

37th PH-EITI MSG MEETING
November 4, 2016 | 9:00 AM - 5:00 PM
Carlota Paz Room, Hotel Jen
3001 Roxas Blvd, Pasay City, Manila

Attendees:

Government

Asst. Sec. Ma. Teresa S. Habitan	Department of Finance (DOF)
Charmaine Bagacay	DOF
Engr. Romualdo D. Aguilos	Mines and Geosciences Bureau—Department of Environment and Natural Resources (MGB-DENR)
Dir. Anna Liza Bonagua	Department of the Interior and Local Government (DILG)
Ana Martha Galindes	Union of Local Authorities of the Philippines (ULAP)
Geriell Dela Cruz	ULAP

Civil Society

Dr. Cielo Magno	University of the Philippines
Dr. Merian C. Mani	Marinduque State College
Chadwick G. Llanos	United Sibonga Residents for Environmental Protection and Development (USREP-D)
Buenaventura M. Maata Jr.	Philippine Grassroots - Engagement in Rural Development Foundation, Inc. (PhilGrassroots-ERDF)
Jose Melvin Lamanilao	Independent Consultant
Engr. Maria Rosario Aynon Gonzales	Palawan State University

Resource Persons:

Emmanuel Y. Artiza	Securities and Exchange Commission
Corina Molina	Isla Lipana & Co.
Jenny Belle Rodis	Isla Lipana & Co
Jan Marlowe Castillo	Isla Lipana & Co
Winzeth Maglanque	Isla Lipana & Co
Roy Rudio	Isla Lipana & Co
Edralin Enriquez	Isla Lipana & Co

Secretariat

Atty. Maria Karla L. Espinosa	Secretariat
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1 A CSO representative suggested to note the absence of representatives from the industry sector and
2 asked comments from other participants. The Chair recognized this and mentioned that the absence of
3 industry representatives is due to previously scheduled events which cannot be moved in favor of the
4 MSG meeting. There was a comment that if there are critical discussions that would require the
5 industries' presence, there might be a need to set a meeting again. Otherwise, decisions or approvals
6 from the industry sector can be requested through e-mail.

7
8 The proposed agenda was then approved.

9 10 **2. Minutes of the 36th MSG Meeting**

11
12 The Secretariat noted that materials relevant to the meeting were circulated last week including the
13 minutes of the meeting. This is in accordance with the MSG's request to furnish everyone a copy at
14 least a week before the scheduled meeting to allow time for review. According to the Secretariat, they
15 did not receive any comments on the minutes.

16
17 The Chair declared that the minutes of the 36th MSG meeting is deemed approved.

18 19 **3. Matters arising from previous MSG meetings**

20
21 The Chair asked for updates on matters arising from previous MSG meetings. The Secretariat reported
22 that the document listing these has been trimmed down to three pages but there's a separate
23 document indicating other items parked for discussion.

24
25 The Secretariat did a run-through and gave updates on the following:

- 26
27 • *Secretariat's Institutionalization*

28
29 This is still pending but a memorandum was already submitted to the DOF secretary in July 2016.

- 30
31 • *Draft EITI Bill*

32
33 Two (2) EITI bills have been filed in Congress, one in Senate and one in the House of Representatives. It
34 was recalled that from the last MSG meeting, there was an agreement to look at the content of the bills.

35
36 The Secretariat mentioned that the MSG has been provided a matrix comparing the two bills and this is
37 part of the main business. The objective for discussing these bills is to see if the MSG would just agree
38 with/on their content or decide that there's a need to get an altogether new bill filed.

1 • *Selection Process for MSG Members*

2

3 This is still pending as the Department of Energy (DOE) has not responded yet. The Secretariat’s last
4 follow-up was last week. The Chair suggested to write a letter asking officially for DOE’s comments and
5 to ask who is the official representative of the Department in EITI. The Secretariat stated that they have
6 been getting in touch with the office of Director Abad.

7

8 The body was then informed that there was an agreement from the last MSG meeting for the
9 Secretariat to draft letters addressed to the relevant government agencies informing them about EITI.

10 The letters have not been circulated because the Secretariat waited for the results of the EITI
11 presentation to the DOF Secretary, where it was decided that EITI implementation will continue.

12

13 The Secretariat noted that they will circulate the letters to be signed by the MSG representatives of the
14 sectors after the meeting.

15

16 • *Engagement of Non-metallic Mining Associations*

17

18 It was shared that the PH-EITI was able to secure a slot in the upcoming Minerals Industry Symposium
19 on the occasion of the 63rd Annual National Mine Safety and Environment Conference – an opportunity
20 for the Secretariat for networking and to touch base with non-metallic mining associations. PH-EITI has
21 submitted its abstract and is set to submit the full paper and presentation.

22

23 • *Engagement of Autonomous Region in Muslim Mindanao (ARMM)*

24

25 The Secretariat noted that the Union of Local Authorities of the Philippines (ULAP) will provide updates
26 on this item later in the meeting.

27

28 • *Letters addressed to different government agencies and to the President*

29

30 Letters for DOE, DOF, and the Department of Natural Resources (DENR) regarding PH-EITI concerns and
31 letter to the President on commitment to EITI implementation and appointment of a national champion
32 will be circulated by the Secretariat next week.

33

34 The Chair asked the body on the need to discuss parked items. A CSO representative stated that the idea
35 behind listing them as “parked items” is for efficiency. The Secretariat noted that included in the parked
36 items are deliverables or parts of the work plan that the MSG agreed to move to a later implementation
37 period due to constraints such as financial resources.

38

39 The body agreed to proceed to the main agenda items.

40

1 **4. EITI bills filed in the Senate and House of Representatives**

2
3 The Secretariat informed the body that a matrix comparing the two bills is included in the meeting kits.
4 The agreement in previous meetings was for MSG members to review the bills and come up with a
5 decision whether to just support the filed bills or create a separate/independent MSG-approved EITI bill.
6

7 The Secretariat has not received any comment from the MSG.
8

9 The Chair solicited comments from the body. She stated that based on the Secretariat’s pre-work, the
10 two bills are essentially the same. The Senate bill just contains more details, for instance, the
11 composition of the MSG that includes a presidential adviser or a head of an interagency coordinating
12 council on the extractive sector. The Chair mentioned that in this case, the House bill is better because
13 more details allow for less flexibility and tend to be more difficult to implement.
14

15 A CSO representative commented that in terms of scope, the bills do not cover beneficial ownership. In
16 support of the remark, the Secretariat shared that part of the workshop output on beneficial ownership
17 was the inclusion of a provision on beneficial ownership in the EITI bill. However, this is contingent to
18 the MSG’s decision on whether to create a new EITI bill or to just support existing ones. In either case, a
19 provision on beneficial ownership will be proposed. If the MSG pushes through with the latter, beneficial
20 ownership can be included in PH-EITI’s position paper.
21

22 One government representative shared that any amendment can be introduced during Technical
23 Working Group (TWG) meetings.
24

25 A CSO representative suggested to add a provision on the creation of subnational EITI in provinces
26 hosting mining operations. Considering that there’s a joint issuance from the three lead government
27 agencies (DOF-BIR, DENR-MGB, DOE) on the disaggregation of the data on the transfer of local
28 government share in national wealth, local stakeholders will be able to monitor how Local Government
29 Units (LGUs) are spending revenues from extractive industries. According to the CSO representative, this
30 can be pursued at the subnational level instead of the national level and can cover both metallic and
31 non-metallic mining. Issuance of licenses at the local level can also be covered by subnational EITI,
32 consistent with the law on small-scale mining.
33

34 Moreover, the same representative suggested that environmental sustainability should be emphasized
35 in what the subnational groups will be monitoring. There should be a balance between looking at
36 economic growth through revenues and looking at environmental sustainability as a concern of the EITI.
37

38 In addition, the CSO representative recommended that the *disclosure* and *verification* of the reports and
39 the documents produced by MMT, PMRB, and MRFC be included in the functions of the subnational EITI
40 so as not to overlap with other functions of the multi-stakeholder groups created under MGB. The
41 function of the subnational EITI would be *oversight* of the multi-stakeholder groups of the MGB.
42

1 The Chair confirmed that the role to be assigned to the subnational EITI will just be oversight. She
2 clarified that monitoring of company operations is the task of the MGB.

3
4 The Chair furthered that there are already two bills in both houses and it might be a redundancy to draft
5 a new version. What would be more effective and efficient is to craft MSG's position paper. Most likely,
6 agencies will be requested to submit their own position papers (i.e. DOF to submit to Ways and Means;
7 MGB to submit to the Committee on Environment). The Chair suggested that the Secretariat already
8 prepare the comments generated in this meeting.

9
10 Agreed action point is for the Secretariat to draft a position paper to be circulated to the MSG for review
11 and comments.

12 13 **5. Securities and Exchange Commission (SEC) Presentation on Beneficial Ownership**

14
15 SEC's General Accountant Atty. Emmanuel Y. Artiza delivered a presentation on beneficial ownership
16 (see **Annex A**). The following were discussed:

- 17
18 • *Relevant SEC Statistical Data on Extractive Industries*

19
20 As of October 27, 2016, there are 4,916 companies registered under Extractive Industries. A good
21 number is in metallic ore mining (1,293), followed by non-metallic mining and quarrying (551), and coal
22 mining (540).

23
24 It was emphasized that under the Securities Regulation Code (SRC), three (3) categories of companies
25 are required to disclose beneficial ownership (BO):

- 26 ○ Companies registered with SEC – companies that have undergone IPO, registered
27 their bonds or their securities with the SEC
- 28 ○ Listed Companies – companies whose shares are listed with the stock exchange
- 29 ○ Public companies – companies that have more than 50 million assets, having more
30 than 200 stockholders, with each stockholder owning 100 shares each

31
32 For ordinary corporations, their beneficial ownership disclosure is covered under Section 26 of the
33 Corporation Code which requires the submission of the General Information Sheet (GIS). Beneficial
34 ownership is disclosed through the GIS. As of October 27, 2016, there are 19 listed mining companies, 5
35 listed oil exploration companies, and the market capitalization of 14 listed companies per Philippine
36 Stock Exchange data is PhP84.43 billion.

- 37
38 • *Policies and Current System of SEC on Beneficial Ownership Disclosure*

39
40 Rule 3 of the 2015 Implementing Rules and Regulations (IRR) of the SRC defines who are beneficial
41 owners, who are indirect beneficial owners, and who are not deemed to be beneficial owners.

1 Section 3.1.2 of the IRR defines beneficial ownership as any person who directly or indirectly thru any
2 contract, arrangement, understanding, relationship or otherwise, has or shares voting power (which
3 includes the power to vote or direct the voting of such security) and/or investment returns or power
4 (which includes the power to dispose of, or direct the disposition of such security); provided that a
5 person shall be deemed to have an indirect beneficial ownership in any security which is:

- 6 ○ held by members of his immediate family sharing the same household;
- 7 ○ held by a partnership in which he is a general partner;
- 8 ○ held by a corporation in which he is a controlling shareholder, or
- 9 ○ subject to a contract arrangement or understanding which gives him voting power or
10 investment power with respect to such securities; provided, that the following persons or
11 institutions shall not be deemed to be beneficial owners of securities held by them for the
12 benefit of third parties or in customer or fiduciary accounts in the ordinary course of business,
13 as long as such shares were acquired by such persons or institutions without the definite
14 and/or clear intention of effecting a change or influencing the control of the Issuer:
 - 15 ▪ a broker dealer
 - 16 ▪ an investment house registered under the Investment Houses Law
 - 17 ▪ a bank authorized to operate by the Bangko Sentral ng Pilipinas (BSP);
 - 18 ▪ a duly-registered insurance company;
 - 19 ▪ an investment company registered under the Investment Company Act;
 - 20 ▪ a pension plan registered with and regulated by the Bureau of Internal Revenue,
 - 21 Insurance Commission or any other regulatory authority; and
 - 22 ▪ an entity whose members are the persons specified above.

23
24 Section 18 pertains to the reports by five per centum (5%) holders of equity securities. A person who
25 acquires 5% to 9.9% of an equity security of an issuer is required to disclose through the filing of SEC
26 form 18A and 18AS. The filing of 18A should be done within 5 days from the acquisition or within 45
27 days after the end of the year in which the acquisition was made.

28
29 Section 23 provides for policies on transactions of directors, officers, and principal stockholders. If
30 acquisition is 10% or more, they are required to file SEC forms 23A and 23B. SEC form 23A pertains to
31 the initial filing once a person becomes a director or officer of a listed company acquired 10% or more of
32 its equities securities. Subsequent acquisitions of shares are reportable under SEC form 23B. Period of
33 filing for form 23A is within 10 days from acquisition or within 10 days since the person became a
34 director or officer. On the other hand, form 23B should be filed on or before the 10th day of the
35 following month from the month of such acquisition.

36
37 Although Section 20 of the SRC is not explicit as to the beneficial ownership disclosure, it is required that
38 during conduct of annual stockholders' meetings, preliminary and definitive information statements be
39 submitted. It contains the financial condition of the company, audited and interim financial statements,
40 matters to be taken up during annual stockholders' meeting or special meetings (e.g. matters to be
41 ratified, appointed external auditor, or amendments to their Articles of Incorporation or by-laws). Under
42 this, companies are also required to disclose the holders of more than 5% of its equity securities.

1 Somehow, the public will know who are the holders of more than 5% of a particular company.

2
3 Section 26 of the Corporation Code requires the filing of the GIS within 30 days from the holding of the
4 annual stockholders' meeting. If no meeting is held, GIS should be filed on or before January 30 of the
5 following year. All listed companies as well as ordinary corporations are required to file the GIS. The
6 problem in the GIS is that companies are required to disclose their directors, officers, as well as their top
7 20 stockholders. If there are corporate subscribers, the public cannot determine who are the owners
8 behind the corporate subscribers. A separate GIS has to be secured for the corporate subscribers. There
9 is no way of knowing who are the principals of these foreign corporations.

- 10
11 • *Challenges and Issues on the Disclosure Requirements*

12
13 **Data Privacy Act of 2012.** SEC has undertaken some revisions on the reports open to the public to
14 comply with the law. Companies are required to put in the GIS the Taxpayer Identification Number (TIN)
15 of their shareholders, directors, and officers. Under the Data Privacy Act, this information cannot be
16 disclosed. SEC is now devising a way to ensure that the GIS accessible to the public does not contain TIN
17 numbers.

18
19 **Legal Challenges.** When SEC issued the IRR of the SRC in 2015, the Philippine Association of Securities
20 Brokers and Dealers, Inc. questioned some of the provisions of the IRR including Sections 18 and 23
21 pertaining to beneficial ownership. The case is pending in the Regional Trial Court in Mandaluyong.

22
23 **Online and Real-time Access of the Beneficial Ownership Reports filed with SEC.** Reports can be
24 accessed online but uploading is not on a real-time basis. Access to this information requires certain
25 fees.

26
27 Highlights of the discussion emanating from the presentation are:

- 28
29 • *On the implication of the Freedom of Information (FOI) to SEC's online distribution of information*
30 *and TIN-related questions*

31
32 The Chair inquired how SEC's online access is affected by the Executive Order issued by the President
33 regarding FOI. The SEC representative replied that all government agencies are required to submit an
34 FOI manual. SEC works in the context that reports are public documents but they are revising the
35 reports so that certain information such as the TIN cannot be accessed by the public. SEC has devised a
36 way where the TIN is disclosed in another page of the GIS and is not included in the version uploaded
37 online.

38
39 The Secretariat asked if non-disclosure of TIN is the definitive policy as of the moment citing that the GIS
40 obtained for the 3rd Country Report contains this information. SEC replied that a Circular regarding the
41 matter has been issued and is available online. It was reiterated that only SEC would have access to the
42 TIN and files available to the public would not include this data. The Secretariat asked if the policy is in

1 relation to the Data Privacy Act. The SEC representative said that there's a mention of such policy in the
2 Circular. It was noted that the PH-EITI can just cite the Circular in the 3rd Report because the standards
3 require disclosure of TIN.

4
5 • *On fees required to access SEC files*

6
7 Stressing that fees are constraining, a CSO representative asked if there is a move from SEC's end to
8 make the documents free of charge. In reaction, a DOF representative shared that access to, for
9 instance, financial statements, used to be free back in 2013 if the transaction is between two
10 government agencies. SEC representative recognized that this is a challenge but explained that even
11 government agencies including the Bangko Sentral ng Pilipinas pay to access the documents. He cited
12 that the development of the system is costly. He wasn't certain, but he shared that there was an
13 occasion where Commission On Audit (COA) has called the attention of their office about giving
14 information for free. The current policy is to require fees from anyone who wishes to access the files,
15 including government agencies.

16
17 • *On Politically Exposed Persons*

18
19 A representative from the CSO asked if SEC has a way of knowing if beneficial owners are Politically
20 Exposed Persons (PEP). SEC explained that based on the beneficial ownership report, for instance, the
21 beneficial owner is a mayor or a TV celebrity, then they qualify as PEP. However, it was noted that PEP
22 status can change over time (e.g. when someone gets elected or appointed for public office). Another
23 CSO representative asked if this information is being updated, to which the SEC representative replied
24 that they do not tag whether a beneficial owner is a PEP or not.

25
26 In addition, the SEC representative admitted that he is not familiar if the definition of PEP trickles down
27 to relatives. It was explained that SEC would have to analyze if the person, for instance, a son or
28 daughter of a politician, has no capability to earn/invest or make a judgment and that investments are
29 really those of the parents; but on record, the stockholder is still the son/daughter.

30
31 • *On compliance with EITI standards in relation to beneficial ownership*

32
33 The Chair explained that the reason for the SEC presentation is because the MSG is trying to find out
34 whether what PH-EITI already has regarding beneficial ownership is sufficient to satisfy the EITI
35 Standard.

36
37 The SEC representative recommended to start with the GIS and check if the disclosure requirements
38 under this would already comply with international standards. Otherwise, additional information can be
39 extracted from the filers.

40
41 In reaction to this, a CSO representative replied that the challenge is that the standards require

1 individual level beneficial ownership. Companies are usually owned by individuals and other companies.
2 Therefore, for companies owned by other companies, there will be a need to look into several GIS in
3 order to identify the individual beneficial owners. Moreover, EITI requires not just listed but non-listed
4 companies as well.

5 The Chair stated that at least, the MSG has something to start with in doing the roadmap for beneficial
6 ownership. Compliance on the disclosure of beneficial ownership is until 2020.

7

8 **6. Draft Roadmap on Beneficial Ownership**

9

10 The Secretariat stated that the draft roadmap has been circulated for comments twice already since
11 September. It was mentioned that the Secretariat has received a few comments that have already been
12 integrated in the copy that MSG members have. The objective is for the roadmap to be finalized and
13 approved by the body in time for submission in January 2017.

14

15 The Secretariat asked the body if there are points they want to elaborate on because comments
16 received were mostly questions and clarifications.

17

18 A CSO member suggested adding activities that would define expected outputs per objective. Although
19 it is already implied in the matrix, she recommends to be explicit about it so that activities appear
20 complete.

21

22 The Secretariat recognized the suggestion but asked to be clarified if there is a need for separate
23 outputs other than those already written in the draft roadmap. As is, each of the activities will produce
24 an output (e.g. baseline data, communications plan would have documentations). The Chair and a CSO
25 representative recommended to add another column after *Activities* specifying outputs that will result
26 from the implementation of activities. The Chair furthered that the responsible entity for each of the
27 activity / output should be identified in the roadmap. It was recommended that the Secretariat review
28 the recording of the workshop to extract comments on the outputs.

29

30 A CSO representative explained that the suggested Terms of Reference (TOR) for the beneficial
31 ownership consultant will include a review of Philippine laws on the definition of beneficial ownership
32 and PEP, the output of which is a decision from the MSG on its own definition of BO and PEP. Another
33 CSO member supported this and furthered that the MSG has to ensure that research be done on these
34 matters to be able to come up with integrated and substantive definitions. Different agencies and even
35 mining companies subscribe to different definitions, and it might cause confusion.

36

37 There was a suggestion to merge items #2 (*consider the institutional framework for beneficial ownership*
38 *disclosure*) and #3 (*beneficial ownership definition*) and move it as item #1, so that the function of the
39 consultant becomes the review of definitions / policies related to beneficial ownership and PEP vis-à-vis
40 international standards. In effect, there will be a levelling-off first before harmonizing initiatives on
41 beneficial ownership. The body agreed to the proposal.

42

1 The Secretariat inquired on the need to amend the timeframe. Members of the MSG agreed to move
2 the creation of an institutional framework for beneficial ownership disclosure to Year 1.

3
4 A CSO representative suggested to streamline activities as there are activities that will produce the same
5 output, and some can be done simultaneously. The Secretariat stated that they will review the recording
6 of the workshop to extract discussions on expected outputs. The Chair added to check on the most
7 logical and rational flow of activities, identifying which activity will flow to the next and which can be
8 done in parallel. Another suggestion is to present the activities chronologically using a Gantt Chart.

9
10 It was suggested that PH-EITI hire an independent researcher to gather data and generate the list of
11 beneficial owners using SEC's data/ GIS, juxtaposed with disclosures from the companies. Importance of
12 documenting the methodology and citing constraints (e.g. fees) was emphasized.

13
14 A CSO representative asked if the conduct of advocacy campaigns was raised in the recently concluded
15 LGU Roadshow. The same representative mentioned that the work on PEP is challenging, but awareness
16 campaigns and advocacy are outside MSG's scope of work. It was furthered that the MSG should not
17 solely rely on SEC for data. Other sources of information can include BIR and other organizations. The
18 TOR of the consultant should indicate collecting information from other agencies.

