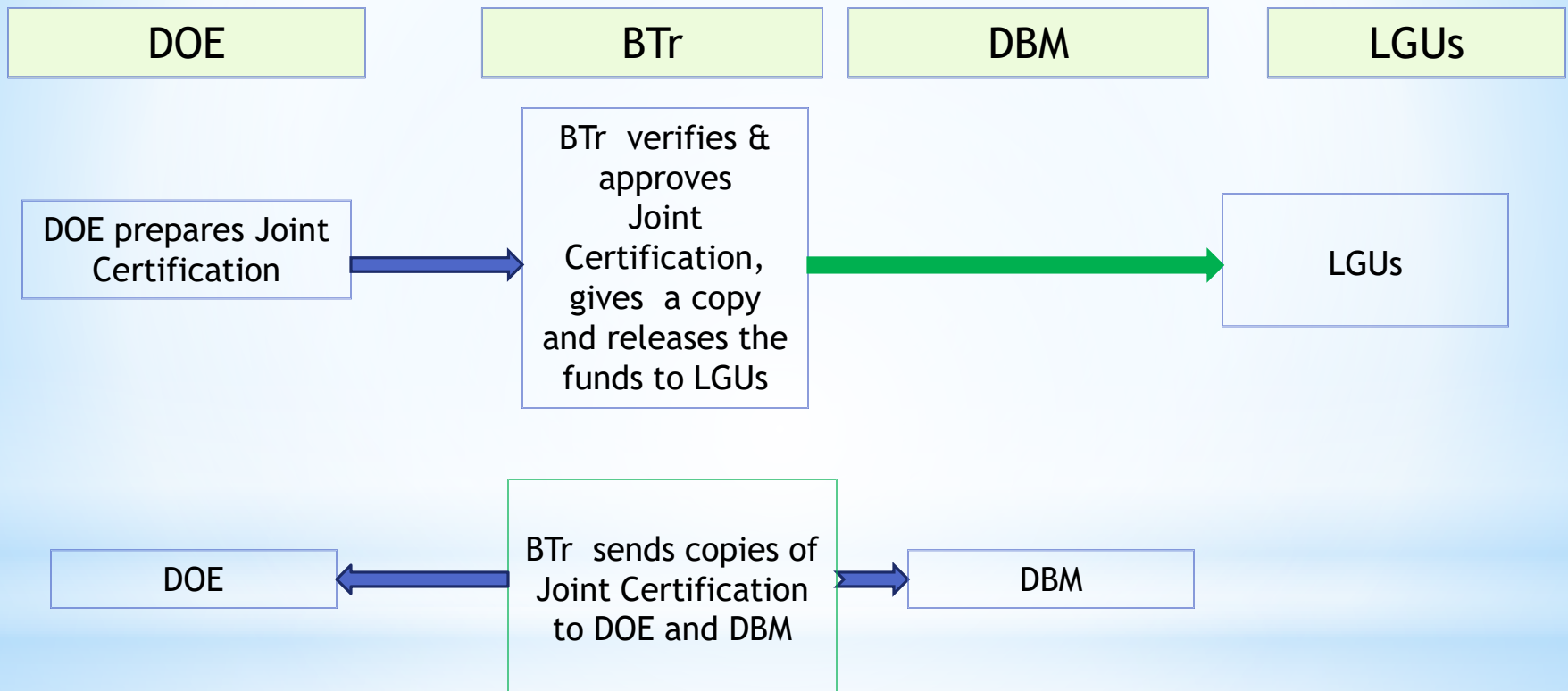


Proposed Amendments to JMC 2010-1

- * Within 30 days after end of the year, MGB-ROs to send reports of actual collections of royalty fees from mineral reservations to the MGB-CO and to the BTr-ROs.
- * Within 15 days of receipt of the reports of actual collections from MGB-ROs, the BTr-ROs to reconcile the data with the local Authorized Agent Banks (AABs) and submit the reconciliation reports to the BTr-CO.
- * Within 30 days of receipt of reports from its ROs, MGB-CO to verify these reports and prepare and send to BTr-CO a Joint Certification of the actual collections and the schedule of the corresponding shares of the beneficiary LGUs.
- * Within 30 days of receipt of a Joint Certification from BIR and with the reconciliation reports from its ROs, BTr shall verify and approve the Joint Certification.
- * Within 10 days of its validation of the Joint Certification, BTr to release the LGUs' shares together with a copy of the Joint Certification.
- * Within 10 days of the release of funds to LGUs, BTr to transmit to the MGB and DBM a copy of the Joint Certification with a notation that the funds have been released to the beneficiary LGUs.