19
20 The Secretariat clarified that the advocacy campaigns indicated in the roadmap was part of the output
21 from the beneficial ownership workshop. It was mentioned that the MSG is not required to conduct
22 these activities.

23
24 Another possible challenge that was cited is the instance where company's SEC registration indicates
25 that it is owned by a certain individual, but there are hearsays saying otherwise. The problem lies in the
26 absence of a legal document to prove the rumors. A CSO member replied that in such cases
27 triangulation can be done. According to the Chair, the absence or presence of documentation which will
28 prove legally that a certain individual is the owner of a particular company is what should define the
29 activities where MSG will engage in.

30
31 The Chair stated that PH-EITI should look at the facts and at the same time expose what should be
32 remedied about the existing legal framework and what is laudable about it.

33
34 A CSO representative highlighted that the conduct of baseline research is crucial. Apex Mining was cited
35 as an example of a publicly listed company with 5 controlling shares whose subscribers are also
36 corporations. It was mentioned that the company is required to submit top 100 shareholders. For the 5
37 controlling shares, there are million shareholders. In terms of materiality, the CSO representative asked
38 about the extent PH-EITI would disclose.

39
40 Another representative of the CSOs suggested to streamline the activities in the roadmap – focus on
41 defining beneficial ownership and PEP, review of literature, and conduct of a baseline study. It was
42 reiterated that advocacy and awareness campaigns are outside MSG's scope of work and should not be

1 part of the roadmap. The same representative stated that the MSG should focus on disclosure
2 compliance based on what is legally available. A CSO member supported the suggestion followed by
3 agreement from the Chair and the body.

4
5 A CSO representative restated that there is a need to revise the roadmap and streamline the activities.
6 In addition, it was mentioned that constraints in beneficial ownership disclosure should also be included
7 in the report. Advocacy work will then focus on addressing the identified constraints.

8 9 **7. Status of Template Submission and Reconciliation**

10
11 Isla Lipana, Co., Independent Administrator (IA) for the 3rd Country Report, delivered a presentation on
12 the progress of template submission and reconciliation as of November 2, 2016. Highlights and
13 agreements that emerged from the discussion are outlined below. The presentation is appended as
14 **Annex B.**

15 16 ***Summary: Reporting Templates Submission***

- 17
- 18 • There are 61 targeted projects or 58 entities because there are 3 entities which have 2 projects
- 19 (TVI, CTP, and Century Peak).
- 20 • Of the 61 projects, 33 have confirmed participation, 32 of which have already submitted their
- 21 reporting templates.
 - 22 ○ Out of the 32, 27 are mining companies and 5 are oil and gas companies
 - 23 ○ Out of the 32, 14 are material mining companies and 4 are material oil and gas
 - 24 companies
 - 25 ○ Filminera Resources Corporation has confirmed their participation and will submit their
 - 26 template in the next two weeks.
- 27 • As in the previous years, material companies are defined as those with PHP 1 billion worth of
- 28 sales in their financial statement. For purposes of the 3rd Report, computations are based on
- 29 2014 sales.
- 30 • As of date, reporting templates received from material companies cover 80.27% (2013 - 87%)
- 31 and 96.59% (2013 - 97%) of total sales for mining and oil and gas industry, respectively. Variance
- 32 is due to three material companies who participated in 2013 but have yet to confirm
- 33 participation this year:
 - 34 ○ Adnama Mining Resources Incorporated
 - 35 ○ SR Metals, Incorporated
 - 36 ○ Eramen Minerals, Inc.
- 37 • Overall, reporting templates received from participating material entities cover 79.17% of the
- 38 mining, oil and gas, and coal industry sales in 2014 (2013 - 82.04%).
- 39 • If sales from coal industry are excluded, total reporting templates from participating material
- 40 companies received cover 86.3% as compared to 91.37% in 2013.
- 41 • If non-material companies are included, coverage will be 1-2% higher.
- 42

1 **Details: Reporting Templates Submission**

- 2
- 3 • **Mining Entities.** Out of 20 material entities, 14 are participating, 2 are not, 4 are undecided. For
 - 4 non-material, there are 26 entities, 14 of which are participating, 9 are not, 3 are undecided.
 - 5 • **Oil and Gas Entities.** Out of 6 material entities, 5 are participating. Oriental Petroleum is the
 - 6 only non-participating material company. In the 2nd Report, Oriental Petroleum was not
 - 7 considered a material entity but, it reported more than PHP 1 billion worth of sales in 2014.
- 8

9 The IA informed the body that Rapu-Rapu, Wellex, Nido Petroleum and TVI (Agata) do not have 2014
10 revenue. The IA asked for confirmation from the MSG if these entities are to be excluded from the 61
11 targeted projects. The Chair responded that all companies with no 2014 revenue should be reported as
12 “non-operating” instead of “non-compliant”.

13

14 The MGB representative shared that Adnama is currently recommended for suspension, and that
15 Investwell had no operations in 2014. The IA stated that they will double-check if Investwell should be
16 included in the report, as they have reported revenue for the said year.

17

18 According to the IA, Citinickel expressed that they will try to participate in EITI this year. However, the IA
19 noted that the company gave the same statement last year but they still did not submit their reporting
20 template for the 2nd Report.

21

22 The Chair inquired on what could make the companies decide to participate. Reason for non-
23 participation cited by the IA is the absence of a formal law that will compel companies to participate in
24 the exercise.

25

26 A CSO representative suggested that the MSG write a formal letter to the new MGB director and request
27 the issuance of an Administrative Order (AO) requiring companies to participate in EITI, similar to the AO
28 issued on ISO compliance of companies. In the AO issued for ISO compliance, companies will be
29 suspended for non-compliance.

30

31 With regard to oil and gas companies, the IA shared that based on initial review, the revenue of
32 TransAsia Oil and Energy Dev’t. Corp. is not from oil extraction but from power generation. The IA then
33 asked the MSG members if TransAsia Oil and Energy Devt. Corp. should still be included as part of the
34 targeted entities. Agreed plan of action was for IA to write DOE to ask for an official recommendation.

35

36 A CSO representative suggested that materiality be made as an internal indicator and removed from the
37 report because it discourages “non-material” companies from participating. The purpose of tagging
38 companies as material or non-material is for the MSG to be able to prioritize in terms of reconciliation.
39 The Chair recognized the suggestion and the body agreed.

40

41 On the disaggregation of data, the IA stated that they will ask the companies to report on a per project
42 basis. According to a CSO representative, companies that are not reporting at the project level should be

1 flagged in the Country Report. The same representative explained that LGUs will not be able to validate
2 if they are receiving the correct amount if reporting is done on a per company basis.

3
4 On the deadline for submission of reporting templates, the IA presented two options – (1) If the original
5 cut-off on November 2 will be followed, the IA will submit the reconciliation report on December 2
6 (there will be 33 participating companies; 36 participated in the previous year); and (2) If the cut-off will
7 be extended up to November 11, the IA will pursue 3 more material companies to participate (Adnama,
8 SR Metals, Eramen) and will send the reconciliation report to the MSG on December 9.

9
10 The MSG members agreed that the deadline for template submission be extended up to November 11,
11 so that 3 more companies can be encouraged to participate. The reconciliation report will be submitted
12 on December 9. All templates received after the cut-off date will be tagged as “received” but will not be
13 subjected to reconciliation.

14
15 The IA informed the body that reconciliation of data from Bureau of Customs (BOC), DOE, National
16 Commission on Indigenous Peoples (NCIP), and Department of Budget and Management (DBM) are
17 ongoing. However, it was mentioned that the Philippine Ports Authority (PPA) is yet to submit their
18 reporting template, and that the IA are still following up on BIR’s submission of data pertaining to
19 participating entities that are not under the Large Taxpayers Audit Division (LTAD).

20 21 **8. Request for Extension of Deadline for Submission of the EITI Report and Validation**

22
23 The Secretariat explained that this item was included in the agenda for consideration of the body given
24 the significant delay in the processes required to produce the 3rd Country Report. The International
25 Secretariat presented options for countries that want to request for extension of deadline for both
26 report submission and validation. It was mentioned that there is a procedure for requesting extension,
27 and that the ground is generally due to exceptional circumstances. According to the Secretariat, there
28 are no examples of what an exceptional circumstance is, but for PH-EITI’s case, the following are the
29 proposed justifications for the request for extension.

- 30 • Political and structural transition in the government
- 31 • Delay in funding / resources
- 32 • Challenges faced by the mining sector

33
34 According to the Secretariat, the Board will require documents supporting that the justifications are
35 exceptional in nature. The Secretariat explained that the country will be suspended if PH-EITI fails to
36 submit the 3rd Report by the end of December 2016, unless the MSG asks for an extension.

37
38 In the last meeting, it was already mentioned that one option is to request for an extension but still
39 work on meeting the deadline as much as possible or produce the 3rd Report at least before the EITI
40 Board meeting in February 2017.

1 The members of the MSG agreed to request for an extension of deadline for EITI Report submission and
2 schedule of validation, citing the reasons presented by the Secretariat. Request has to be made in
3 December and has to be approved by the MSG. The aim is to still submit the Report on time but the
4 MSG will already request for an extension to avoid potential suspension. The Secretariat mentioned that
5 they will ask the opinion of the industry representatives on this matter.
6

7 **9. Revision of the MSG TOR, Internal Rules, and Memorandum of Understanding (MOU)** 8

9 The Secretariat recalled that there was a proposal and a corresponding agreement to revise MSG TOR,
10 Internal Rules, and MOU.
11

12 A CSO representative proposed the expansion of the MSG to include representatives from IP groups.
13 The Chair stated that the MSG should first look at EO 147 creating PH-EITI, if there is a specific provision
14 on the number of representatives per sector. The Secretariat explained that the MSG cannot change
15 parts of the Internal Rules that were based on EO 147.
16

17 Another CSO representative stated that the expansion of MSG membership can be included in the PH-
18 EITI's comments on the filed EITI bills. According to the same representative, government agencies that
19 are relevant to EITI implementation change over time. Also, it was reiterated that IPs should be
20 represented in the MSG. There would be four sectors in the MSG because IP groups will be a separate
21 sector.
22

23 A CSO member mentioned that while waiting for the passage of the EITI Bill or an amendment to EO
24 147, IPs can form part of the CSO representatives in the MSG. Similarly, if non-metallic industries are to
25 be included, they will be part of the industry sector. The Chair recognized this suggestion as a good
26 transitional provision.
27

28 In the meantime, the MSG agreed to maintain the three sectors and have one slot in the CSO group for
29 IP representation. It was further suggested that the matter be discussed and formalized in the national
30 conference in February 2017. The CSO sector will decide on the IP representative based on their own
31 procedures.
32

33 The Chair suggested that SEC be included as a permanent member of the PH-EITI TWG. The Secretariat
34 will officially write SEC regarding this.
35

36 A CSO representative inquired whether Article 2, Section 1 (accessibility of files) of the Internal Rules
37 covers beneficial ownership disclosure. The Chair explained that the provisions are consistent with the
38 Data Privacy Act.
39

40 The question asked at the start of the meeting pertaining to attendance and rules in quorum was
41 floated.
42

1 It was suggested that the Secretariat, as due diligence on their end, call the attention of the sector
2 representatives when they have already incurred three consecutive absences. It was established that
3 absences of sector representatives are not recurring and more of an exceptional case, thus, it does not
4 call for an articulation in the Internal Rules.

5
6 The Chair added that as long as the absent sector waives the quorum, the decisions made during the
7 meeting cannot be questioned by the sector.

8
9 Members of the MSG agreed to not specify provisions on attendance in the Internal Rules. It was
10 mentioned that minutes of meetings should reflect actual attendance. Representatives who expressed
11 prior confirmation but failed to attend the actual meeting will be footnoted.

12
13 The Secretariat cited Article 1, Section 5 of the Internal Rules – *“EITI will be chaired by a designated
14 representative from the Mining Industry Coordinating Council (MICC) and co-chaired by chosen
15 representatives of the Business Sector and CSOs who shall be selected pursuant to their respective
16 selection process.”* It was explained that this is contrary to actual practice and to the provisions of EO
17 147. The said EO already designates the DOF Secretary as the Chair and has no provision on Co-Chair.
18 The Chair recounted a meeting held in Davao in 2013 where the decision to not designate a Co-Chair
19 was made.

20
21 Additionally, the Secretariat pointed out that references to the 2013 EITI Standard should be updated to
22 the 2016 Standard. The Secretariat also invited the MSG to revisit Article 2 on TWG composition
23 prescribing the number of representatives from each sector – five from the government, two from the
24 business sector, and two from the CSOs. There was a suggestion to omit the number of representatives
25 per sector. The MSG agreed to amend specific provisions in the Internal Rules to align these with EO
26 147.

27
28 Requirement for TWG members to meet quarterly will also be omitted. It was mentioned that the TWG
29 shall meet as often as necessary. The Secretariat will integrate all proposed changes and circulate the
30 revised documents before the next MSG meeting.

31 32 **10. Open Data Policy**

33
34 The Secretariat called the attention of the MSG to the upcoming deadline for submission of Open Data
35 Policy in January 2017. This can be in the form of a simple statement similar to the Open Data Policy of
36 the International Secretariat. According to the Secretariat, they are currently studying if the Philippines
37 has other Open Data policies to check for consistency.

38
39 A CSO representative added that PH-EITI can cite that it is actually implementing Open Data.
40

1 **11. Other Matters**

- 2
- 3 • *Updates on finances, EGPS, contracts*
- 4

5 **Extractives Global Programmatic Support (EGPS)** – The PH-EITI National Coordinator was able to
6 present in the DOF Executive Committee meeting on October 24, through the assistance of Usec. Gil
7 Beltran. The Secretariat shared that the DOF Secretary reacted favorably on continuing EITI
8 implementation. After the meeting, the Secretariat followed up on the World Bank grant amounting to
9 US\$ 1.5M that will fund PH-EITI’s activities for the next two years. The Secretary has signed the grant
10 agreement but there are other subsequent processes to get the grant funds released.

11

12 **PH-EITI budget** - In the DOF budget, PH-EITI was given more than what was requested. The Secretariat
13 informed the body that they asked for PHP 27 million which was based on historical expense, but DBM
14 granted PHP 37 million.

15

16 **Unliquidated EITI funds**

17

18 The Secretariat reported that funds from 2015 were subjected to COA audit, and Audit Observation
19 Memorandums (AOM) addressed to the Secretary of Finance were issued against PH-EITI, because there
20 were deficiencies found in the liquidations submitted for certain 2015 activities. The COA findings
21 indicate that around PHP 2.5 million remain unliquidated. The Secretariat explained that it is largely due
22 to lapses in supporting documents (e.g., lost boarding passes in last year’s roadshow and national
23 conference).

24

25 A representative from the CSOs suggested to hire an internal auditor or finance expert who can provide
26 financial advice to the PH-EITI Secretariat.

27

28 The Chair recognized that due diligence was performed. The Secretariat will continue working on the
29 liquidations until they are finished.

30

31 **Secretariat’s Contracts** - Contracts of the members of the Secretariat were signed this week.

- 32
- 33 • *Setting of next MSG meeting*
- 34

35 The body agreed to set the next MSG meeting on December 9, 2016.

36

37 **12. Presentation of and Workshop on Contextual Information**

38

39 The IA presented the draft contextual Information of the 3rd Report (**Annex C**). Major comments and
40 agreements made on the presentation are as follows:

- 1 • The IA raised that what was disclosed by MGB are only dates of awarding of MPSAs. What are
2 needed are dates of application. The MGB representative confirmed that they submitted the
3 dates of application for inclusion in the Addendum to the 2nd Report.
- 4 • It was suggested that the whole section on beneficial ownership be removed because beneficial
5 ownership and PEP are still being defined. What should be included in the contextual
6 information is just the MSG's discussion on beneficial ownership.
- 7 • Disaggregate export data per company and per site.
- 8 • The IA mentioned that they are still awaiting necessary information on the Malampaya fund
9 from DBM.
- 10 • MGB will review and comment on the extraction flow presented in the contextual information.
11 MGB will also send information on small-scale mining from *Minahang Bayan*.
- 12 • On SDMP
- 13 ○ In the main report, put only the aggregate figure per company and per category of
14 SDMP expense. Details can be appended as an annex. Community would be interested
15 to know who benefits from the SDMP and how much is the fund.
- 16 ○ In the reporting template, what is being asked is the basis of the computation of SDMP
17 allocation, which is 1.5% of the operating cost. The template does not ask for the value.
18 SDMP is being approved for a 5-year period. Financial projection is used to compute the
19 amount of SDMP allocation. But operating cost varies every year, the allocation
20 therefore for 5 years is only indicative. A CSO representative stated that operating cost
21 should be asked from the companies.
- 22 • Put more details on IP groups receiving royalty. Only the tribe name is reflected. Indicate the
23 name of the Indigenous Peoples Organizations (IPOs) involved. The IA explained that the names
24 of the organizations are not indicated in the MOA. IA to coordinate with NCIP regional offices on
25 this.
- 26 • IA to include analysis of Semirara Mining and Power Corporation's financial statements and in
27 which stock exchanges they are listed (e.g., London Stock Exchange).
- 28 • Update listing of senate bills (i.e., bills on coal). Pending EITI bills should fall under "proposed
29 reforms" instead of "ongoing reforms". Ongoing reforms should include joint circular to improve
30 release of LGU funds as well as data mainstreaming of the Bureau of Local Government Finance
31 (BLGF).
- 32 • IA to update export and production section of the contextual information.
- 33 • Payments received by IPs should not be tagged under NCIP, because these are directly paid to
34 IPs.
- 35 • The contextual information will follow the outline of the 2016 EITI Standard, as suggested by the
36 International Secretariat.
- 37 • On disclosure of companies that are recommended for suspension – it was recommended that
38 the PH-EITI wait for official statements on suspension. Moreover, it should be indicated that the
39 mining audits are still ongoing.
- 40 • On data reliability, assurance, and quality – it should be explained in the report that the revenue
41 production data of MGB comes from the companies and that the government has no

1 independent verification. It was suggested that the data collection methodology of both
2 government agencies and companies be described in the report.

3 • IA to summarize the case studies on large-scale non-metallic mining and include these in the
4 contextual information.

5 • IA will add an overview of the non-metallic sector based on information from the MGB.


6 • MSG members will send additional comments to the Secretariat.

7

8 **Motion to Adjourn**

9

10 The meeting was adjourned at 3:21pm.



**37th PHILIPPINE EXTRACTIVE
INDUSTRIES TRANSPARENCY INITIATIVE
MULTI-STAKEHOLDER GROUP MEETING
NOVEMBER 4, 2016**



**Securities and
Exchange
Commission**
P H I L I P P I N E S

**Atty. Emmanuel Y. Artiza
SEC General Accountant**

Relevant SEC Statistical Data on Extractive Industries

➤ **Number of SEC Registered Companies (as of October 27, 2016) - 4,916**

✓ Coal Mining	540
✓ Gold Ore Mining	257
✓ Metallic Ore Mining	1,293
✓ Oil and Gas Extraction	76
✓ Extraction and Production of Crude Petroleum and Natural Gas	70
✓ Non-metallic Mining and Quarrying	551
✓ Extraction of Salt	246
✓ Sand and Gravel Quarrying	226



Relevant SEC Statistical Data on Extractive Industries

- **Number of Listed Mining Company (as of October 27, 2016) - 19**
- **Number of Listed Oil Exploration Company (as of October 27, 2016) - 5**
- **Market Capitalization of 14 Listed Companies per Philippine Stock Exchange data as of October 27, 2016 - P84.43 Billion**



Policies and Current System of SEC on Beneficial Ownership Disclosure

Beneficial Owner or Beneficial Ownership as defined under Rule 3 of the 2015 Implementing Rules and Regulations of the Securities Regulation Code

- who are beneficial owners
- who are indirect beneficial owners
- who are not deemed to be beneficial owners



Policies and Current System of SEC on Beneficial Ownership Disclosure

Sections 18 and 23 of the Securities Regulation Code (SRC)

Section 18 – Reports by Five Per Centum (5%) Holders of Equity Securities

- Reporting Procedures covered by SRC Rule 18 of the 2015 Implementing Rules and Regulations of the SRC
- Requires filing of SEC Form 18-A and SEC Form 18 AS within the prescribed period

Section 23 – Transactions of Directors, Officers and Principal Stockholders

- Reporting Procedures covered by SRC Rule 23 of the 2015 Implementing Rules and Regulations of the SRC
- Requires filing of SEC Form 23A and SEC Form 23B within the prescribed periods



Policies and Current System of SEC on Beneficial Ownership Disclosure

Section 20 of the Securities Regulation Code (SRC)

- Proxy solicitations
- Reporting Procedures covered by SRC Rule 20 of the 2015 Implementing Rules and Regulations of the SRC
- Requires filing of SEC Form 20-IS (Preliminary and Definitive Information Statements) and distribution thereof to security holders within the prescribed period



Policies and Current System of SEC on Beneficial Ownership Disclosure

Section 26 of the Corporation Code

Requires the filing of the General Information Sheet within 30 days from the holding of the annual stockholders' meeting. If no meeting is held, on or before January 30 of the following year.



Challenges and Issues on the Disclosure Requirements

- **Data Privacy Act of 2012**
- **Legal Challenges**
- **Online and real-time access of the beneficial ownership reports filed with the SEC**





THANK YOU

Beyond Transparency

PH - Extractive Industries
Transparency Initiative

MSG Meeting

November 2016

*Isla Lipana & Co/
PwC*



Contents



1 Progress update - Reporting templates

2 Progress update - Contextual information

3 Next steps

Reporting templates - summary

*As at 2 November 2016, we have received reporting templates from **32** participating entities, of **33** (2013 - 36) total confirmed participants*

- Out of the 32, 27 are mining companies and 5 are oil & gas companies.
- Out of the 32, 14 are material mining companies and 4 are material OG companies.
- As of date, reporting templates received from material companies cover 80.27% (2013 - 87%) and 96.59% (2013 - 97%) of total sales for mining and OG industry, respectively.
- In the overall, reporting templates received from participating material entities cover 79.17% of the mining, OG and coal industry sales in 2014 (2013 - 82.04%) .
- If excluding the sales from coal industry, total reporting templates from participating material companies received cover 86.3% (2013 - 91.37%).

Mining entities reporting templates- detailed

	Number of entities	Participating	Non-participating	Undecided
Material	20	14	2	4
Total revenue ('000s)	107,296,461	91,283,423	4,781,182	11,231,856
% over total mining revenue	94.35%	80.27%	4.20%	9.88%
Non-material	26	14	9	3
Total revenue ('000s)	6,423,023	4,651,398	1,454,034	317,590
% over total mining revenue	5.65%	4.09%	1.28%	0.28%
TOTAL revenue	113,719,484	95,934,821	6,235,216	11,549,446
TOTAL %	100%	84.36%	5.48%	10.16%

Oil & gas entities reporting entities - detailed

	Number of entities	Participating	Non-participating	Undecided
Material	6	5	1	-
Total revenue ('000s)	65,556,125	64,554,587	1,001,538	-
% over total mining revenue	98.09%	96.59%	1.50%	0%
Non-material	5	-	1	4
Total revenue ('000s)	1,275,230	-	-	1,275,230
% over total mining revenue	1.91%	0%	0%	1.91%
TOTAL	67,873,974	64,554,587	1,001,538	2,2317,849
TOTAL	100%	96.59%	1.50%	1.91%

Reporting templates per government agency

Agency	Status	Action points
BIR	Outstanding items: 1) Data for non-LTAD entities 2) Updated template to include corrections for 2014 data previously submitted during the second country report	Continue to chase information related to RDOs of non-LTAD participating entities.
BOC	Completed with ongoing reconciliation from entities/agency.	Continue reconciliation.
DOE	Completed with ongoing reconciliation from entities/agency.	Continue reconciliation.
MGB	Outstanding royalty in mineral reservation per LGU for DBM reconciliation.	Follow-up date from MGB.
	Other data provided with on-going reconciliation from entities/agency.	Continue reconciliation.

Reporting templates per government agency

Agency	Status	Action points
LGUs	Outstanding templates from LGUs Large scale - 13 out of 72 Small scale metallic – 1 out of 2	For follow up with identified LGUs.
NCIP	Completed with ongoing reconciliation from entities/agency.	Continue reconciliation
DBM	Ongoing reconciliation of share in national wealth.	Continue reconciliation
PPA	Outstanding templates for all participating entities.	Follow up PPA for data.

Contextual information

Areas	Status	Action points
Permits/licenses	Obtained initial information from MGB	To obtain the following information from MGB: <ul style="list-style-type: none"> - Date of transfers for MPSAs assigned - Date of application for permits/licenses awarded - Clarifications on list of permits/licenses provided in MGB website
Beneficial ownership	GIS information for most companies have been summarized, except for six (6) companies	To clarify the working definition of PEP
SOE	Completed assessment for PMDC and PNOC EC	To confirm loans/guarantees provided to mining and oil & gas companies

Contextual information

Areas	Status	Action points
Malampaya Fund	Communicated with DBM to obtain necessary information for the contextual report	Awaiting response from Bureau of Treasury on information on Malampaya projects in 2014 and the fund balance as of 31 December 2014
Social expenditures	Obtained initial information from templates received for SDMP, EPEP and from research, CSR	<ul style="list-style-type: none"> - To confirm required information on social expenditures, including those on the National Greening Program
Others	Completed extraction process flow with regulatory mechanisms and payments made per stage for mining, oil & gas, and coal	<ul style="list-style-type: none"> - To obtain comments from Secretariat and MSG on the process flow presented - To incorporate updates on small-scale mining from Minahang Bayan

Next steps



Questions?

Appendices

List of confirmed material participating entities - Mining

Entity	Revenue ('000s)
Apex Mining Company Inc.	1,730,742
Benguet Nickel Mines, Inc.	1,983,208
Cagdianao Mining Corporation	3,595,474
Carmen Copper Corporation	13,886,226
Carrascal Nickel Corporation	5,188,456
Filminera Resources Corporation	3,547,265
Hinatuan Mining Corporation	5,122,763
Marcventures Mining and Development	2,526,963
Oceana Gold Inc.	13,230,650
Philex Mining Corporation	10,582,360
Platinum Group Metals Corporation	11,979,678

List of confirmed material participating entities – Mining

	Entity	Revenue ('000s)
	Rio Tuba Nickel Mining Corporation	6,926,563
	Shuley Mine Incorporated (Contractor: Pacific Nickel Philippines, Inc.)	2,075,581
	Taganito Mining Corporation	8,907,493
<hr/>		
	TOTAL	91,283,422
<hr/>		

Entities that declined to participate - Mining

Entity	Revenue ('000s)
Cambayas Mining Corporation	239,285
Eramen Minerals, Inc.*	2,483,223
Strong Built (Mining) Development	70,501
TOTAL	2,793,010

Others entities who will not participate and with no 2014 revenue:

Rapu-Rapu Minerals, Inc. - No revenue in 2014

Wellex Mining Corporation - No available revenue data for 2014

Nido Petroleum Phils. Pty. Ltd. – No 2014 revenue

TVI – Agata – No 2014 revenue

**material company*

Entities with no response to date

Entity	Revenue ('000s)
Adnama Mining Resources Incorporated*	2,297,959
Investwell Resources, Incorporated	51,121
Norweah Metals and Minerals Company	86,581
SR Languyan	557,695
Zambales Diversified Metals Corporation	448,851
TOTAL	3,442,207

**material company*

Entities undecided whether to participate or not - Mining

Entity	Revenue ('000s)
Berong Nickel Corporation*	2,141,250
Century Peak Corporation (Casiguran and Esperanza)*	1,008,272
Cit nickel Mines and Development Corporation*	3,548,552
Mt. Sinai Mining Exploration and Development Corporation	3,365
SR Metals, Incorporated*	4,533,782
Oriental Synergy Mining Corporation	314,224
TOTAL	115,549,445

Berong Nickel Corporation is requiring a formal letter of appointment for the IA before proceeding with

**material company*

List of confirmed material participating entities - OG

Entity	Revenue ('000s)
Shell Philipplines Exploration B.V.	23,683,792
Nido Production Galoc	2,961,443
Chevron Malampaya LLC	28,019,609
Galoc Production Company	3,287,947
PNOC - EC	6,601,795
Total	64,554,587

Entity that declined to participate - OG

Entity	Revenue ('000s)
Oriental Petroleum & Minerals Corp. *	1,001,538

**material company*

Entities undecided whether to participate or not - OG

Entity	Revenue ('000s)
Alcorn Gold Resources Corp.	4,125
Forum Energy Philippines Corp.	301,803
The Philodrill Corporation	969,302
TransAsia Oil & Energy Devt. Corp.*	1,042,619
TOTAL	115,549,445

**material company*

Entities with outstanding final reporting templates

Entity	Revenue ('000s)
Apex Mining Company Inc.*	1,730,742
Filminera Resources Corporation*	3,547,265
Hinatuan Mining Corporation*	5,122,763
Leyte Iron Sand Corporation	141,226
LNL Archipelago Minerals Incorporated	981,050
Marcventures Mining and Development*	2,526,963
Ore Asia Mining and Development Corporation	131,035
Philex Mining Corporation*	10,582,360
Philsaga Mining Corporation	395,655

Entities with outstanding final reporting templates, continued

Entity	Revenue ('000s)
Platinum Group Metals Corporation*	11,979,678
Shuley Mine Incorporated (Contractor: Pacific Nickel Philippines, Inc.)*	2,075,581
TVI Resources Development Philippines, Inc.	597,830
TOTAL	39,812,148

Only Filminera Resources Corporation did not submit its draft reporting template. Data for TVI Resource Development Philippines, Inc. covers only its Canatuan operations.

**material company*

The Extractive Industries Transparency Initiative (EITI): Primer

The EITI is a global standard of transparency that requires oil and gas, and mining companies to publish what they pay to the government; and the government to publish what they collect from these companies.

The initiative aims to encourage countries to be more transparent in reporting the benefits they receive from their country's natural resources. By publishing material information on payments and revenues, the EITI aims to promote prudent use of natural resource wealth as an important engine for sustainable economic growth that contributes to sustainable development and poverty reduction.

The EITI standards rest on three central pillars:

- All revenues from extractive industries should be regularly published and independently verified;
- Publication of data should be managed by a multistakeholder group composed members from the government, the extractive industries, and civil society organizations; and
- Data should be effectively shared with the country's citizens and stimulate an informed debate about how natural resources are governed.

Benefits of EITI implementation include the following:

Governments benefit from following an internationally recognized transparency standard that demonstrates commitment to reform and anti-corruption, leads to improvements in the tax collection process, and enhances trust and stability in a volatile 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 more effectively engage with citizens and civil society.

Citizens and civil society benefit from receiving reliable information about the sector and a multistakeholder platform where they can better hold to account the government and companies.

The EITI organization

Globally, EITI is overseen by an international board led by a Chairman, and composed of 21 members who represent implementing countries, supporting countries, civil society groups, business, and investment companies.

The EITI board is supported by an international secretariat which operates under Norwegian law.

The international community provides support to EITI implementation both bilaterally and through the EITI Multi-Donor Trust Fund managed by the World Bank.

At the national level, the EITI is governed by a multistakeholder group composed of representatives from the government, the extractive industries, and the civil society. This body sets the direction for EITI implementation by formulating country objectives, engaging stakeholders, crafting and implementing a work plan, publishing an EITI report, and recommending reforms based on the findings of the EITI report.

The EITI process

A country admitted to the EITI first assumes the status of a candidate country. It then publishes a report within 18 months from admission, which contains the following information:

1. Contextual information about the extractive industries;
2. Material payments from the extractive sector as reported by the companies and the government;
3. Identification and explanation of discrepancies in the reported figures; and
4. Recommendations on how to address the problems identified by the report.

An Independent Administrator performs the reconciliation process. After publication, the report is widely disseminated to stimulate public debate and improve the citizens' understanding on how their natural resources should be governed.

Following the publication of the report, a candidate country goes through a validation process to determine if its implementation of EITI complies with the EITI Standards. A validator appointed by the International Board evaluates the country's overall implementation according to the following requirements:

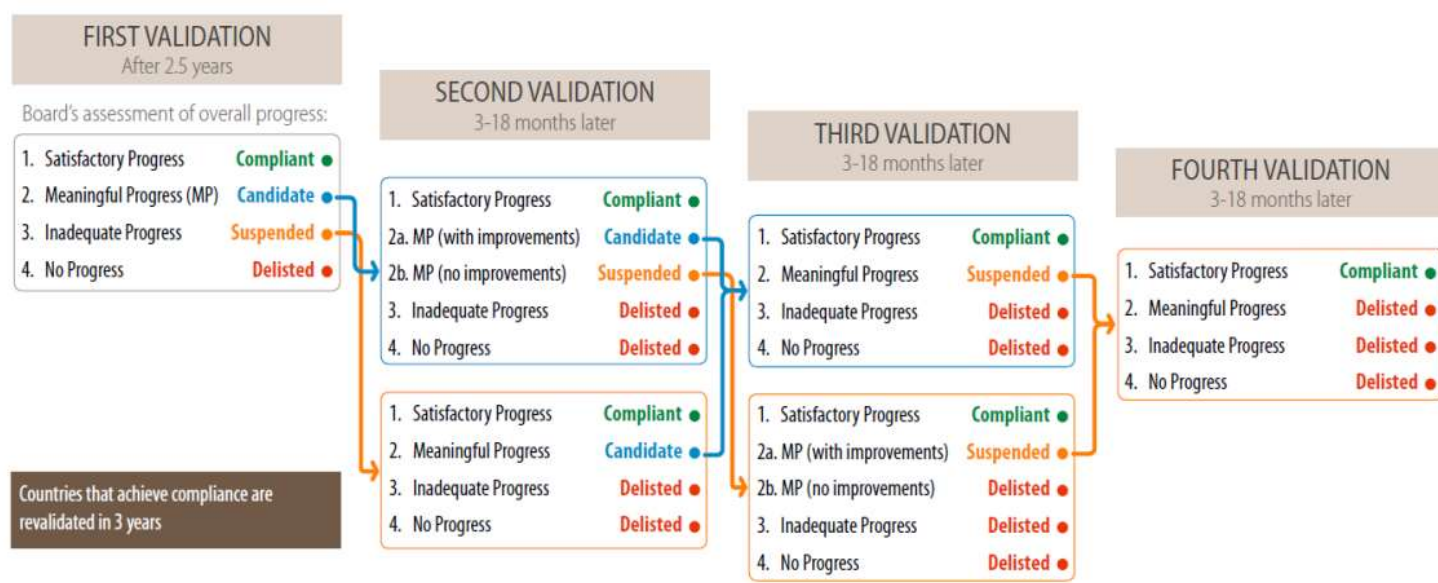
1. Effective oversight by the multi-stakeholder group.
2. Timely publication of comprehensive and reliable EITI Reports
3. EITI Reports that include contextual information about the extractive industries, particularly licenses and contracts and data on exploration and production
4. Production of comprehensive EITI Reports that include full government disclosure of extractive industry revenues, disclosure of all material payments to government by oil, gas and mining companies, including disclosure on revenue management and distribution and on socio-economic spending
5. A credible assurance process applying international standards.
6. EITI Reports that are comprehensible, actively promoted, publicly accessible, and contribute to public debate.
7. The multi-stakeholder group is taking steps to act on lessons learned and to review the outcomes and impact of EITI implementation.

In addition to the above assessment, the validator also conducts an impact analysis, addressing the following areas:

1. Impact of EITI on national priorities for the extractive industries as identified by the MSG's work plan
2. Sustainability of the process, describing the outlook for EITI in the country
3. Assessment of innovations and actions being undertaken by the MSG that are complementary to and exceeding the EITI provisions
4. Conclusions, lessons learnt and recommendations for widening the impact of the EITI process, including any opportunities for embedding the EITI in government systems.

Compliance with each individual EITI requirement will be assessed based on progress, whether it is (1) satisfactory, (2) meaningful, (3) inadequate, or if (4) there was no progress. Drawing on this assessment, the EITI Board will make an assessment of overall compliance with all requirements in the EITI Standard. Where validation verifies that a country has made satisfactory progress on all of the requirements, the EITI Board will designate that country as EITI compliant. Consequences of non-compliance are detailed in the following figure:

Figure __. Validation scenarios



A country may hold EITI candidate status for not more than five years from the date of its admission as an EITI candidate. If a country has not achieved compliant status within two and a half years of becoming a candidate, the country will be designated as an EITI candidate country or will be suspended while undertaking final corrective actions. The Board may revoke the country's candidate status when it has exceeded the maximum candidacy period, or where the validation shows inadequate progress has been achieved in the subsequent validations.

EITI implementation in the Philippines

The Philippines expressed its commitment to participate in the EITI through Executive Order (EO) 79 and EO 147 (Annex A). The latter executive issuance formally established the Philippine EITI Multi-Stakeholder Group (MSG) and laid down the operational requirements for the initiative. The MSG is tasked to ensure sustained commitment to the initiative, set the strategic direction for implementing the EITI, remove barriers to its implementation, set the scope of the EITI process, and make sure that the initiative is effectively aligned with the government's reform agenda.

The Philippine MSG is composed of representatives from the government, the extractive industries, and the civil society. The government is represented by the:

1. Department of Finance (DOF)
2. Department of Environment and Natural Resources (DENR), Mines and Geosciences Bureau (MGB)
3. Department of Energy (DOE)
4. Department of the Interior and Local Government (DILG)
5. Union of Local Authorities of the Philippines (ULAP)
6. Bureau of Internal Revenue (BIR)

The civil society is mainly represented by Bantay Kita Philippines, a broad coalition of civil society organizations advocating transparency and accountability.

The extractive industries are represented by the Petroleum Association of the Philippines, Chamber of Mines of the Philippines, and an elected representative from non-chamber members.

The MSG is supported by a Technical Working Group (TWG) and a Secretariat lodged under the DOF which implements the directives of the MSG. (The list of MSG and TWG members, Secretariat and profiles of the agencies or organizations they represent are provided in Annexes B-D)

The Philippines was admitted as a candidate country by the EITI Board on 22 May 2013 at the EITI Global Conference in Sydney, Australia. Subsequently, the MSG determined its objectives for EITI implementation by examining major issues in natural resource management in the country.

Consultations with government, industries, and civil society organization (CSO) representatives revealed several issues that should be addressed, which include more transparency and accountability in the extractive industries; conflicting laws, and fiscal regime in relation to extractive industries, and lack of or conflicting information on taxes paid, and benefits received by communities from extractive industries, among others. To address the issues noted, the action plans should be governed by the following common goals and objectives:

1. Show direct and indirect contribution of extractives to the economy.
2. Improve public understanding of the management of natural resources and availability of data.
3. Strengthen national resource management and governance systems.

4. Create opportunities for dialogue and constructive engagement in natural resource management in order to build trust and reduce conflict among stakeholders.
5. Strengthen business environment and increase investments.

The first and second PH-EITI Reports also included a detailed overview of EITI. Learn more about PH-EITI at www.ph-eiti.org.

Overview of the third PH-EITI Report

In its continuing effort to elevate transparency and accountability, the Republic of the Philippines published its third PH-EITI Report covering 2014 collections/revenues to the EITI International Board in December 2016. The report targeted to cover those companies with net sales of PHP1bn and above or a total of 28 companies (23 large-scale metal mining companies, four oil and gas operating companies, one coal company). Of the 28 companies, only 24 participated for the third PH-EITI Report (20 mining companies and four oil and gas entities). On top of the 24 companies, 11 mining companies and one oil and gas company both with net sales of less than PHP1bn also participated in the reconciliation exercise. This resulted in 36 participating companies, which is the same number as the first PH-EITI Report covering 2012 collections/revenues.

The report also covered seven national government agencies and 59 LGUs. The national government agencies include the Bureau of Internal Revenue (BIR), DENR-MGB, DOE, Department of Budget and Management (DBM), Bureau of Customs (BOC), Philippine Ports Authority (PPA), and National Commission on Indigenous Peoples (NCIP). For reconciliation purposes, however, revenue streams attributed to PPA such as wharfage fees were not considered material; hence, excluded. The LGUs were limited to provinces and municipalities that host large-scale and/or small-scale companies.

The third PH-EITI report covers the following chapters:

1. Chapter 1 covers the contextual information about the Philippine extractive industry. It provides a comprehensive picture of the legal framework and governance mechanisms for the sector, the contracts and licensing processes, including payments and revenue-sharing schemes at the national and local (sub-national) levels. It also covers discussions on state-owned extractive enterprises and the process for securing the free and prior informed consent (FPIC) of indigenous people.

Contextual information in the third PH-EITI Report focuses on updates and developments impacting both mining, oil and gas and coal; hence should be read together with the first and second PH-EITI Report. In addition, this section takes a look at both industries as a whole with mining encompassing large and small-scale metallic and non-metallic; and oil and gas reporting on entities both under exploration and commercial operations.

2. Chapter 2 presents the results of the reconciliation procedures and contains information on the material revenue streams from the extractive industry as reported by the participating companies and the national government agencies. These cover both fiscal payments (taxes, fees, charges) and non-fiscal payments, such as Social Development and Management Program (SDMP) funds, rehabilitation funds, and royalty payments to indigenous peoples. It also identifies and explains any discrepancies in the reported figures, offering recommendations on how to address such issues. As cited earlier, participating companies only represent the large-scale metallic mining sector and operating oil and gas entities with small-scale metallic and non-metallic mining to be considered and evaluated in the succeeding report based on the results of respective scoping studies as presented in the second volume.

This third PH-EITI report mainly covers only large-scale metallic mining companies, such that most discussions enumerated would cover the processes as they related to large-scale metallic mining. Information large-scale metallic mining and on the extractive industries in the ARMM are covered in scoping studies included in the last section. A portion small-scale metallic mining, covering updates on Minahang Bayan, is also provided in the last section.

<To include here: International Secretariat's comment on overview of the extractive industries>

- I. **LEGAL AND INSTITUTIONAL FRAMEWORK, INCLUDING ALLOCATION OF CONTRACTS AND LICENSES**
 - a. Legal framework and fiscal regime
 - b. License allocations
 - c. Register of licenses
 - d. Contracts
 - e. Beneficial ownership
 - f. State participation in the extractive industries
- II. **EXPLORATION AND PRODUCTION**
 - a. Exploration
 - b. Production
 - c. Exports
- III. **REVENUE ALLOCATIONS**
 - a. Distribution of extractive industry revenues
 - b. Revenue management and expenditures
- IV. **SOCIAL AND ECONOMIC SPENDING**
 - a. Social expenditures by extractive industries
 - b. Quasi-fiscal expenditures
 - c. Contribution of the extractive sector to the economy in 2014
- V. **OTHERS**

I. LEGAL AND INSTITUTIONAL FRAMEWORK, INCLUDING ALLOCATION OF CONTRACTS AND LICENSES

a. Legal Framework and Fiscal Regime

The taxes and licenses covered by the third PH-EITI report arise from the governing laws, policies and issuances created specifically for the oil and gas, mining and coal industries. This third report provides updates where applicable and should be read in conjunction with the first and second PH-EITI reports. The legal and regulatory framework for extractive industries in the country, including discussions on license processes, fiscal regime, subnational payments, state-owned enterprises, Indigenous Peoples' FPIC processes and the sector's contribution to the economy are discussed thoroughly in the first PH-EITI report, while the second PH-EITI report provided subsequent developments, reforms and more recent data from the different government agencies, focusing on large-scale metallic mining companies, and included a discussion on the level of fiscal devolution pertinent to the industry covered.