Proposed Amendments to JMC 2006-1



Proposed Amendments to JMC 2006-1 re Energy

- * By March 15, DOE to submit to DBM-CO and BTr the breakdown of the LGU shares in the targeted royalties collection, from the provincial down to the barangay levels.
- * By June 15 every year, concerned DBM-ROs to inform beneficiary LGUs of the shares in royalty fees from energy resources production that they can expect to receive in the following year.
- * Based on the above information, beneficiary LGUs to include in their proposed budget the amounts they expect to receive in the ensuing year together with the development and livelihood projects that they plan to undertake as well as the schemes they plan to implement to lower the cost of electricity within their jurisdiction.
- * With the support of DILG, DOE to conduct training workshops to familiarize host LGUs with the mechanics and procedures prescribed in DOE- DILG Circular Nos. 95-01 and 98-01 for formulating and implementing schemes to lower the cost of electricity within their jurisdiction.

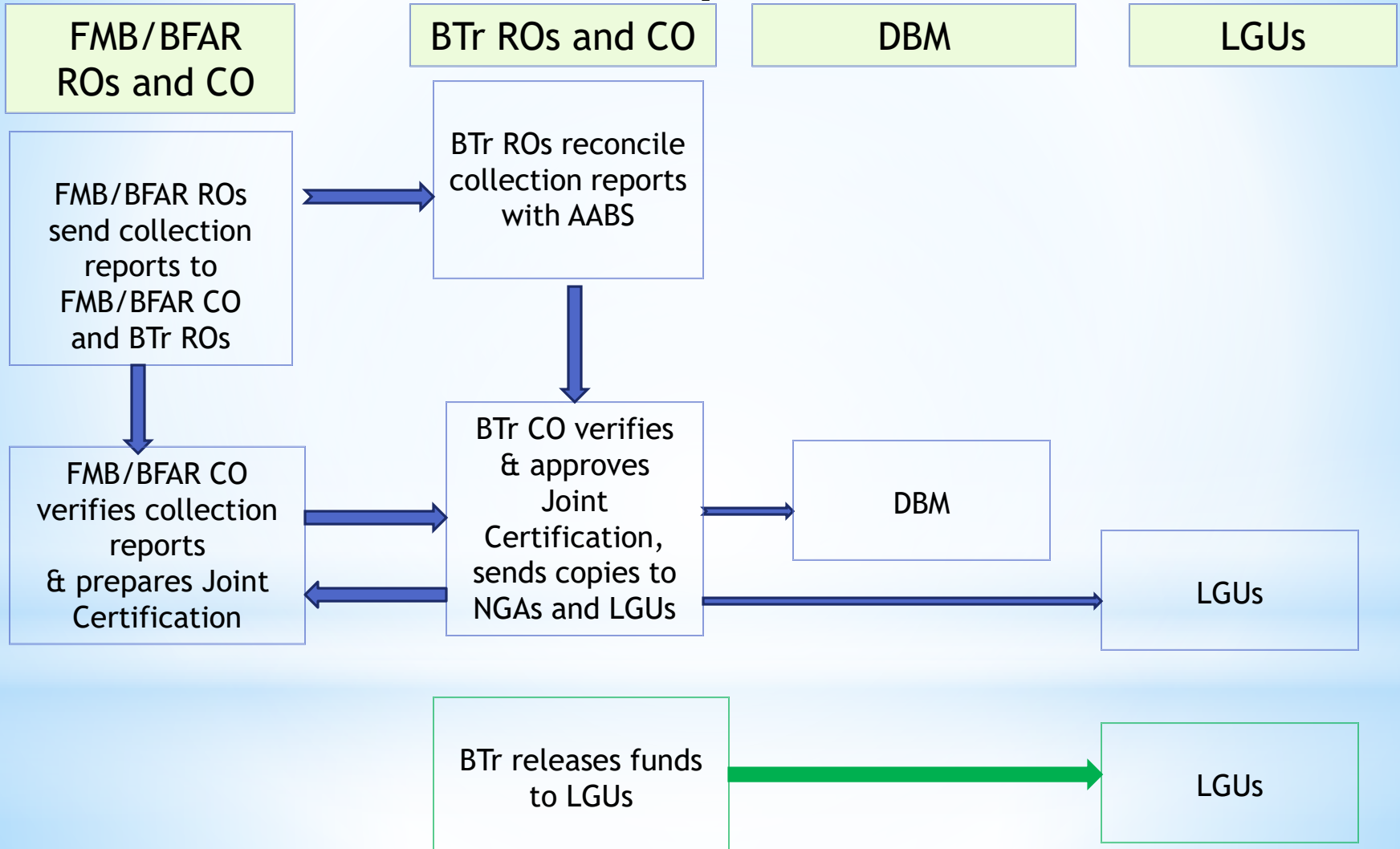
Proposed Amendments to JMC 2006-1 re Energy

- * Within 30 days after end of the year, DOE to send reports of actual collections of royalty fees from energy resources production to the BTr.
- * Within 30 days of receipt of a Joint Certification from DOE, BTr shall verify and approve the Joint Certification.
- * Within 10 days of its validation of the Joint Certification, BTr to release the LGUs' shares together with a copy of the Joint Certification.
- * Within 10 days of the release of funds to LGUs, BTr to transmit to the DOE and DBM a copy of the Joint Certification with a notation that the funds have been released to the beneficiary LGUs.