For purposes of EITI validation, therefore, this report should be read in conjunction with the first and second PH-EITI reports.

Ongoing reforms to the above laws, policies, and issuances are discussed in a section below.

Summary description of the fiscal regime, including the level of fiscal devolution

Mining

Large-scale mining operations are covered mainly the following forms of mineral agreements: Mineral Production Sharing Agreement (MPSA), Co-production Agreement (CA) and Joint Venture Agreement (JVA) (Section 2 of the Mining Act, limited by Sec. 2, Art. XII of the 1987 Philippine Constitution). These operations require at least 60% of the corporations/associations to be owned by Filipino citizens.

Income derived by the national government from these mineral agreements follow a revenue-sharing scheme, wherein collections consist of the contractor's income tax, royalty fees on mineral reservations, excise tax, special allowance, withholding tax due from its foreign stockholders, other taxes, duties, and fees under existing laws.

The 1987 Philippine Constitution and RA 7942 also authorise the national government to enter into financial or technical assistance agreements (FTAAs) with any qualified person, including foreign-owned corporations, with technical and financial capability to undertake large-scale exploration, development, and utilization of mineral resources. Unlike mineral agreements, FTAA allows for 100% foreign equity ownership.

The national government's share in FTAAs are also revenue-sharing in nature and consist of a Basic Government Share and an Additional Government Share, where the Additional Government Share is the amount to be paid by the Contractor when the Basic Government Share is less than 50% of the Net Mining Revenue. The Basic Government Share consist of all direct taxes, royalties, fees and related payments required by existing laws, rules and regulations to be paid by the Contractor.

For mineral reservations, the national government collects an additional share of 5% royalty. The royalty is at least 5% of the market value of the gross output of the minerals, exclusive of all other taxes.³ 10% of this royalty from mining in mineral reservations accrues to the MGB as a trust fund and is allotted for special projects and administrative expenses related to the exploration, development, and environmental management of minerals in these reservations.

Oil & Gas

Extractive activities for oil & gas and coal are covered by service contracts. These service contracts _____. Unlike the revenue-sharing scheme followed by the mining sector, income derived by the national government from the petroleum and coal sectors covered by service contracts follow a proceeds-sharing fiscal regime.

Under this scheme, the holder of the service contract bears all the costs of exploration and development, as well as all operating costs in return for a share of the gross income realized from any production. The national government collects its share of the gross sales through the DOE.

It should be noted, though, that the national government still collects other taxes from the petroleum and coal companies, including corporate income tax, withholding taxes and minimal local taxes.

Details on the production sharing mechanism for petroleum and coal service contracts are found in the second PH-EITI report.

SC-38

One of the legal provisions that the DOE needs to consider in negotiating a petroleum service contract is that the national government share should not be less than 60% of the difference between gross income and operating expenses and any allowances the DOE may grant. Income tax (and any other applicable taxes) is part of the national government share in oil and gas and coal.

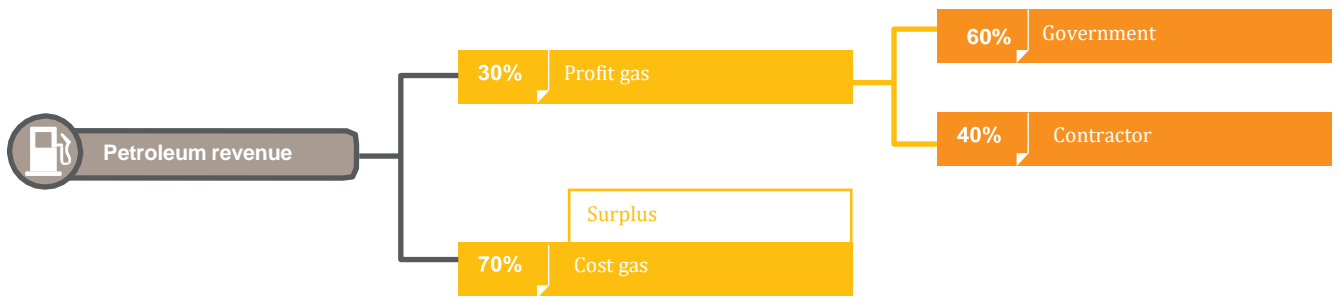
However, the Commission on Audit (COA), in its 200 COA audit report, has a different interpretation of the above legal provision specifically for the Service Contract (SC) 38 or the Malampaya Deepwater Gas-to-Power Project (the Malampaya Gas Project).

The SC-38 contractors consist of Shell Philippines Exploration B.V. (SPEX), Chevron Malampaya LLC (Chevron Malampaya) and state-owned Philippine National Oil Company Exploration Corporation (PNOC EC) (collectively referred to as the Consortium).

The Consortium assumed that the income tax due is deemed paid out of the 60% national government share. COA raised that the interpretation of the Consortium means that the national government is receiving less than the 60% share. DOE, while instructed by COA to collect the alleged under collection of PHP53.1bn in royalties from 2002 to 2009, has the same interpretation with the Consortium.

The decision, since issued by COA, has not been lifted.

Figure __. Production Sharing - Service Contract



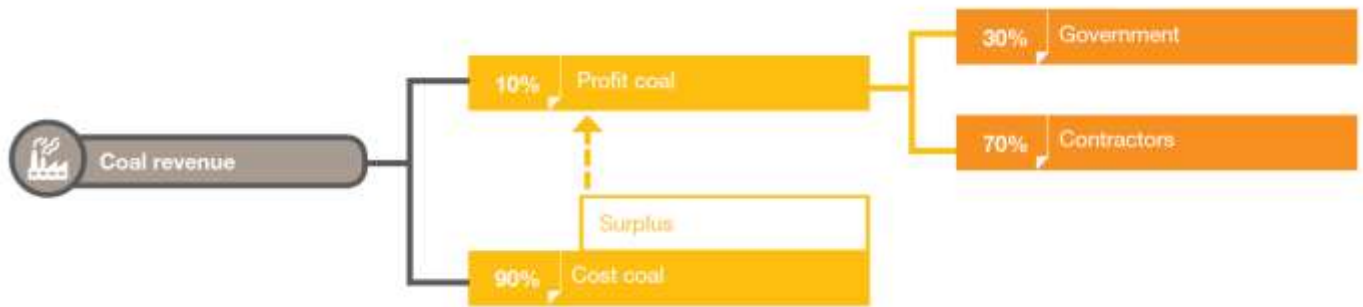
To further encourage Philippine participation in the development of the petroleum sector, a Filipino Participation Incentive Allowance (FPIA) of up to 7.5% of gross proceeds is allowed, depending on the aggregate participation in the contract by Filipino citizens and corporations.

The operating expense limit cannot exceed 70% and the contractors' share of net proceeds, after deducting operating expenses and FPIA, cannot exceed 40%.

Figure __. Production Sharing - Service Contract (FPIA)



Figure__. Production Sharing - Coal Operating Contract



Fiscal devolution

As detailed in the second PH-EITI report, LGUs have the responsibility of delivering local and basic public services and raising local or own-source revenues for financing their expenditure assignment, in accordance with the Local Government Code of 1991. While provisions of the Local Government Code may be amended by ordinances and legislations at the barangay, municipal, city and provincial levels, LGUs, in general, have the autonomy in deciding on the composition of local spending, taxing and borrowing that they would need to meet local development objectives. LGUs are also encouraged to explore alternative sources of revenue by exercising their corporate powers in partnership with the private sector.

Overview of the relevant laws and regulations

Mining

The Philippine Mining Act of 1995 (RA No. 7942) lays down the requirements for the exploration, development, and utilization of mineral resources.⁶ The Act promotes mining as a means to spur national growth in a way that safeguards the environment and protects the rights of communities. Together with its Implementing Rules and Regulations (IRRs), the Mining Act defines the agreements for mineral resources development, provides the requirements for acquiring mining rights, and outlines the responsibilities of each party.⁷ The DENR-MGB is the primary government agency responsible for the conservation, management, development, and proper use of the country’s mineral resources including those in reservations, watershed areas, and lands of the public domain.

In 2012, former President Benigno Aquino III issued EO 79 to improve environmental standards and increase revenue in mining as a means to promote sustainable economic development and social growth. Among other reforms, EO 79 added areas closed to mining applications and imposed a moratorium on new mining agreements until a new legislation rationalizing existing revenue sharing schemes and mechanisms is approved. The current administration is taking this a step further by looking into rewriting the Philippine Mining Act in order to increase the government’s and communities’ share in the profit of mining companies. A more detailed discussion on ongoing reforms can be found in the next section.

Oil and gas

The oil and gas sector is governed by PD 87.⁸ Subject to existing private rights, PD 87 authorises the national government to directly or indirectly explore and produce indigenous petroleum under service contracts. It also outlines the rules on reimbursement of operating expenses and on the revenue sharing scheme. PD 87 was later amended by PD 1857 to allow the grant of new incentives to petroleum service contractors. The amendments include improved fiscal and contractual terms to service contractors (e.g., reimbursement of amortisation and depreciation of intangible and tangible exploration costs and financing interests).⁹

Coal

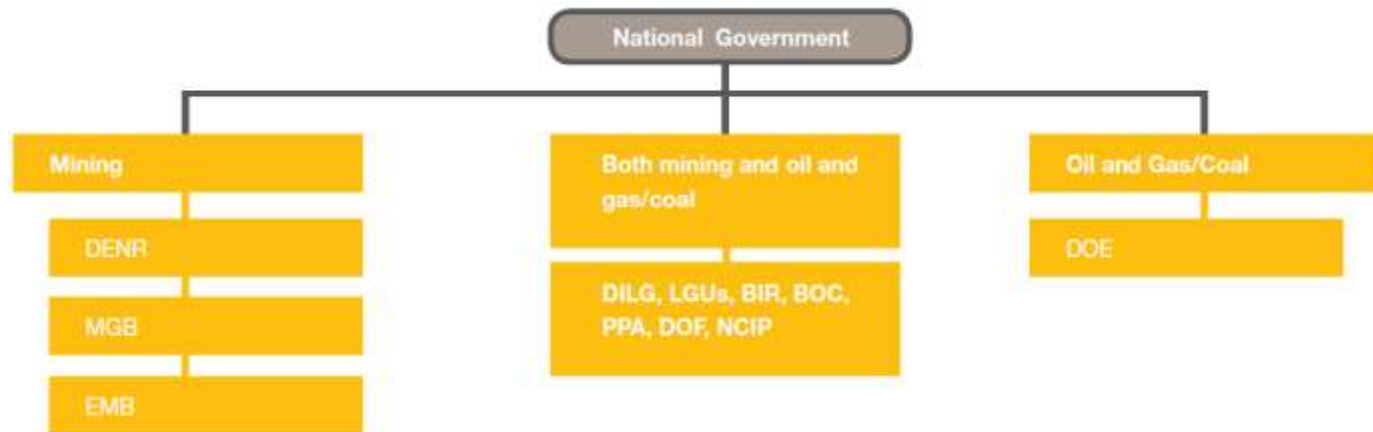
PD 972 or the Coal Development Act governs the coal sector. It introduced the coal operating contract system and issued guidelines for coal operations in the country. Under the system, the national government retains ownership of the resource, while the operator is assigned the right to explore, develop, and market coal. Salient provisions of PD 972 are discussed in detail in the second PH-EITI report.

In addition, PD 1174

Information on the roles and responsibilities of the relevant government agencies

The specific mandates and roles of the government agencies regulating the extractive sector as illustrated below, are found in the first PH-EITI Report. To date, there are no significant changes in the mandate of such agencies. See Figure __ for a summary of key national government agencies regulating the extractive industry sector.

Figure__. Key national government agencies regulating the extractive industry sector



Ongoing reforms

On 30 June 2016, the 16th President of the Republic of the Philippines took office bringing with him waves of changes, including those affecting the government’s stand on the extractive industry.

The administration has also brought about changes in related government agencies, such as the appointment of Gina Lopez as the new secretary for the Department of Environment and Natural Resources (DENR), and Mario Luis Jacinto, as the new Undersecretary for the Mining and concurrent Director of the Mining and Geosciences Bureau (MGB)

Mining

Audit of all operating mines and moratorium on new mining projects

The first act of the new DENR Secretary is DENR Memorandum Order No. 2016-01. On July 2016, the DENR Secretary signed the memorandum, which sets out the audit of all operating mines and mines under suspended and/or care and maintenance status and a moratorium on the approval of new mining projects, including the acceptance, processing and/or approval of mining applications and/or new mining projects for all metallic and non-metallic minerals. The Memorandum Order mandates that an audit shall be undertaken in order to determine the adequacy and efficiency of the environmental protection measures of each mining operation, to identify gaps in environmental protection measures, and to determine the appropriate penalties in case of violations of the mining and environmental laws. This is in accordance with certain provisions of the Philippine Mining Act of 1995 (RA No. 7942)

(Source: DENR)

Since its implementation, only 11 mining firms have passed the audit (listed below)

- Philex Mining Corp.
- Rio Tuba Nickel Corp.
- Cagdianao Mining Corp.
- Taganito Mining Corp.
- Atlas Consolidated Mining and Development Corp.
- Techiron Resources Inc.
- Platinum Group Metals Corp.
- Philsaga Mining Corp.
- Greenstone Resources Corp.
- Apex Mining Co. Inc.
- Pacific Nickel Philippines Inc.

The DENR has recommended twenty (20) several mining firms on the grounds of noncompliance with regulations to protect the environment in the locations where they are operating. These firms were given seven (7) days after the release of the results to respond formally explain why they should not be suspended. <To update upon completion of the audits>

ISO certification for mining contractors

As mentioned in the second PH-EITI report, the DENR has been promulgating several initiatives in its efforts to lead the implementation of environmental standards. One of these initiatives is DAO 2015-07 dated 30 April 2015 which mandates mining contractors to secure ISO 14001 Certification, particularly on Environmental Management Systems (EMS). Based on the latest data by the Chamber of Mines of the Philippines (COMP), thirteen (13) of its members have already complied with ISO 14001 standards, while eight (8) are still in the process of securing such.

The companies that are considered compliant as of date are as follows:

- Benguet Corp.

- Lepanto Consolidated Mining Co.
- Philex Mining Corp.
- OceanaGold Philippines, Inc.
- Benguet Corp. Nickel Mines, Inc.
- Eramen Minerals, Inc.
- Rio Tuba Nickel Mines Corp.
- Filminera Resources Corp.
- Carmen Copper Corp.
- Greenstone Resources Corp.
- Hinatunan Mining Corp.
- MarcVentures Mining and Development Corp.
- Taganito Mining Corp.

<To update list before finalizing the report>

Tax Incentives and Management Act (TIMTA)

RA No. 10708, known as the Tax Incentives and Management Act or TIMTA, was signed into a law by former President Benigno Aquino III last 9 December 2015 and took effect on 29 December 2015. Its related Implementing Rules and Regulations were approved on 23 June 2016 and took effect on 6 July 2016. The objective of TIMTA is to promote fiscal accountability and transparency in the grant and management of tax incentives by developing means to promptly measure the government's fiscal exposure on these grants and to enable the government to monitor, review, and analyze the economic impact of such and thereby optimize the social benefits of these incentives.

TIMTA requires companies to submit an Annual Tax Incentive Report to Investment Promotion Agencies (IPA) thirty (30) days from the statutory deadline of filing for their income tax return and the payment of the tax due, if any. The Annual Tax Investment Report contains information on income-based tax incentives, value-added tax and duty exemptions, deductions, credits, or exclusions from the tax base as provided in the charter of the IPA concerned. IPA, on the other hand, pertain to government entities in-charge of promoting investments by administering tax and non-tax incentives and overseeing the operations of the economic zones and free ports. Examples of IPAs include the Board of Investments, Philippine Economic Zone Authority (PEZA), and Subic Bay Metropolitan Authority (SBMA).

The IPAs will consolidate all Annual Tax Incentive Reports received and submit to the BIR a master list of all companies who had submitted Annual Tax Incentive Reports and a summary of the tax incentives therein within sixty (60) days from the statutory filing deadline for filing of income tax returns.

TIMTA does not prejudice the right of the BIR and BOC to conduct assessments within the prescribed period by the NIRC and the Tariff and Customs Code, respectively.

Lastly the BIR and BOC shall submit to the Department of Finance (a) the tax and duty incentives of companies as reflected in their income tax returns and import entries, respectively, and (b) the actual tax and duty incentives as evaluated by the BIR and BOC.

The DOF shall maintain a single database for monitoring and analysis of tax incentives granted based on the information received from the process described above. These data shall be submitted to the DBM and will be reflected by the DBM in the annual Budget of Expenditures and Sources of Financing, under the Tax Incentives Information section.

The IPAs will also send NEDA an Aggregate Annual Tax Incentives Report, which contains aggregate tax incentives and investment-related data, on a sectoral or per industry basis. The Aggregate Annual Tax Incentives Report lists investment projects, investment cost, actual employment, export earnings and all other benefits derived from registered projects. NEDA is mandated to conduct a cost-benefit analysis on the investment incentives to determine the impact of such on the Philippine economy.

Noncompliance with the filing requirements shall subject the companies to penalties, but will not be considered as grounds for suspension of ITH and/or other income-based incentives availment.

Initial reports shall cover the year ended 31 December 2015.

While PH-EITI promotes transparency with the taxes paid that companies in the extractives industry pay, TIMTA accomplishes such through incentives and tax exemptions.

Updates for the mining and oil & gas industries from the 17th Congress

Amendment to Philippine Mining Act of 1995 (House Bill No. 391). Act to protect and promote the rights of indigenous peoples affected by mining operations in ancestral domains has been approved by the 17th Congress and is pending with the Committee on Indigenous Cultural Communities and Indigenous Peoples.

The bill seeks to make appropriate amendments to the Philippine Mining Act of 1995 in order to protect the rights of the members of Indigenous Cultural Communities (ICCs) and Indigenous Peoples (IPs) and ease the confusion regarding said provisions by amending sections 16 and 17.

Section 16 of the Philippine Mining Act states that, "No ancestral land shall be opened for mining-operations without prior consent of the indigenous cultural community concerned." House Bill No. 391 provides clarification to the statement, such that free and prior informed consent is required, including a certification precondition issued for the purpose by the NCIP, as specified under Section 59 of RA No. 8371 (The Indigenous Peoples' Rights Act of 1997). Such certification will only be issued after a field-based investigation is conducted by the Ancestral Domains Office of the area concerned, there is no pending application for Certificate of Ancestral Domains Title (CADT)). The ICCs and IPs have the right to stop or suspend, in accordance with RA No. 8371 any project that has not satisfied the requirement of the consultation process.

Section 17 of the Philippine Mining Act states that, "In the event of an agreement with an indigenous cultural community pursuant to the preceding section, the royalty payment, upon utilization of the minerals shall be agreed upon by the parties. The said royalty shall form part of a trust fund for the socioeconomic well-being of the indigenous cultural community." The amendment changes the provisions such that it specifically states that the royalty payment shall be given to the ICC by the contractor, permit holder or mining operator. The amendment also specifies the amount of royalties that the ICCs/IPs should receive, which should be equal to twenty percent (20%) of the gross output. The royalty shall benefit the members of the ICC, as opposed to a general statement that it would benefit the ICC.

Philippine Fiscal Regime and Revenue Sharing Arrangement for Large-scale Metallic Mining Act of 2016 (House Bill No. 422.) The bill provides for taxes of either 10% of a miner's gross revenue or 55% of adjusted net mining revenue, whichever is higher and 60% of any windfall profit. This is in lieu of all national and local taxes, including corporate income tax, royalty for ICCs, duties on imported specialized capital mining equipment, and other fees imposed by the host LGUs pursuant to the Local Government Code.

The bill applies to all new Mineral Agreements (MAs) and FTAA's covering large-scale metallic mining operations that are entered into the effectivity of the act, including the renewal and renegotiation of existing MAs and FTAA's.

Further, all mining areas governed by the act shall be declared by the President as a Mining Industry Zone (MIZ) through a Presidential Proclamation upon endorsement by the Secretary of the DENR. The allocation of the government share shall be as follows: sixty percent (60%) to the national government and forty percent (40%) to the LGUs hosting the MIZ.

The bill was being finalized around the time of the publication of the second PH-EITI Report. The bill has since been approved by the 17th Congress and is pending with the Committee on Ways and Means. Currently, there are two Senate Bills covering the fiscal regime and revenue sharing arrangement for large-scale metallic mining companies, Senate Bill No. 225 by Senator Franklin Drilon and Senate Bill No. 927 by Senator Ralph Recto. The only noted differences between the two bills are that the Committee to promulgate the rules and regulations to implement the provisions of the act includes the NCIP in Senator Recto's Act and that Senator Drilon's version includes the provision that valid MAs and FTAA's existing prior to the effectivity of the act that do not provide that any terms and conditions resulting from repeal or amendment of existing laws or regulations from the enactment of a law or regulation shall continue to be governed by the terms and conditions contained in their respective mining contracts, and that Sections 80 (Government share in MPESA), 81 (Government share in other mining agreements), 84 (Excise tax on mineral products), 86 (Occupation fees), 87 (Manner of payment of fees), 88 (Allocation of occupation fees), 90 (Incentives), 92 (Income tax-carry forward of losses) and 93 (Income tax-accelerated depreciation) of RA No. 7942 are repealed or amended to the extent that they relate to the scope of the act.

Mining Responsibility Act of 2016 (House Bill No. 488) This bill is in response to the Duterte Administration's call for responsible mining and is based on the draft standard for responsible mining released by the Initiative for Responsible Mining Assurance based in Canada. The act prescribes the standards of responsible mining, including business integrity, social responsibility, environmental responsibility, reclamation and closure, and management systems. As of date, the bill is pending with the Committee on Natural Resources.

Go-No Go Zone map

<For update from second PH-EITI report>

House Bill No. 1618. Act declaring as closed to mining applications those areas declared by LGUs as No Mining Zones.

<To update with areas declared by LGUs as No Mining Zones>

Act providing for the mandatory processing of all mineral ores (House Bill No. 2165). The bill imposes a complete ban on the export of unprocessed mineral ores to encourage growth and develop the capability of mineral processing industry in the country. This, in turn, would lead to the establishment of mineral processing plants. This is expected to be one of the major drivers towards economic growth as the transformation of the extracted mineral ores to a higher quality and quantity of the processed minerals will result to stabilization and increase in prices of the output. As of date, the bill is pending with the Committee on Natural Resources. <To update with relation to HB 4728, banning mineral ore exports filed in Congress>

People's Mining Act of 2016 (House Bill No. 2715) One of the more significant reforms expected to take place is the renewed mining act or the People's Mining Act of 2016. Meant to replace the Philippine Mining Act of 1995, the People's Mining Bill was filed by Bayan Muna Partylist Rep. Carlos Zarate, the new chairperson of the House committee on Natural Resources, and Act Teachers Party Rep. France Castro.

The state shall take the lead in mining industry development that shall be pursued according to a National Industrialization Plan (NIP) and Mining Plan (MP) that adheres to the medium-and long-term needs of the Philippines and the advancement of the industry's technology with emphasis on existing indigenous knowledge, research and development, among others. Significant revisions proposed by the act include a change from the current export-orientation of mining to a domestic needs-based development of the industry. Consequently, the government shall provide the appropriate support and protection to Filipino corporations to further develop and increase their participation in the industry. In addition, foreign corporations will only be allowed to invest in the mineral industry in exceptional cases. The development of the mining industry will be geared to serve the needs of the country's agrarian reform program and help modernize Philippine agriculture.

The functions of the MGB remains as the scientific research institute under the DENR, including its regulations the operations of persons involved in all mining activities and working with the Multi-Sectoral Mineral Council in the monitoring of mining activities.

All contractors for mineral permits and agreements are required to disclose information on the following:

- (a) Methods and processes of mining to be used by the contractor
- (b) Environmental and social risks
- (c) Ownership structure of the contractor/company
- (d) Sources of financing, including loan agreements

In addition, information and documents related to the proposals, mineral agreements, permits and mining operations shall not be considered confidential. The MGB, being the repository of such information, is mandated to grant the public access to any information in its custody.

To ensure that the Act will be implemented properly, PhP 100 billion is planned to be appropriated for the functioning of the MGB, MICC and the other bodies established under this Act.

The bill is currently pending with the Committee on Natural Resources. Refer to Annex ___ for a copy of the bill.

Act promoting small-scale mining by exempting from the payment of income and excise taxes the sale of gold pursuant to RA No. 7076 (Small-scale Mining Act) House Bill No. 3297 and Senate Bill No. 958

The bill adds the following provisions to the NIRC that income derived from the sale of gold pursuant to the People's Small-scale Mining Act of 1991 to the BSP by registered small-scale miners and to accredited traders for eventual sale to the BSP shall not be included in gross income and shall be exempt from taxation. In addition, gold sold to the BSP shall be exempted from the payment of excise tax. In summary, the sale of gold by registered small-scale miners to accredited traders for eventual sale to the BSP shall enjoy the same tax treatment and privileges given to the direct sale of gold to the BSP under the NIRC.

RA 7076 or the People's Small-Scale Mining Act of 1991

The Metallurgical Technology Division (MeTD) of the Mines and Geosciences Bureau (MGB) beefed up its campaign to assist small-scale miners especially in the field of mineral processing and extractive metallurgy of gold. The project is aligned with the passage of the revised Implementing Rules and Regulation of RA 7076 otherwise known as People's Small-Scale Mining Act, wherein the establishments of centralized custom mills within Minahan ng Bayan areas are required. With this, MeTD's role is to assist the processors in the design and construction of modular gold cyanidation plants including tailings detoxification and storage facilities.

<http://www.mgb.gov.ph/2015-05-13-02-02-11/mgb-news/61-mgb-intensifies-assistance-to-small-scale-mineral-processing-operators>

Oil and gas

Moratorium on oil exploration activities in SC 72 and SC 75

The Department of Energy (DOE) issued a moratorium on oil exploration activities in the West Philippine Sea, due to the disputes between China and Philippines over the area. A *force majeure* was released by DOE on Service Contracts (SC) 72 and 75 because these contract areas fall within the territorial disputed area of the West Philippine Sea, which was the subject of a United Nations (UN) arbitration process. This is effective until DOE lifts the suspension and announces when exploration activities in the said area may commence again. In July 2016, the international arbitral tribunal court ruled in favor of the Philippines, saying that China has no legal basis to claim historic rights to the majority of the West Philippine Sea. Despite this ruling, DOE has yet to lift the *force majeure* issued on SC 72. Exploration activities in the area remain to be on hold as the government deduces its next move after the release of UN's ruling.

Current House Bills in process pertain to amendments and/or abolishment of the Downstream Oil Industry Deregulation Law of 1998 and restoration of the VAT exempt status of petroleum and petroleum products. There are no other bills or regulations related to the oil and gas industry.

Coal

As of date, there are no house bills or regulations related to the regulation of the coal industry.

b. License Allocations

Mining

License transferring or awarding procedures

The procedures for the acquisition/allocation of mining rights/licenses depend on the type of license/agreement applied for. The detailed narrative and flowchart of the license approval process is included in the second PH-EITI report.

Technical and financial criteria used

The following qualifications apply for mineral agreements:

1. Philippine citizens

2. Corporations, partnerships, associations or cooperatives organized or authorized to engage in mining, provided the entity's capital is not more than 40% foreign-owned.

For EPs, FTAA, Mineral Processing Permits (MPP), and MPAs, foreign owned corporations (corporations that have more than 40% ownership) are qualified to apply. Applicants for EP, Mineral Agreements and FTAA must possess the technical and financial capability to undertake mineral resources development and must be duly registered in accordance with law.

Per DMO 2013-1 pursuant to EO 79, the minimum authorized and paid-up capital requirements from mining applicants is PHP100 million and PHP6.25 million, respectively. With respect to an FTAA applicant, the applicant must have a minimum paid up capital of PHP500 million at the time the FTAA is granted by the President and prior to the registration of the FTAA with the MGB. Under the Memorandum Order, all mining applicants with pending applications for EP, Mineral Agreements, and FTAA are required to comply with the Memorandum Order within 60 days from its effectivity. Failure of the mining applicants to comply with the Memorandum Order shall cause the denial of their mining applications as deemed appropriate by the MGB.

There were no significant changes noted from the first and second PH-EITI reports. Refer to details on the technical and financial criteria used from the aforementioned. A comprehensive list of licenses (EPs, MPSAs, FTAA, and MPPs) are found in Annexes ___ to ___.

Information about the recipient(s) of the license that has been transferred or awarded, including consortium members, where applicable

EP

Permits Awarded

Table __. List of EPs awarded in 2014

No.	HOLDER	TENEMENT NO.	LOCATION	Region	AREA (Has)	COMMODITY	DATE OF APPROVAL	DATE OF EXPIRATION
1	88 Kiamba Mining and Development Corporation	EP-014-2014-XII	Maitum, Kiamba, Sarangani; and Maasim, Lake Sebu & T'boli, South Cotabato	Region XII	7,047.0000	Gold, Copper	8/20/2014	8/20/2016
2	Bunawan Mining Corporation	EP-XIII-033	Rosario, Agusan del Sur	Region XIII	677.0285	<For update>	8/18/2014	8/18/2016
3	Goodearth Mining & Devt. Inc.	EXP-000021-II	Dinapigue, Isabela	Region II	1,968.0622	Nickel, Chromite and other associated mineral deposits	5/23/2014	5/23/2016

Transfers/Assignments

An EP holder can only transfer or assign his rights over the EP to another Qualified Person upon approval of the Director of MGB. For the year ended December 31, 2014, there were no EPs that were transferred or assigned.

Expired

EP No.	Assignee	Assignor(s)	Remarks
Expired EP			
EP-011-2010-V	Mina Tierra Gracia, Inc.	Magellan Consolidated Mines and Devt. Corp.	Expired. With Approved DMPF dated April 14, 2016. With pending second renewal application. Assignment from Magellan Consolidated Mines and Devt. Corp. approved per Order dated: June 24, 2016

MPSA

Expansion of Areas Covered by MPSAs

Applications for expansion of contract areas for MPSAs should be approved by the DENR through the issuance of a DENR Order, pursuant to the pertinent provisions of DAO No. 2014-06, which further amends DAO No. 2012-07, the implementing rules and regulations of EO No. 79.

Upon amendment of an MPSA, only the denomination is changed, e.g., MPSA No. 295-2009-1 becomes MPSA No. 295-2009-I (Amended).

As of date, the following is the list of MPSAs with approved area expansion

Table __. List of MPSA with approved area expansion as at September 30, 2016

MPSA No.	Company	Original Area (hectares)	Amended Area (hectares)	Approval Date
295-2009-I (Amended)	Holcim Mining and Development Corporation (Assignment from Holcim Philippines, Inc.)	328.9000	657.8361	July 14, 2015
281-2009-X (Amended)	Holcim Resources and Development Corporation (Assignment from Holcim Philippines Manufacturing Corporation)	433.4240	518.0196	July 14, 2015
054-96-1X- Amended	TVI Resource Development (Phils.) Inc.	508.3396	1,016.6579	March 30, 2016
259-2007-XIII- SMR- Amended-II	Adnama Mining Resources, Inc.	1,012.02	1,086.5043 (1st Amendment) 7,017.7143 (2nd Amendment)	July 24, 2015 and May 19, 2016, respectively
250-2007-111- Amended I	Shangfil Mining and Trading Corporation	448.9048	2,508.6155	May 25, 2016
009-92-XI- Amended II	Kingking Mining Corporation (Assignment from Nationwide Development Corporation)	1,656.00	3,423.1641	June 02, 2016
289-2009-XI- Amended I	Core Mining Corporation	1,697.16	3,884.6978	June 06, 2016
274-2008-XI- Amended II	Holcim Mining and Development Corporation	642.1537	1,406.5704 (1st Amendment) 3,865.9416 (2nd Amendment)	July 14, 2015 and June 15, 2016, respectively
022-94-X- Amended I	Stagno Mining Corporation	729.00	1,149.8301	June 20, 2016
263-2008-XI- Amended I	Sinophil Mining and Trading Corporation	2,364.9535	8,728.2918	June 24, 2016
111-98-VII- Amended 1	Quarry Ventures Phils., Inc.	607.5	2,080.0558	June 27, 2016
345-2010-IVA- Amended I	Rapid City Realty and Development Corporation	1,015.169	2,146.7319	June 27, 2016
115-98-VIII- Amended I	Global Min-Met Resources, Inc.	270.6800	2,744.5305	June 27, 2016
129-98-VI- Amended B-I	Parvisgold, Inc.	4,914.46	7,996 7143	June 27, 2016
315-2010-111- Amended I	Mina Tierra Gracia, Inc.	5,081.6408	7,881.627	June 27, 2016
252-2007-V- Amended I	Investwell Resources, Inc.	333.1983	1,144 8878	June 27, 2016

Cancelled

The DENR has cancelled the following MPSAs in 2016:

Table __. List of MPSAs cancelled.

DENR Order No.	Date of Cancellation	MPSA No.	MPSA Holder	Area Covered	Reason for Cancellation
<For update>	June 29, 2015	MPSA No. 062-97-VIII	Panapino Mining, Inc.	2,389.50 has. located in Batag Island, Laoang, Northern Samar	a. Failed to renew the Exploration Permit for more than 14 years, in violation of the pertinent provisions of Section C.3 of DMO No. 2010-04; b. Failed to pay the occupation fees , in violation of the pertinent provisions of Sections 230 (b) of DENR Administrative Order No. 2010-21; and c. Failed with all the reportorial requirements, in violation of the pertinent provisions of Sections 39 and 270 of DAO 2010-21.
<For update>	June 29, 2015	MPSA No. 127-98-I	GML Corporation	1,225.7632 has. in Bani and Agno, Pangasinan	a. Failed to renew the Exploration Permit for more than 14 years, in violation of the pertinent provisions of Section C.3 of DMO No. 2010-04; b. Failed to pay the occupation fees , in violation of the pertinent provisions of Sections 230 (b) of DENR Administrative

					Order No. 2010-21; and c. Failed with all the reportorial requirements, in violation of the pertinent provisions of Sections 39 and 270 of DAO 2010-21.
<For update>	January 29, 2016	MPSA No. 178-2002-XIII	Ms. Concordia R. Llave	253.1375 has. located in Jabonga and Santiago, Agusan del Norte	a. Failure to implement the approved Exploration and Environmental Work Programs during the initial term and first renewal of its Exploration Period in violation of the pertinent provisions of Section C.2 of DENR Memorandum Order No. 2010-04; and b. Failure to comply with all the reportorial requirements from 2010-2014, in violation of the pertinent provisions of Sections 39 and 270 of DENR Administrative Order No. 2010-21.
<For update>	<For update>	MPSA No. 130-95-IV	Philippine Sunrise Marble, Inc.	327.8787-hectare contract area located in San Teodoro, Oriental Mindoro	Expired Exploration Period for more than 17 years in accordance to the pertinent provisions of MPSA No. 130-95-IV and Section C.3 of DENR Memorandum Order No. 2010-04, in re: "Reforms in the Department Mining Tenement System."
<For update>	March 15, 2016	MPSA 160-2000-V	Ms. Maria Cruz R. Del Gallego	<For update>	Non-moving tenement, in compliance to Executive Order (EO) No. 79 and DENR Administrative Order No. 2012-07.
<For update>	March 11, 2016	MPSA 174-2002-VIII	Monark Constructors Corporation	<For update>	Non-moving tenement, in compliance to Executive Order (EO) No. 79 and DENR Administrative Order No. 2012-07.

Transfers/Assignments

A holder of an application for or a granted EP, mineral agreement, or FTAA may transfer or assign its rights to another entity, subject to the approval of any of the MGB Director, DENR Secretary, or the President. In all instances, the transferee or assignee must likewise be qualified to hold the application or permit, with the same eligibility as its predecessor. For both applied and granted mineral agreements and FTAA, the transfer is not allowed in speculative cases. In granted agreements, the DENR requires that the transferee or assignee assumes the obligations of its predecessor under the existing agreement. It may also impose new conditions upon its approval.

The table below lists all of the MPSAs transferred/assigned as of date. <To streamline to MPSAs that were transferred/assigned in 2014 after confirmation from the MGB.>

Table _____. List of MPSAs transferred/ assigned for metallic mining companies

MPSA No.	Date of Transfer	Assignee	Ass
Metallic			
Existing MPSAs			
MPSA-259-2007-XIII (SMR) (Amended II)		Adnama Mining Resources, Inc.	Oriental Synerg
MPSA-134-99-XIII		Agata Processing, Inc.	Minimax Minera Corporation
MPSA-310-2010-XIII		ASIA ALSTRON Mining and Dev't Corp.	Lamberto N. Lin
MPSA-237-2007-IX		Atro Mining-Vitali, Inc.	Hard Rock Mine
MPSA-197-2004-XI (Amended)		Austral-Asia Link Mining Corp.	P.L. Goodman I Corp.
MPSA-010-92-X (SMR)		Century Peak Corporation	Casiguran Minin
MPSA-018-93-X (SMR)	12/8/2009	CTP Construction and Mining Corporation	Surigao Integra
MPSA-158-00-XIII (SMR)			
MPSA-258-2007-II		Geogen Corporation	Platinum Group
MPSA-108-98B-IVA		Golden Ore Incorporated	Sulu Resources
MPSA-099-97-XII		GRCO Isulan Mining Corp	Fadicasu Mining
MPSA-196-2004-XI (Amended)		Hallmark Mining Corp.	Hopewell Mining
MPSA-252-2007-V		Investwell Resources, Inc.	Trans-Asia Oil a Corp.
MPSA-152-00-CAR		Itogon Suyoc Resources, Inc.	Itogon Suyoc M
MPSA-009-92-XI (Amended II)		Kingking Mining Corporation	Nationwide Dev and Benguet C
MPSA-292-2009-VIII (Amended A)		Nickelace, Inc.	Cambayas Mini

MPSA-072-97-XIII (SMR)		Pacific Nickel Phils., Inc.	Philnico Mining
MPSA-190-2004-XIII	1/11/2008	Phigold Metallic Ore, Inc.	Heirs of Emeter
MPSA-311-2010-XIII		PHIL ALSTRON Mining Corp.	Crisnorman S. I
MPSA-251 (B)-2007- XI		Phil. Youbang Mining International Corporation	Dabawenyo Mir
MPSA-148-99-XIII		Philex Mining Corporation	Silangan Mindan
MPSA-156-00-CAR			Northern Luzon
MPSA-157-00-CAR			Co., Inc.
MPSA-169-01-VIII		Plethora Mineral Corporation	San Christo Min
MPSA-217-2005-VI		Selenga Mining Corporation	Colet Mining an
MPSA-250-2007-III (Amended I)		Shangfil Mining and Trading Corporation	A3 UNA Mining
MPSA-224-2005-I		Shuley Mine, Inc.	Heirs of Fernan
MPSA-149-99-XIII		Silangan Mindanao Mining Co., Inc.	Philex Gold Phi
MPSA-002-90-X (SMR)	6/17/2005	Sinosteel Phils., H.Y. Mining Corporation	J.L.B. Enterpris
MPSA-022-94-X (SMR) (Amended I)		Stagno Mining Corporation	E.L. Enterprises
MPSA-007-92-X		Surigao Integrated Resources Corp.	Case Construct
MPSA-054-96-IX (Amended I)		TVI Resources Development Phils., Inc.	Ramon B. Bosq
MPSA-086-97-IX			Zamboanga Min
MPSA-316-2010-III (Amended I)		Westchinamin Corporation	Ramon G. Perla
MPSAs consolidated with other mining tenements			
MPSA-198-2004-XI*		Austral-Asia Link Mining Corp.	Blue Ridge Min
MPSA-216-2005-XI*		Austral-Asia Link Mining Corp.	Oregon Mining
MPSA-199-2004-XI**		Hallmark Mining Corp.	St. Patrick Minin
MPSA-214-2005-XI**		Hallmark Mining Corp.	Galactica Minin
MPSA-215-2005-XI**		Hallmark Mining Corp.	Mt. Peak Mining
Suspended MPSAs			
MPSA-226-2005-III		BenguetCorp Nickel Mines, Inc.	Benguet Corpor
MPSA-191-2004-III		Zambales Diversified Metals Corporation	Crau Mineral Re

Table _____. List of MPSAs transferred/ assigned for non-metallic mining companies

MPSA No.	Date of Transfer	Assignee	Assignor(s)
Non-Metallic			
Existing MPSAs			
MPSA-013-93-VII		Apo Land and Quarry Corp.	Apo Cement Co
MPSA-093-97-VII			
MPSA-181-2002-III		Eagle Cement Corp.	Rock and Ore I
MPSA-115-98-VIII (Amended)		Global Min-Met Resources, Inc.	Daprosa C. Per
MPSA-027-94-III		Holcim Mining and Development Corporation	Holcim Philippin
MPSA-039-96-X			
MPSA-042-95-I			
MPSA-043-95-I			
MPSA-047-96-XII			
MPSA-080-97-XI			
MPSA-082-97-XI			
MPSA-187-2002-XI			
MPSA-236-2007-I			
MPSA-238-2007-I			
MPSA-274-2008-XI (Amended II)			
MPSA-294-2009-III (Amended A)			
MPSA-295-2009-I (Amended I)			
MPSA-298-2009-III (Amended B)			

MPSA-140-99-III		Holcim Mining and Development Corporation and Doric Marble Corporation	Holcim Philippines
MPSA-281-2009-X (Amended I)		Holcim Resources and Development Corporation	Holcim Philippines Corporation
MPSA-084A-97-XIII		Pacific Cement Co., Inc.	Jose L. Cortes,
MPSA-084B-97-XIII			Inocencio R. Co
MPSA-067A-97-VII		Solid Earth Development Corp.	Grand Cement Corporation
MPSA-083-97-IX		Solid North Mineral Corporation	Kenell Mining C
MPSA-161-00-III			Holcim Philippines
MPSA-059-96-VII		South Western Cement Corp.	Lo-oc Limestone
MPSA-060-96-VII			
MPSA-294-2009-III (Amended B)		Teresa Marble Corporation	Holcim Philippines
Cancelled MPSAs with Motion for Reconsideration			
MPSA-024-94-VII		Oriental Hyundai Quarry and Development Corp.	Rojas Mestre L Development C

FTAA

There are no FTAA's that were assigned in 2014 based on the records by MGB.

Any non-trivial deviations from the applicable legal and regulatory framework governing license transfers and awards

There are no identified deviations with respect to the regulatory requirements that applicants need to comply in terms of license applications or granting of awards. The permit applicants undergo the necessary procedures and must submit the required documents in order for the applications to be approved.

Documentation and explanation of significant legal or practical barriers preventing comprehensive disclosure including an account of government plans for seeking to overcome such barriers and the anticipated timescale for achieving them

As noted in the second PH-EITI report, MGB maintains a list of all approved mining permits/ contracts in its website and includes the following information:

1. Permittee/Contractor
2. Contact information
3. License reference number
4. Location
5. Area
6. Commodity
7. Date of approval
8. Date of expiry
9. Remarks

It was noted that the list does not include though the information about the date of application and the coordinates of the license area. It is recommended that MGB also includes these information in the register and for it to be accessible by the public via the agency's website. Moreover, the register posted in the website includes only those approved mining contracts and does not include on-going/currently processed applications. These are listed though in the agency's Mining Tenement Statistics Report (MTSR).