Proposed Amendments to JMC 2006-

1



Proposed Amendments to JMC 2006-1

- * Within 15 days after end of each quarter, FMB/BFAR ROs to send reports of actual collections to the FMB/BFAR and to the BTr-ROs.
- * Within 15 days of receipt of the reports of actual collections, the BTr-ROs to reconcile the data with the local Authorized Agent Banks (AABs) and submit the reconciliation reports to the BTr-CO.
- * Within 30 days of receipt of reports from its ROs, FMB/BFAR CO to verify these reports and prepare and send to BTr-CO a Joint Certification of the actual collections and the schedule of the corresponding shares of the beneficiary LGUs.
- * Within 30 days of receipt of a Joint Certification from FMB/BFAR and with the reconciliation reports from its ROs, BTr shall verify and approve the Joint Certification.
- * Within 5 days of its approval, a copy of the Joint Certification to be sent by BTr to the FMB/BFAR and DBM.

Proposed Amendments to JMC 2006-1

- * Within 15 days of its approval, a copy of the Joint Certification to be sent by BTr to the beneficiary LGUs
- * Based on the Joint Certifications, beneficiary LGUs to include the amounts they expect to receive in the ensuing year in their budget proposal together with the development and livelihood projects that they plan to undertake and finance with their expected shares.
- * In January of each year, BTr to release the LGUs' shares for the first three quarters of the immediately preceding year.
- * In April of each year, BTr to release the LGUs ' shares for the fourth quarter of the immediately preceding year.

Utilization of LGU Shares from National Wealth

- * **Health**-related: health workers and health centers, immunization and nutrition programs, family planning services, medicines and medical missions
- * **Education**-related: school buildings, scholarships
- * **Jobs and investments**-related: job fairs, one stop shops for business licensing
- * **Social welfare**-related: livelihood programs
- * **Agriculture**-related: extension services, demonstration farms, seed dispersal, communal irrigation, farm to market roads
- * **Environment**-related: solid waste management, sanitation and sewerage, upland forests conservation and rehabilitation
- * **Disaster-risk/climate change mitigation and management**: emergency food and other supplies

Proposed Creation of Special Account in the General Fund

Section 313 of the LGC

Special Accounts to be Maintained in the General Fund

- **LGUs shall maintain special accounts in the general fund for the following:**

- (a) Public utilities and other economic enterprises;
- (b) Loans, interests, bond issues, and other contributions for specific purposes; and
- (c) **Development projects funded from** the share of the LGU concerned in the Internal Revenue Allotment and **such other special accounts which may be created by law or ordinance.**

Receipts, transfers, and expenditures involving the foregoing special accounts shall be properly taken up thereunder.

Proposed JMC on Utilization of LGU Shares from National Wealth

- Upon receipt of its shares from National Wealth, the LGU concerned shall put the funds in a **Special Account in the General Fund**.
- Upon receipt of the funds, the LGU concerned shall prepare a **supplemental Annual Investment Plan (AIP)** and the accompanying **supplemental budget**.
- The AIP shall be prepared pursuant to **Section 294** of the LGC. Identification of **local development and livelihood projects** shall be made through **wide consultation with the different stakeholders and community leaders**.
- The supplemental budget shall be **chargeable against the Special Account in the General Fund** where the proceeds were deposited.

Proposed JMC on Utilization of LGU Shares from National Wealth

- Both the AIP and the supplemental budget shall be submitted to the Sanggunian for the passage of the Appropriations Ordinance.
- Upon approval, the LGU can obligate the same amount for the implementation of the various projects.
- **The Accounting Office shall ensure proper recording of the accounts in the LGUs books of accounts. It shall also monitor the utilization of the funds from the proceeds of the national wealth broken down into the following major components:**
 - * Mining tax
 - * Royalty fees from mineral reservation
 - * Royalty fees from energy resources production
 - * Forest charges
 - * Others
- **The DOF-BLGF, DBM and DILG shall ensure that the LGU reports submitted to the Electronic Statement of Receipts and Expenditures (eSRE), Budget of Expenditures and Sources of Financing (BESF) and the Full Disclosure Policy Portal (FDPP), respectively, contain breakdowns of the proceeds by major components.**