The agency maintains the MTSR as a tool to monitor the list of approved applications and the status of ongoing applications (i.e., denied, cancelled, appealed, etc.). These information are summarized on a spreadsheet per region and per type of permit. The latest statistics report obtained is dated April 2015. However, we noted that a consolidated report which details the status of all applications, including any actions undertaken for any changes, is neither available nor readily accessible by the public. Actual monitoring of the information included therein cannot also be established in the absence of regular reviews performed on the said report which might also raise questions in terms of the actual status of these applications. The agency only post information about awarded licenses/permits in the website. It is recommended that information of all ongoing applications be made readily available and up to date to assist the public in making investment decisions.

The date of application is in the _____. Coordinates of the licensed areas were lifted from the signed contracts and are presented in Annex _____. The contracts are also accessible at contracts.ph-eiti.org.

List of applicants and the bid criteria for the bidding rounds

<For update>

Efficiency and effectiveness of these systems

<For update after walkthrough with MGB if there have been any improvements on the backlog noted>

No significant change on streamlining of process. Different view from President Duterte and Gina Lopez

Summary of information on mining permits

Refer to the comprehensive list of licenses (i.e. EPs, MPSAs, FTAAAs, MPP) in Annex __. As confirmed by the MGB, the Date of Approval indicated on the list of existing EPs/MPSAs/FTAAAs/MPPs is the effective date of the respective contracts.

<To confirm with MGB and DOE on the status of licenses>

EPs

As at August 2016, there are 32 existing EPs covering a total land area of 67,713 hectares (2015 - 30 EPs covering 115,150.38 hectares). In addition, 14 EPs have already expired in this period.

Figure __. Number of existing exploration permits and land area (in hectares) covered as of August 2016

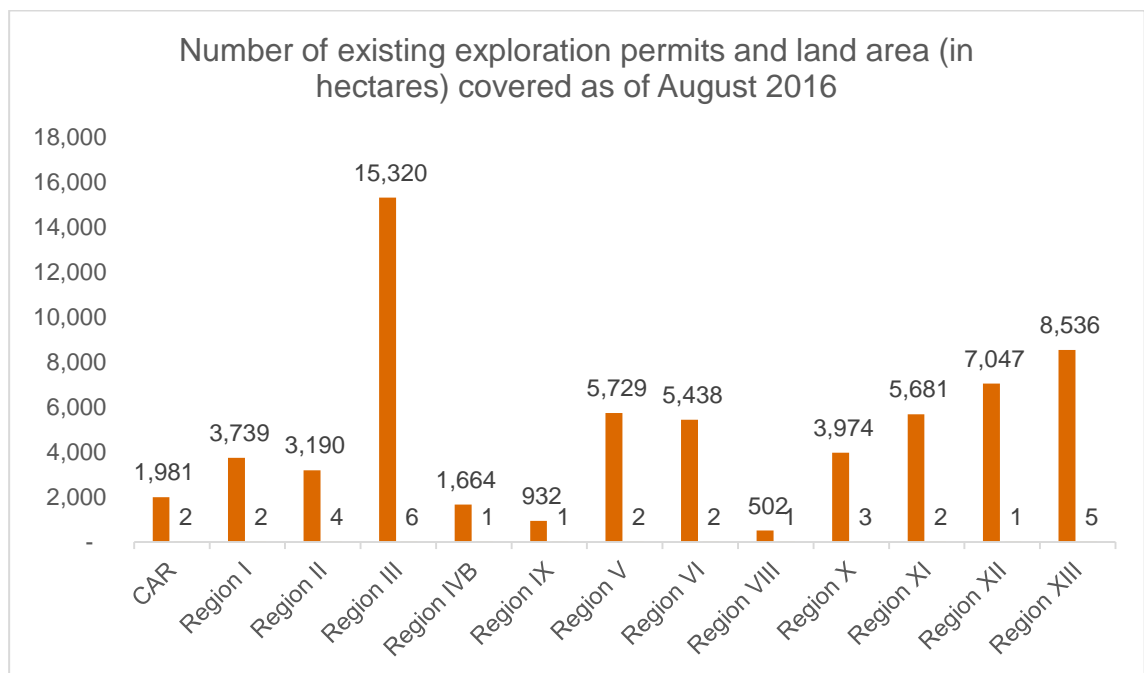
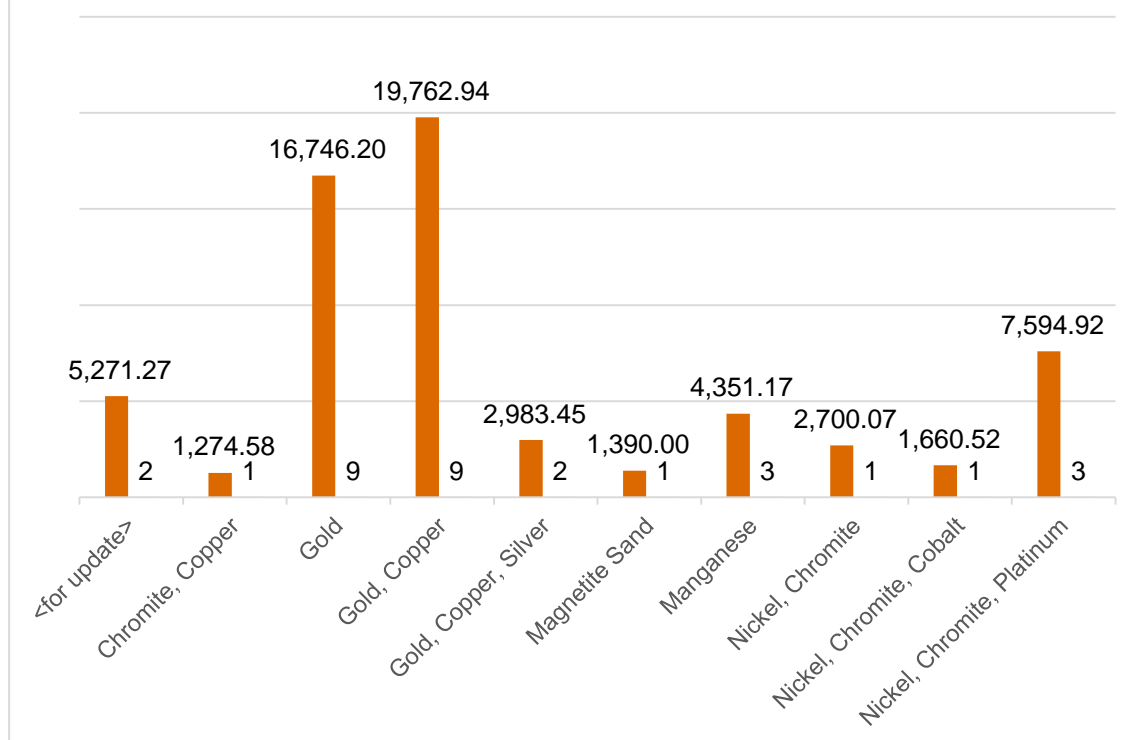


Figure __. Potential mineral products of existing EPs and corresponding hectares covered, as of August 2016

Potential Mineral Products of Existing EPs and corresponding hectares covered, as of August 2016



As of August 2016

Almost all of the country's regions have existing EPs. Notable exceptions are Region IVA and VII (Cebu and Negros). Region III (_____) and Region XIII (Agusan and Surigao) have the most numbers of EPs each, with six (6) and five (5) projects, respectively. Majority of EPs (21 out of 32) remain to have gold and copper as their potential commodities, covering as well the most land area (refer to graph above). As of date, six (6) EPs were granted and another six (6) more were renewed. ___ applications are currently pending with the MGB.

As at December 31, 2014

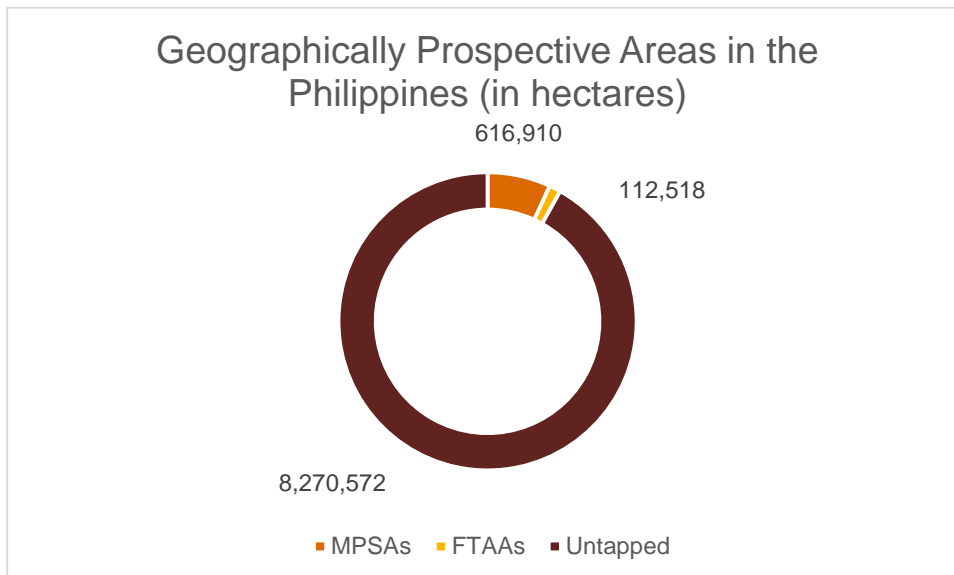
Of this total of 46 EPs as at 2016, 25 have been existing/renewed as of December 2014, covering a total land area of 62,221. 23 has.

MPSAs

There are 330 awarded and existing MPSAs covering an area of 616,910 hectares (2015 - 338 MPSAs covering 601,679 hectares); ___ hectares in Luzon; ___ in Visayas, and ___ in Mindanao. The status of each MPSA is in the table below. The complete list may be found in Annex ___.

Status of MPSAs as of August 2016	No. of MPSAs	Area (in has.)
Existing	313	582,027.42
Expired	2	2,428.97
Cancelled with Motion for Reconsideration	9	12,771.69
Suspended	6	13,207.38
Cancelled	9	6,474.75
Total	339	616,910.20

There are nine (9) million hectares of geographically prospective areas in the Philippines. Of this, 92% remains untapped.

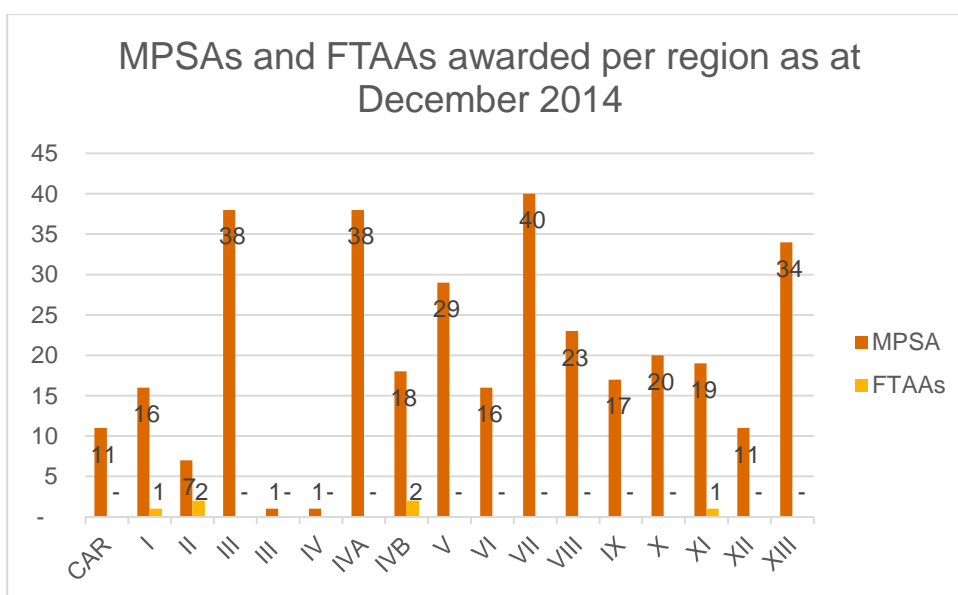


FTAAs

As at August 2016/31 December 2014, there are six (6) existing FTAAs, covering a total land area of 100,136.08 hectares (2015 - 6 FTAAs covering 108,873 hectares).

One of these was cancelled 6 July 2011 due to _____, thus, only five (5) are operating as of date.

Figure __. Number of MPSAs and FTAAs awarded as of December 2014



The Philippines has __ operating mines as at December 2014. __ mines are covered by MPSAs, one (1) is covered by an FTAA (Oceana Gold) and one (1) by a Special Mining Permit (SMP) while waiting for its MPSA to be approved (Emir Mineral Resources Corporation)

*Covered by SMP

In yellow: No longer operating in 2016

In blue: In 2016 list. To confirm with MGB when started.

Mineral	Company	Project name	Mine location
Gold with Silver	(1) Lepanto Consolidated Mining Company	Victoria Gold	CAR
	(2) Philippines Gold Processing and Refining Corporation	Masbate Gold	Region V
	(3) Johnson Gold Mining Corporation	Paracale Gold Project	Region V
	(4) Apex Mining Company Inc	Apex Maco Operation	Region XI
	(5) Philsaga Mining Corporation	Banahaw Gold Project	Region XIII
	(6) Greenstone Resources Corporation	Siana Gold Project	Region XIII

Copper with gold	(1) Oceanagold Phils. Inc.	Dipidio Copper Gold Project	Region II
Copper with Gold and Silver	(1) Philex Mining Corporation	Padcal Copper-Gold Operation	CAR
	(2) Carmen Copper Corporation	Toledo Copper Project -Lutopan	Region VII
Chromite	(1) Krominco Inc	Dinagat Chromite Project	Region XIII
	(2) Cambayas Mining Corporation	Homonhon Chromite Project	Region VIII
	(3) Mt. Sinai Mining Exploration and Development Corporation	Elluvial Chromite Mining and Concentration Project	Region VIII
	ChromiteKing, Inc.		Region VIII
	Emir Mineral Resources Corporation*		Region VIII
Nickel	(1) Zambales Diversified Metals Corporation	Sta. Cruz Candelaria Project	Region III
	(2) Benquet Corporation Nickel Mines Inc.	Sta. Cruz Nickel Project	Region III
	(3) Rio Tuba Nickel Mining Corporation	Rio Tuba nickel Project	Region IVB
	(4) Citinickel Mines and Development Corporation	Toronto and Pulot Nickel Projects	Region IVB
	(5) Berong Nickel Corporation	Berong Nickel Project	Region IVB
	(6) SR Metals, Incorporated	Tubay Nickel-Cobalt Mining Project	Region XIII
	(7) AAM-Phil Natural Resources Exploration Development Corporation	Dinagat Chromite-Nickel Project	Region XIII
	(8) Cagdianao Mining Corporation	Cagdianao Nickel Project	Region XIII
	(9) Hinatuan Mining Corporation	Tagana-an Nickel Project	Region XIII
	(10) Shuley Mine Incorporated	Nonoc Nickel	Region XIII
	(11) Platinum Group Metals Corporation	Cagdianao Nickel Project	Region XIII
	(12) Taganito Mining Corporation	Taganito Nickel Project	Region XIII
	(13) Shenzhou Mining Group Corporation	Tandawa Nickel Project	Region XIII
	(14) CTP Construction and Mining Corporation	Adlay Nickel Project	Region XIII
	(15) CTP Construction and Mining Corporation	Dahican Nickel Project	Region XIII
	(16) Carrascal Nickel Corporation	Carrascal Nickel Project	Region XIII
	(17) Marcventures Mining and Development	Cantilan Nickel Project	Region XIII
	(18) Oriental Synergy Mining Corporation	Moutaint Top Nickel Project	Region XIII
	(19) Adnama Mining Resources Incorporated	Urbiztondo Nickel Project	Region XIII
	(20) Eramen Minerals Inc.	Sta. Cruz Nickel Project	Region III
	(21) LNL Archipelago Minerals Inc.	Guinabon Nickel Project	Region III
	(22) Sinosteel Phils. H.Y. Mining Corporation	H.Y. Nickel-Chromite Project	Region XIII
	(23) Century Peak Corporation	Casiguran Nickel Project	Region XIII
	(24) Century Peak Corporation	Esperanza Nickel Project	Region XIII
	(1) TVI Resource Development Philippines,	Canatuan Mining Project	Region IX
	(2) Rapu-Rapu Minerals, Inc.	Rapu-Rapu Polymetallic Project	Region V
	(1) Leyte Iron Sand Corporation	Leyte Magnetite Project	Region VIII
	(2) Ore Asia Mining & Development	Camachin Iron Ore Mining Project	Region XI
	(3) Investwell Resources, Incorporated	Larap Iron Project	Region V
	Minahang Bayan ng Mamamayan ng Dinagat Island Cooperative		Region XIII
	Wellex Mining Corporation		Region XIII
	Pacific Nickel Philippines, Inc.		Region XIII
	Oriental Vision Mining Philippines Corporation		Region XIII
	Libjo Mining Corporation & Westernshore Nickel Corporation		Region XIII
Agata Mining Ventures, Inc.		Region XIII	
___ Operating Mines			

Oil and Gas

License transferring or awarding procedures

The procedures for awarding service contracts are discussed in the section on Registration of Licenses.

Technical and financial criteria used

Qualifications, work program and technical documentation required for service contract application are detailed in the first and second PH-EITI report. There were no significant changes noted for this third PH-EITI report. Refer to details on the technical and financial criteria used from the aforementioned.

Information about the recipient(s) of the license that has been transferred or awarded, including consortium members, where applicable

<To update: assigned projects>

Identified deviations from the applicable legal and regulatory framework governing license transfers and awards

There are no identified deviations with respect to the regulatory requirements that applicants need to comply in terms of license applications or granting of service contract awards. The permit applicants undergo the necessary procedures and must submit the required documents in order for the applications to be approved.

Documentation and explanation of significant legal or practical barriers preventing comprehensive disclosure including an account of government plans for seeking to overcome such barriers and the anticipated timescale for achieving them

As noted in the second PH-EITI report, the DOE maintains a list of SCs that includes the following information:

1. Service Contract No.
2. Name of contractor/operator
3. Effective date
4. Expiration date, including stage/sub-phase of exploration
5. Location
6. Area (in hectares)

However, we have noted that the list that can be found on the DOE website is not updated and is the same list that was used in the second PH-EITI report. Thus, the list of SCs still lacks information on the coordinates of the license area, date of application, and the commodity being produced. As noted in the second PH-EITI report, we recommend DOE to maintain a summary of information, including the data currently lacking in the system, and update the same on a regular basis (at least annually). The same updated summary should be published in DOE's website.

The coordinates of the license areas of the service contracts are lifted from the signed service contracts and are presented in Annex ___.

List of applicants and the bid criteria for the bidding rounds

In evaluating the documentation submitted by each applicant, the DOE REC will assess the application based on the criteria listed in Section 6, Registration of Licenses of the second PH-EITI Report.

The DOE has received the following applications for PECR5:

Efficiency and effectiveness of these systems

<For update>

Summary of information on petroleum service contracts

As of 2016, there are 29 active petroleum service contracts wherein a total of _____ MMB of oil, 63.66 BCF of gas and _____ MMB of condensate were produced from _____ in 2016.

Service contract No.	Name of operator	Effective date	Expiration date/(Exploration stage sub phase (SP))	Location	Acreage (hectares)	
1	SC 6 (Cadlao)	Cadlao Development Company Limited (CADCO)	1 September 1973	28 February 2024 (Production stage)	NW Palawan	3,397.19
2	SC6A (Octon)	PITKIN Petroleum Inc.	1 September 1973	28 February 2024 (Production stage)	NW Palawan	108,146.59

3	SC 6B (Bonita)	The Philodrill Corp.	1 September 1973	28 February 2024 (Production stage)	NW Palawan	53,293.95
4	SC 14 (4 Blocks)	The Philodrill Corp.	17 December 1975	17 December 2025 (Production stage)	NW Palawan	19,178.88
	SC14A (Nido)					2,383.85
	SC14B Matinloc PL					15,374.30
	SC14C (Galoc)	Galoc Production Co. WLL				16,300.95
	SC14C-2 (West Linapacan)	RMA West Linapacan Pte. Ltd.	17 December 1975	17 December 2025 (Production stage)		17,649.54
5	SC 37	PNOC EC	18 July 1990	18 July 2022 (Production stage)	Cagayan	36,000
6	SC 38	Shell	23 February 23, 1989	23 February 2024 (Production Stage)	NW Palawan	83,000
7	SC 40	Forum	19 February 1994	19 February 2029 (Production stage)	North Cebu	458,000
8	SC 44	Gas 2 Grid	28 January 2004	28 July 2015 (Exploration stage-SP2)	Central Cebu	75,000
9	SC 47	PNOC EC	10 January 2005	10 July 2012 (Exploration stage-SP3)	Offshore Mindoro	1,048,000
10	SC 49	China International Mining and Petroleum Inc.	1 March 2005	30 Jun 2014 (Exploration stage-SP3)	South Cebu	197,000
11	SC 50	Frontier Oil Corporation	1 March 2005	11 March 2015 (Exploration stage-SP3)	Calait, NW Palawan	128,000
12	SC 51	Otto Energy Investments Ltd.	8 July 2005	31 July 2014 (Exploration stage-SP5)	East Visayan Basin	332,000
13	SC 52	Frontier Oil Corp.	8 July 2005	8 July 2014 (Exploration stage-SP4)	Piat San Jose, Cagayan	96,000
14	SC 53	Pitkin Petroleum Ltd.	8 July 2005	8 July 2014 (Exploration stage-SP2)	Onshore Mindoro	724,000
15	SC54-A	Nido Petroleum	5 August 2005	5 August 2014 (Exploration stage-SP6)	NW Palawan	87,616.15
	SC54-B					314,000

c. Register of Licenses

The term 'license' refers to any license, lease, title, permit, or concession by which the government confers on a company(ies) or individual(s) the right(s) to explore or exploit oil, gas and/or mineral resources. The first PH-EITI Report contains an extensive discussion of the licensing processes in the country. A condensed version with updated information is provided below.

	Oil and gas/Coal	Mining																										
System of awarding contracts	Philippine Energy Contracting Round (PECR). The most recent is PECR5	Integrated Mining Tenements Statistics Report (MTSR)																										
Department/ agency responsible for the system	DOE through Review and Evaluation Committee (REC)	DENR through the Mining Tenements Management Division of MGB																										
Documentation requirements	<ul style="list-style-type: none"> Legal documentation Work program documentation 	<ul style="list-style-type: none"> Technical documentation Financial documentation 																										
Criteria	<ul style="list-style-type: none"> Legal qualification - Pass or Fail* Work Program - 40% <p>Pass</p> <ul style="list-style-type: none"> Business existence Business type Business jurisdiction Payment of application fee 	<ul style="list-style-type: none"> Legal qualification - per requirements of RA 7942 and its IRR Work program - mandatory requirement Technical qualification - capacity/ track records in mining operations and environmental management Financial qualification - financial capability and stability to undertake the program Payment of required fees 																										
Timeline	<table border="1"> <thead> <tr> <th colspan="2">Oil and gas</th> </tr> </thead> <tbody> <tr> <td>Status/stage</td> <td>Average timeline</td> </tr> <tr> <td>Launching of PECR</td> <td>1 day</td> </tr> <tr> <td>Pre-submission conference</td> <td>1 week from launching</td> </tr> <tr> <td>PECR application submission</td> <td>1 month</td> </tr> <tr> <td>Review of PECR applications</td> <td>2 months from last day of submission of application</td> </tr> <tr> <td>Endorsement of winning applicants</td> <td>The winning applicant has 7 days from receipt of the Notice of Award to pay the processing fee.</td> </tr> </tbody> </table> <table border="1"> <thead> <tr> <th colspan="2">Coal</th> </tr> </thead> <tbody> <tr> <td>Status/stage</td> <td>Average timeline</td> </tr> <tr> <td>Launching of PECR</td> <td>1 day</td> </tr> <tr> <td>Pre-submission conference</td> <td>1 week from launching</td> </tr> <tr> <td>PECR application submission</td> <td>4 months</td> </tr> <tr> <td>Review of PECR applications</td> <td>2 months from last day of submission of application</td> </tr> </tbody> </table>	Oil and gas		Status/stage	Average timeline	Launching of PECR	1 day	Pre-submission conference	1 week from launching	PECR application submission	1 month	Review of PECR applications	2 months from last day of submission of application	Endorsement of winning applicants	The winning applicant has 7 days from receipt of the Notice of Award to pay the processing fee.	Coal		Status/stage	Average timeline	Launching of PECR	1 day	Pre-submission conference	1 week from launching	PECR application submission	4 months	Review of PECR applications	2 months from last day of submission of application	Varies based on the type of permit applied. Normally, it takes 6 months to approve/ disapprove an application based on Section 7 of DAO 2012-7.
Oil and gas																												
Status/stage	Average timeline																											
Launching of PECR	1 day																											
Pre-submission conference	1 week from launching																											
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Coal																												
Status/stage	Average timeline																											
Launching of PECR	1 day																											
Pre-submission conference	1 week from launching																											
PECR application submission	4 months																											
Review of PECR applications	2 months from last day of submission of application																											
Approval of service and operating contracts	DOE Secretary based on winning applicants endorsed by the REC	FTAA – President of the Philippines; Mineral agreements and permits - DENR Secretary or Regional Directors																										

<To obtain from MGB and DOE date of application for licenses>

The respective websites of DOE and MGB include additional information on licensing (<http://www.doe.gov.ph/>) (<http://www.mgb.gov.ph>).

Licensing system for the extractive industry

Licensing systems, including types of agreements, permits, and specific requirements, for oil and gas, mining and coal are comprehensively discussed in the first and second PH-EITI Reports. There were no significant changes in the requirements in 2014. An outline of the significant points in the licensing process for each of the industry is presented below.

Mining

1. Areas open and closed to mining

The Mining Act and its IRRs enumerate the areas that are open and not open to mining applications. A more comprehensive list of areas closed to mining, also called No Go Zones, is provided under EO 79 (2012).

2. Types of agreements, permits, and their specific requirements
The requirements and procedures for obtaining the mine permits and agreements slightly vary depending on the type of permit or agreement applied for, whether EP, mineral agreement (MPSA, JVA or CA), or FTAA. Detailed information on the specific requirements may be found in the first PH-EITI Report.
3. Procedure for approval
Refer to the second PH-EITI report for the specific processes per agreement/permit

Oil & gas

1. Types of agreements, permits, and their specific requirements
License requirements include the following
 - A joint venture agreement
 - Legal, technical, and financial documents
 - A non-refundable application fee of PHP200,000 (US\$4,735) per area
 - An information sheet showing a summary of the application, work program documentation, geological and geophysical evaluation of the contract area applied for, and the economics and development concepts for possible petroleum discoveries.

Detailed information on the specific requirements may be found in the first PH-EITI Report.

2. Procedure for approval
Refer to the second PH-EITI report for the specific processes for the approval of DOE licenses and of service contracts

Coal

1. Types of agreements, permits, and their specific requirements
PECR requirements include PECR documents which contain a description of available data and the prospect of coal resources in each area include, among others:
 - a. Location map and technical description of the areas being offered during the PECR
 - b. Schedule of activities for the PECR
 - c. Such other information as the REC may deem appropriate.

Detailed information on the specific requirements may be found in the first PH-EITI Report.

3. Procedure for approval
The same procedures of review and evaluation are observed by the REC and DOE for petroleum and coal resources. Refer to the second PH-EITI report for the specific processes for the approval of coal operating service contracts

Reference to publicly available register or cadaster system(s)

Information on licenses and license holders are found on the websites of MGB and DOE.

MGB

<http://mgb.gov.ph/2015-05-13-01-44-56/2015-05-13-01-46-18/2015-06-03-03-42-49>

In this link, the following information are provided by the MGB:

- List of approved mining permits and contracts (including MPSAs, FTAAAs, MPPs, Industrial Sand and Gravel Permits (ISAG/IPs), EPs, and lease contracts). The lists are updated on a monthly basis
- List of applications for MPSAs, ISAG/IPs, EPs and FTAAAs
- List of mining applications in regional offices
- Mining tenement maps per region

Coordinates of the licensed areas were lifted from the signed contracts and are presented in Annex ____. The contracts are also accessible at contracts.ph-eiti.org.

DOE

DOE is currently developing EDCP (Energy Data Center of the Philippines) online inquiry site, a virtual storage facility for energy data and information involving energy exploration and development in the Philippines. The EDCP includes information on DOE licenses and license holders.

<https://www.doe.gov.ph/energy-data-center-philippines-edcp>

In the meantime, the DOE's EDCP is a storage facility for energy data & information generated and used by both the government and private sectors involved in energy exploration and development in the Philippines. The center has more than 120,000 analog and about 15,000 digital data holdings.

Other information included in the DOE website are as follows:

Oil and gas

- List of petroleum service contracts. The list includes the service contract no., name of the contractor, effective date, expiration date and location

http://beta.doe.gov.ph/sites/default/files/pdf/pecr5/list_of_scac.pdf

Coal

- List of existing coal operating contract holders. The list includes the name of the contract holder, date of COC award and expiration, location of COC area and type of COC

http://beta.doe.gov.ph/sites/default/files/pdf/energy_statistics/List%20of%20Updated%20COC%20Holders.pdf

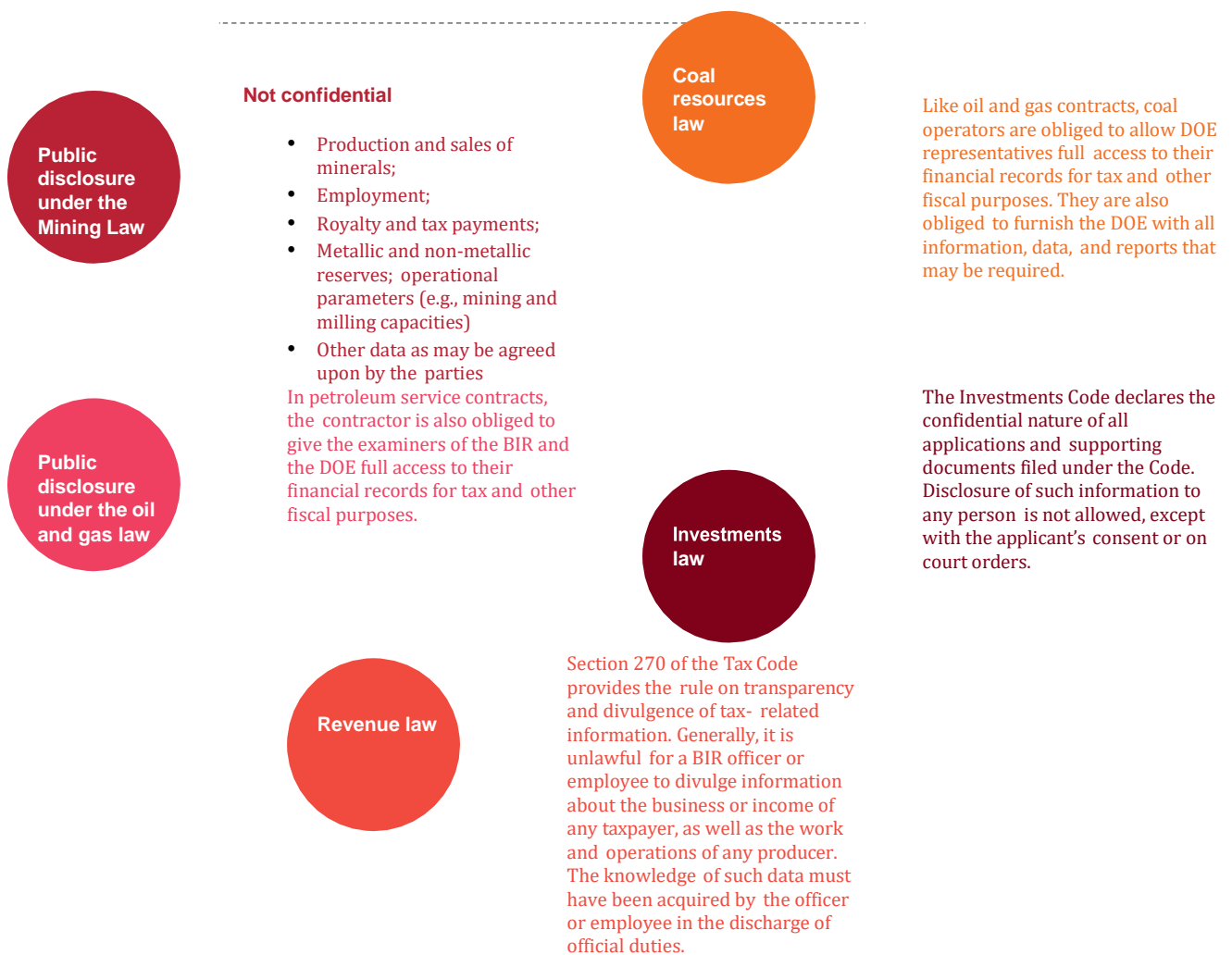
As with the MGB, coordinates of the service contracts were lifted from the signed contracts and are presented in Annex _____. The contracts are accessible at contract.ph-eiti.org

Legal or practical barriers on comprehensive disclosure

The first PH-EITI Report included a comprehensive discussion on constitutional provisions that deal with concepts of public disclosure, information and participation.

As presented in the second PH-EITI report, these are the more relevant laws governing public disclosure in the extractive industry

Figure 36. Laws governing public disclosure in the extractive industry



d. Contracts

Overview

Extractive contracts in the Philippines contracts contain standard provisions that specify the obligations of the parties, terms and conditions, and any additional privileges. The first PH-EITI Report provided a detailed discussion on the national government's policy on the disclosure of contracts and licenses that govern the exploitation of oil, gas, and minerals.

In 2015, PH-EITI launched an open database of mining, oil and gas contracts in the Philippines, where contracts of all companies participating in the Philippine EITI process are disclosed. These contracts and their supporting documents may be accessed at contracts.ph-eiti.org.

Contracts with Indigenous People

Companies operating in ancestral domains have additional obligations to IP communities residing within their area of operations. Among the additional obligations are the payment of IP royalties and observance of procedures to obtain the IPs' free and prior informed consent to ensure that the IPs in the area have been sufficiently consulted and have consented to the conduct of extractive activities within their ancestral domain.

The relevant IP processes, including the Free Prior and Consent (FPIC) concept, have been described in the first PH-EITI Report, while updates are included in detail in Section __. Other Information. FPIC is the consensus of all members of the IPs to be determined in accordance with their respective customary laws and practices. As an update, below is the list of the companies operating in ancestral domains as of _____ 2016.

Out of the __ large scale metallic mining operations covered by this Report, __ are within the ancestral lands of IPs. Refer to Table _ for details

<To insert table for list of mining companies operating within ancestral domains>

Table __. List of mining companies operating within ancestral domains covered in Chapter 2 of this Report

Region	2014 List	Company
CAR	Ibaloi/Kankana-ey	Philex Mining Corporation
IV-B	Palaw'an	Rio Tuba Nickel Mining Corp
IV-B	Tagbanua/Palawano	Cit nickel Mines & Development Corporation
IV-B	Tagbanua	Berong Nickel Corporation
IX	Subanon	TVI Resource Development (Phils.), Inc.
IX	Mansaka	Apex Mining Company
XIII	Mamanwa	Taganito Mining Corporation
XIII	Manobo	Philsaga Mining Corp.
XIII	Mamanwa and Manobo	SR Metals Incorporated
XIII	Mamanwa and Manobo	TVI Resource Development (Phils.), Inc. (Contractor:
XIII	Mamanwa and Manobo	Marcventures Mining and Development Corp.

XIII	Manobo	Carrascal Nickel Corporation
XIII	Mamanwa	Adnama Mining Resources, Incorporated (Assignor: Oriental Synergy Mining Corp.)
XIII	Mamanwa	Greenstone Resources Corporation

A complete list of IPs and extractive operations in IP areas shows a total of ___ project/entities based on the latest list obtained from NCIP covering the period from January to December 2014. Refer to the complete details in Annex ___. The said list differs from the enumeration provided in the first PH-EITI Report based on submissions made by the NCIP as well. This will be a recommendation put forward particularly in ensuring proper and accurate monitoring.

e. Ownership

The Securities Regulation Code of the Philippines (SRC) was enacted to regulate the trading of securities in the market. SRC also ensures the protection of the participating investors who are considered beneficial owners of equity securities like shares of stock of a corporation and debt securities (e.g., bonds, banknotes). SRC Section 3 defines a beneficial owner or beneficial ownership as any person who, directly or indirectly, through any contract, arrangement, understanding, relationship or otherwise, has or shares voting power (which includes the power to vote or to direct the voting of such security) and/or investment returns power (which includes the power to dispose of or direct the disposition of such security) provided, however, that this person has an indirect beneficial ownership interest in any security which can be classified as such. All securities of the same class beneficially owned by a person shall be aggregated in calculating the number of shares beneficially owned by such person.

As stated in the second PH-EITI Report, a person shall be deemed to be the beneficial owner of a security if that person has the right to acquire beneficial ownership, within 30 days, including, but not limited to, any right to acquire, through the exercise of any option, warrant or right; through the conversion of any security; pursuant to the power to revoke a trust, discretionary account or similar arrangement; or pursuant to the automatic termination of a trust, discretionary account or similar arrangement.

This is in line with EITI Standard's definition of beneficial ownership as stated in EITI Standard Section 3.11(d)(1). There were no changes in the government's policy on beneficial ownership and on the MSG's definition of such.

Publicly available register of the beneficial owners

Only publicly-listed companies are required by the SEC to submit a list of their beneficial owners (PSE Disclosure Form POR-1 Public Ownership Report). Of the material companies in scope, only three (3) are publicly-listed: Apex Mining Company, Inc., Lepanto Consolidated Mining Company, and Philex Mining Corporation. These companies are listed with the Philippine Stock Exchange. Details on the PSE and stock exchange filings can be found on <http://edge.pse.com.ph>.

However, all domestic stock corporations are required to submit their General Information Sheet (GIS) to the SEC on a yearly basis. The GIS includes information on a company's stockholders, such as name, nationality, current residential address, Tax Identification No. (TIN), no. of shares subscribed and percentage of ownership. The GIS should be certified and sworn to by the corporate secretary, or by the president, or any duly authorized officer of the corporation. Copies of the GIS are available and can be downloaded from the SEC website for a service fee.

Presented in the following table is the summary of GIS information of the participating companies. Further details on the shareholders can be found on Annex ___.

Table __. Summary of the beneficial owners of the participating companies

Company	Filipino				Foreign		
	Individual	Corporation	PCD nominee individual	PCD nominee corporation	Individual	Corporation	Nationality/ Country
AAM-Phil. Natural, Resources Exploration and Development Corporation	3	0			2		Chinese
						1	British
						1	Chinese
Adnama Mining Resources Incorporation	5	0				2	Chinese (Hong Kong)
Alcorn Petroleum and Minerals Corporation	7	1					
Apex Mining Co. Inc.	1	16		1		1	Malaysian
Atró Mining-Vitali, Inc.	3	2			1		British
					1		Other
						1	British
Benguetcorp Nickel Mines, Inc.	7	1					
Berong Nickel Corporation	7	1				2	British
Cagdianao Mining Corporation	5	1					
Carmen Copper Corporation	7	1			1		British
Carrascal Nickel Corporation	3	3			2		Chinese
						1	Chinese
Century Peak Corporation	5	1					
Citinickel Mines and Development Corp.	5	2				1	Other
Eramen Minerals, Inc.	4	1					
Filmenera Resources Corporation	4	1			1		Canadian
						1	British
Forum Energy Philippines Corporation	4	0				1	British
Greenstone Resources Corporation	4	1			1		Australian
						1	Australian
Hinatuan Mining Corporation	5	1					
Investwell Resources, Inc.	4	0			1		Malaysian
Johson Gold Mining Corp.	6	0					
Krominco, Inc.	5	0					
Lepanto Investment & Development Corporation	1	11		1			
Leyte Iron Sand Mining Corporation	4	0			2		Japanese
Libjo Mining Corporation	7	1			3		Chinese
						1	Chinese
LNL Archipelago Minerals Inc.	6	0					
Marcventures Mining and Development Corporation	6	1					
Mt. Sinai Mining Exploration and Development Corporation	5	0					
Norweah Metals & Mineral Co., Inc.	7	0					
Oceanagold (Philippines), Inc.	2	0			2		Australian
						1	Australian

						1	Dutch
Ore Asia Mining and Development Corporation	4	0			1		British
Oriental Petroleum and Minerals Corporation	8	11		1			
Oriental Synergy Mining Corp.	3	0			8		Chinese
Pacific Nickel Philippines, Inc.	12	2			2		Australian
					1		British
						1	British
Philex Mining Corporation	4	5		1	3		American
					3		Others
						2	British
						1	Dutch
						1	Others
Philippine Mining Development Corporation (formerly Natural Resources Mining Development)	10	3					
Platinum Group Metals Corporation	10	8			1		Chinese
					1		American
					1		Australian
PNOG Exploration Corporation	14	3	2	1			
Rapu-Rapu Minerals, Inc.	1	1			1		Malaysian
					1		Korean
						1	Malaysian
Rio Tuba Nickel Mining Corporation	5	1			3		Japanese
S.R. Languyan Mining Corporation	6	0					
Shuley Mine Incorporated Sinosteel Philippines H.Y. Mining Corp.	6	2					
	4	0			3		Chinese
						1	Chinese
SR Metals, Inc.	11	2					
Strong Built (Mining) Dev. Corp.	7	0					
Taganito Mining Corporation	4	1			3		Japanese
The Philodrill Corporation	10	10		1			
Trans-Asia Oil and Energy Development Corporation	11	8			1		American
TVI Resource Development Phils., Inc.	5	2			1		Canadian
						1	Chinese (Hong Kong)
Wellex Mining Corporation	5	1					
Zambales Diversified Mining Corporation	5	1				1	Other

There are no noted gaps or weaknesses in reporting on beneficial ownership information. All entities have completely submitted their respective beneficial ownership information.

Politically-exposed persons

As defined by the Bangko Sentral ng Pilipinas, a politically-exposed person (PEP) is an individual who is or has been entrusted with prominent public positions in the Philippines or in a foreign state, including heads of state or of

government, senior politicians, senior national or local government, judicial or military officials, senior executives of government or state-owned or controlled corporations and important political party officials.

Beneficial owners of participating entities identified through research as PEPs are as follows:

Company	Name	Percentage of Ownership	Position(s) Held and Date
Benguetcorp Nickel Mines, Inc.	Alberto C. Agra	Less than 1%	<ul style="list-style-type: none"> • Former Acting Secretary of Justice (Department of Justice) • Acting Solicitor General (Office of the Solicitor General) • Government Corporate Counsel (Office of the Government Corporate Counsel) • Chief Regulator (Officer-in-Charge) of the Regulatory Office, Metropolitan Waterworks and Sewerage System.
	Bernardo M. Villegas	Less than 1%	<ul style="list-style-type: none"> • Project Director, Philippine Economic History under the National Historical Commission • Member, Preparatory Commission for Constitutional Reforms (1999) and Constitutional Commission (1986) • Consultant, Productivity Development Center-National Economic Council and Program Implementation Agency • Chairman of Center for Research and Communication (1967-1989) • Member of the Constitutional Commission that drafted the Philippine Constitution under the government of President Corazon Aquino • Advisor of the recent Philippine Presidents
Carmen Copper Corporation	Jose T. Sio	Less than 1%	<ul style="list-style-type: none"> • Governor of Bangko Sentral ng Pilipinas (1990 to 1993) • Administrator of the Social Security System (1986 to 1990)
Cit nickel Mines and Development Corporation	Jose Marie E. Fabella	Less than 1%	<ul style="list-style-type: none"> • Securities Counsel III at the Securities Registration Division in the Corporation Finance Department of the Philippine SEC until January 2010
Filminera Resources Corporation	Pedro C. Caleon	Less than 1%	<ul style="list-style-type: none"> • DENR V Regional Executive Director for 9 Years, 1989
Oceana Gold Inc.	Jose P. Leviste, Jr.	Less than 1%	<ul style="list-style-type: none"> • Member of the Constitutional Commission that drafted the Philippine Constitution under the government of President Corazon Aquino • Member of the Governing Council of the Philippine Council for Agriculture, Aquatic, and Natural Resources Research and Development (PCAARRD) of the Department of Science and Technology (DOST) (Benigno Aquino III's term)
Platinum Group Metals Corporation	Ceferino S. Paredes, Jr.	Less than 1%	<ul style="list-style-type: none"> • Officer-in-Charge of the office of the Provincial Governor, Agusan del Sur(1986 to 1988) • Congressman, Agusan del Sur (1988 to 1992, 1995 to 1998)
	Francis C. Chua	Less than 1%	<ul style="list-style-type: none"> • Special Adviser on Economic Affairs, Office of the Speaker of the House of Representatives, Congress of the Philippines (1997_

			<ul style="list-style-type: none"> • Consul General, Honorary Consulate General of the Republic of Peru in Manila (2006) • Special Envoy on Trade and Investments of the Department of Foreign Affairs (June 2007) • Honorary Trade and Investment Representative of the Department of Trade and Industry (2002)
SR Metals, Incorporated	Edgar R. Erice	3.4%	<ul style="list-style-type: none"> • Congressman, 2nd district of Caloocan, (2001-2004, 2013-2019)
PNOC EC	Romeo C. Espino	Less than 1%	<ul style="list-style-type: none"> • Chief of Staff, Armed Forces of the Philippines (1972-1981)
Pacific Nickel Phils., Inc.	Renato B. Vadecantos	Less than 1%	<ul style="list-style-type: none"> • Chairman/Chief Executive Trustee of the Asset Privatization Trust • Chief Privatization Officer of the Privatization and Management Office, Dept. Finance (2001-2002) • Commissioner of the Professional Regulation Commission (2005-2007) • Board Chairman of the Philippine National Construction Corp • Consultant to Home Guaranty Corporation.
Philippine Mining Development Corporation	Ramon J.P. Paje	Less than 1%	<ul style="list-style-type: none"> • DENR Secretary, 2010-2016
	Antonio M. Cailao	Less than 1%	<ul style="list-style-type: none"> • Chief Executive Officer and President of Philippine National Oil Company
	Mari Jennifer M. Bruce	Less than 1%	<ul style="list-style-type: none"> • Deputy Privatization Officer, Department of Finance 2013-Present • Office of the Chief Presidential Legal Counsel (2004 – 2005) • Legal Advisor (Director IV), Office of the President of the Philippines
	Federico C. Gaspar	Less than 1%	<ul style="list-style-type: none"> • OIC- Regional Director, DPWH Region V (1998)
	Ma. Lourdes F. Rebuena	Less than 1%	<ul style="list-style-type: none"> • General Manager, National Development Company (Present)
	Saturnino H. Mejia	Less than 1%	<ul style="list-style-type: none"> • Assistant General Manager, National Development Company (Present)
Philodrill Corporation	Carmencita O. Reyes	Less than 1%	<ul style="list-style-type: none"> • Congresswoman of Marinduque (1978 to 1998, 2007 to 2010) • Governor of Marinduque (1998 to 2007, 2010 to present)

As discussed in _____, the Malampaya Gas Project is a joint venture formed by Shell Philippines Exploration B.V., Chevron Malampaya LLC and PNOC - Exploration Corporation. The beneficial owners of these companies are included in the GIS Summary above and in Annex ____.

<To include details for SPEX and Chevron Malampaya>

f. State Participation in the Extractive Industries

As of date, there remains two government-owned and controlled corporations (GOCCs) in the Philippine extractive sector: PNOC EC for the oil and gas industry and Philippine Mining Development Council (PMDC) for the mining sector.

GOCC refers to any agency organized as stock or non-stock corporation vested with functions relating to public needs whether governmental or proprietary in nature, and owned by the Government of the Philippines directly or through its instrumentalities either wholly, or where applicable in the case of stock corporations, to the extent of at least a majority of its outstanding capital. GOCCs, by definition, are considered state-owned enterprises. A more detailed discussion on GOCCs can be found on the second

PH-EITI report, including information on the prevailing rules and practices covering the financial relationship between the government and these GOCCs.

Table _____. Contractual and fiscal information of GOCCs in the extractive industries.

	PNOC EC	PMDC
Payments made to the government	<For update>	<For update>
Contract or arrangement involving exchange of goods or services	None	None
Transfer of funds, earnings, re-investment, and third party financing	Other than the transfer of funds through dividend payment and loans, there are no other fund arrangements with the government or third party.	
Terms attached to equity stake, including level of responsibility to cover expenses at various phases of the project cycle	PNOC EC covers expenses up to the extent of their equity share/interest in the service contracts or depending on the agreement with partners where the latter may cover all expenses up to a certain phase of operations. Refer to Table 19 for the details of equity share of PNOC in petroleum service contracts.	All expenses for the projects are covered by the partner firms (i.e., mining companies) of PMDC.
Source of revenue	Malampaya project and other operating service contracts	Commitment fees and royalty fees
Required dividends to be remitted to the government	<ul style="list-style-type: none"> At least 50% of its annual net earnings Other earnings are utilized for the day-to-day operations 	<ul style="list-style-type: none"> At least 50% of its annual net earnings Other earnings are utilized for the day-to-day operations
Actual dividend declaration in 2014	PNOC EC directly remitted an amount of P1.5 billion to the BTr from dividends arising from the 2014 earnings of PNOC.	None
Payments made to finance/fund social services, public infrastructure, fuel subsidies and national debt	Social performance programs provided to host communities. No public infrastructure or fuel subsidies.	
Change in ownership	None	None
Loans/borrowings extended from the national government or department agencies	None	Loans from National Development Corporation (NDC) amounting to P89.4 million.
Loans or loan guarantees to mining, oil and gas companies operating within the country	None	None
Quasi-fiscal expenditures	There are no quasi-fiscal expenditures or activities during 2014. <To confirm>	

PNOC EC

The Philippine Government, through PNOC EC, owns a 10% stake in the upstream component of SC 38, the Malampaya Gas Project.

PNOC EC, under Presidential Decree No. 334 dated 9 November 1973, was incorporated on 20 April 1976 and is mandated by the government through the DOE to take the lead in the exploration, development and production of the country's oil, gas and coal resources.

PNOC EC has a contributed capital of PHP2.02bn as of 31 December 2014. 99.79% of the total share capital is owned by the PNOC and the remaining 0.21% is owned by public stockholders.

The funds of PNOC EC are derived from its share in the Malampaya Project and other operating service contracts. The company did not secure any loans from the government in 2014.

On 17 February 2014, PNOC EC declared cash dividends amounting to P3.007 billion arising from its 2013 accumulated earnings. These were subsequently paid out on 5 March 2014.

While not mandated by law to provide social services, whether on a national level or to the host communities, PNOC EC conducts social performance programs to the host communities of its existing contracts. It did not participate in any public infrastructure works or fuel subsidies in 2013 and 2014.

The projects initiated by PNOC EC are intended to provide sustainable benefits to the host communities and promote a partnership between the company and the stakeholders in addressing possible issues ensuing from its operations. A summary of the company's CSR activities for 2014 are summarized below:

Table __. PNOC CSR activities in 2014

Area/location	Social program
Batangas	<ul style="list-style-type: none"> Disaster Management Training Program conducted in Mabini, Batangas on September 2014 Teacher Training Program
Cebu	<ul style="list-style-type: none"> Free circumcision program in Naga, Cebu
Zamboanga Sibugay	<ul style="list-style-type: none"> Medical-Dental Mission on August 2014
Isabela	<ul style="list-style-type: none"> Information, Education, and Communications campaign for the area affected by its COC 122 Project "Kaagapay Para sa Karunungan," a scholarship programs for 35 high-school and college students Water-sealed toilets for 10 families in the municipality of Benito Soliven

PNOC EC currently has oil and gas exploration and development rights through eight (8) SCs with the DOE in areas throughout the Philippines. PNOC EC has operating ownership in three (3) of the SCs, namely SC-63 East Sabina, SC-37 Cagayan Basin and SC-47 Offshore Mindoro. PNOC EC is also a non-operating partner in five (5) additional SCs, which are SC-38 Malampaya Gas Project, SC-57 Calamian, SC-58 West Calamian, SC-59 West Balabac and SC-75 Northwest Palawan (interest acquired in 2014). SC 38, the Malampaya Gas Project, in which PNOC EC has a 10% participating interest, is the Philippines' largest upstream energy infrastructure project. Commercial gas and condensate production at SC-38 started in January 2002 and SPEX is the current operator.

Interests acquired in 2014

PNOC EC holds 35% interest in the SC-7 Northwest Palawan block, with Philex Petroleum (operator) holding 50% and PetroEnergy with the remaining 15%. It is located west of SC-58 West Calamian and north of SC 63 East Sabina and covers an area of 6,160 sq. in the offshore Northwest Palawan Basin. Details of all existing SCs and the corresponding percentage of PNOC EC ownership are shown in the table below.

In 2014, the Malampaya Gas Project sold 125.89 billion standard cubic feet of gas and 4.41 million barrels of condensate. These results were higher than those of 2013, at 119.39 billion standard cubic feet and 3.821 million barrels, respectively. The Malampaya Gas Project is jointly owned by PNOC EC (10%), Shell Philippines Exploration B.V. (SPEX) (45%) and Chevron Malampaya LLC (45%) (also referred to as the Consortium). SPEX, being the operator of the Consortium, performs monthly calculation of cost recovery and revenue allocation, after which it disburses the share of PNOC EC and Chevron Malampaya to DOE. PNOC EC records its 10% participating interest in the Malampaya Gas Project as part of its net income. PNOC EC also declares and pays dividends to the national government based on its annual net earnings.

Table __. Equity share of PNOC EC in petroleum service contracts

Contract area	PNOC EC ownership/partnership interest	Operator	Acreage
SC-37, Cagayan Basin	100%	PNOC EC	360
SC-38, Malampaya Gas Project	10%	SPEX	830
SC-47, Offshore Mindoro	97%	PNOC EC	10,480

SC-57, Calamian	100%	PNOC EC	7,200
SC-58, West Calamian	50%	Nido Petroleum Philippines Pty. Ltd.	13,440
SC-59, West Balabac	25%	BHP Billiton	14,760
SC-63, East Sabina	50%	PNOC EC	10,560
SC-75, Northwest Palawan Basin	35%	Philex Petroleum	6,160

Additionally, PNOC EC holds six (6) Coal Operating Contracts (COCs), namely: COC 41 (Malangas), COC 122 (Isabela), COC 141 (Isabela), COC 184 (Agusan del Sur), COC 185 (Buug-Malangas) and COC 186 (Diplahan-Imelda). As part of its coal business, the company also trades coal from other sources through its 4 coal terminals located in Manila, Malangas, Batangas and Cebu. Total coal production from COC 41 in 2014 amounted to 63.16 thousand metric tons, coming directly from the production of small-scale coal miners, while the related direct sales volume was registered at 199.16 thousand metric tons. PNOC EC holds 100% stakes in all of its COCs.

Aside from the coal business, PNOC EC is also into international oil trading, supplying petroleum products to other countries. In 2014, PNOC EC delivered a total of 545.81 thousand metric tons of petroleum products to Bangladesh Petroleum Corporation and PT Pertamina Energy Services in Indonesia.

PNOC EC likewise owns and operates a private commercial port - the Energy Supply Base (ESB) – in Mabini, Batangas which provides berthing, cargo handling, storage and warehousing facilities to its customers.

PNOC EC neither requests nor requires the exchange of goods or services with its joint venture partners.

PMDC

PMDC, formerly called Natural Resources Mining Development Corporation (NRMDC), is a wholly-owned and controlled government corporation. It was registered with the SEC in 2003 pursuant to a Memorandum of the President of the Philippines. The PMDC was organized primarily to undertake the development, promotion and management of various mining projects classified into Mineral Reservations, Privatization Management Office (PMO) Assets, and Cancelled Tenements. The nature of these mining projects was discussed in detail in the first PH-EITI Report.

As of 31 December 2014, PMDC had an authorized and paid up capital of PHP125m, 44% of which are held by the DENR-Natural Resources Development Corporation (NRDC), 36% from the PNOC EC, and 20% from NDC. PMDC neither divested nor changed its equity standing since its setup in 2003.

PMDC primarily derives its revenues from commitment and royalty fees. Commitment fees from the awarded mining tenements represent payment for the privilege to explore/study potentials of the mineral area and account for less than 1% of the total revenue in 2014. The rest of the company's revenue is earned from royalties from the Dinagat Nickel-Chromite Project.

Table __. PMDC Revenues from 2013 to 2014

Source of Revenues	2014	2013
Royalty Fees - Dinagat Nickel and Chromite Project	PHP134,458,778	PHP125,688,674
Commitment Fees - Mining Tenements	1,188,000	4,892,857

A detailed discussion on the processes on projects, permits and fees are included in the second PH-EITI report.

No dividends were declared in 2013 and 2014 as PMDC was capital deficient as at said periods.

PMDC has continued to implement its CSR agenda in 2014, focusing on supporting the communities affected by its mining operations. Refer to the summary below for the activities and services that the company has provided its neighboring communities in 2014

Table __. PMDC CSR activities in 2014

Area/location	Social program
Compostela Valley	<ul style="list-style-type: none"> • Medical and dental services, including provision of medical supplies • Provision of school supplies to day-care pupils • Continuing food services • Midwifery services in Mt. Diwata Health Center • Food assistance support to the local community health center, LGUs, and the soldiers and police officers securing the area • Agro-Reforestation Program within the Lake Leonard Watershed, Maco and Diwalwal

PMDC is financially independent from the government, receiving neither guarantees nor concessions since its inception. Moreover, its financial statements are audited by the Commission on Audit (COA).

Although financially independent from the government, PMDC has an existing loan from NDC, a GOCC. The balance of the loan as at 31 December 2014 amounts to P89.4 million (2013 - 97.768 million).

The amount payable in 2013 to NDC is composed of two P25 million loans granted in August 2005 and November 2006, respectively, and the interest as of December 2013 totaling P47.768 million. PMDC and NDC managements have agreed on 28 May 2013 to restructure the loan such that PMDC has ten (10) years to settle the revised loan by fixed monthly payments of P1,402,687, with a 12 per cent annual interest rate, with the payments commencing in July 2013 up to June 2023. Subsequent to the settlement of the revised loan balance of P97.768 million, PMDC has 39 months (or 3.25 years) to settle the accrued penalties on the original loans worth P54.6 million. Payments will be made monthly in the amount of P1,400,000 commencing in July 2023 (one month after the completion of the revised loan) up to June 2026.

The said revised loan agreement was formally signed late January 2014. Payments made by PMDC to NDC in 2014 are in accordance with the agreed upon loan repayment schedule, amounting to a total of P16.832 million in principal and P_____ interest.

PMDC has no additional projects for 2014. Of the twenty-eight (28) awarded projects, two (2) are under operational stage: the Dinagat Nickel Chromite Parcel 1 (Loreto) and Parcel 2B (Basilisa area), while the remaining twenty-four (24) projects are in active exploration status and two (2) projects are having technical issues and under litigation.

Table __. Summary of PMDC Projects for 2014 <For update upon receipt of info from PMDC>

No	Project	Commodity	Location	Operator	Stage of mining	Project status
1	Hernani	Chromite	Gen.MacArthur, Eastern Samar	Masada Resources & Mining Corp. (MRMC)	Exploration	<p>Operator is still in the process of completing the requirements for filing the Declaration of Mining Project Feasibility (DMPF) of the project. PMDC has recently reviewed the submitted Feasibility Study, and revisions have been recommended.</p> <p>Operator is still in negotiations with the LGU in order to secure endorsement of the project. The said endorsement is one of the requirements in the filing of the DMPF.</p>

2	Homonhon	Chromite	Homonhon, Guiuan, Eastern Samar	Mt. Sinai Mining Exploration & Devt Corp. (Mt. Sinai)	Exploration	A Technical Conference/meeting between PMDC, MGB and the Operator regarding the Joint Operating Agreement (JOA) terms will be scheduled as requested by MGB RO No. VIII.
3	Magdiwang	Gold	Magdiwang, Sibuyan Island, Romblon	Masada Resources & Mining Corp. (MRMC)	Exploration	There are no exploration activities conducted in the area. Exploration activities were hampered by the opposition of the LGU and community to mining activities in the area. Small-scale mining by the local communities persist on the other hand.
4	Maydulong	Chromite	Maydulong, Eastern Samar	Masada Resources & Mining Corp. (MRMC)	Exploration	A Technical Conference/meeting between PMDC, MGB and the Operator regarding the JOA terms will be scheduled as requested by MGB RO No. VIII.
5	Palawan	Silica	Bo. Tagbita, Rizal, Palawan	Vic-Soc Mining Corp	Exploration	Proposed cancellation of the JOA with the Operator is approved by the PMDC Board of Directors. Extra judicial steps are to be taken to finalize the cancellation.
6	Pantukan	Gold	Pantukan, Compostella Valley	Mt. Sinai Mining Exploration & Devt Corp.	Exploration	On 22 July 2015, a site visit was conducted in the area. No exploration activities in the area were observed.
7	Malitbog	Chromite	Malitbog, Bukidnon	SBG 3A Corp	Exploration	No exploration activities in the project area, as an anti-mining resolution is still in effect.
8	Rogongon	Copper, Gold	Rogongon, Iligan City, Lanao Del Norte	Masada Resources & Mining Corp. (MRMC)	Exploration	MRMC is continuing with the FPIC process through series of dialogues and consultations with the IPs. MOA signing between MRMC and the IP Community of Rogongon scheduled last 29 November 2014 was postponed due to non-submission of requirements by the Tribal
9	San Fernando	Limestone	San Fernando, Cebu	Mabuhay Fil Cement	Exploration	Endorsements by the Brgy. Councils of Basak and Tonggo were secured. Lobbying for the project endorsement by the Municipal LGU of San Fernando is ongoing.
10	Itogon	Gold	Itogon, Benguet	CNMC Mining and Development Corp.	Exploration	Proposed cancellation of the JOA with the Operator is approved by the PMDC Board of Directors. Extra judicial steps are to be taken to finalize the cancellation.

11	Pinamungahan	Limestone	Toledo and Pinamungahan, Cebu	Century Peak Corp	Exploration	Environmental Compliance Certificate was issued last 31 July 2015. CPC is in process of completing the necessary requirements for the filing of the Declaration of Mining Project Feasibility.
12	Toledo	Copper	Toledo, Cebu	T & D Kim Philippines	Exploration	Proposed cancellation of the JOA with the Operator is approved by the PMDC Board of Directors. Extra judicial steps are to be taken to finalize the cancellation.
13	Opol Gold	Gold	Opol, Misamis Oriental	Black Stone Mineral Resources Inc. (BMRI)	Exploration	MOA signing between BMRI and the Tribal Council of Nangaon was signed on 16 October 2014 in order for BMRI to proceed with its exploration activities. Waiting for the endorsement of the NCIP Misamis Oriental for the issuance of Certification.
14	Paracale	Gold	Brgy. Labnig, Paracale, Camarines Norte	Black Stone Mineral Resources Inc. (BMRI)	Exploration	An Information, Education, and Communication Campaign (IEC) was held in Brgys. Labnig and Mangkasay in Paracale, Camarines Norte on 1 December 2014. The shares of the three barangays with respect to the CDP fund were clarified, and the barangay councils submitted resolutions
15	Lagonoy	Chromite	Brgy. Himagtokon & Pinamihagan Lagonoy, Camarines Sur	Hua Fu Corporation	Exploration	Proposed cancellation of the JOA with the Operator is approved by the PMDC Board of Directors. Extra judicial steps are to be taken to finalize the cancellation.
16	Liloy	Limestone	Liloy, Zamboanga del Norte	Mt. Sinai Mining Exploration & Devt Corp.	Exploration	No reported activities by the Partner/ Operator.
17	Matalom- Maasin	Limestone	Matalom & Maasin, Leyte	Mt. Sinai Mining Exploration & Devt Corp.	Exploration	No reported activities by the Partner/ Operator.
18	Talibon	Silica	Talibon, Bohol	Mt. Sinai Mining Exploration & Devt Corp.	Exploration	No reported activities by the Partner/ Operator.
19	Opol Cr	Chromite	Opol, Misamis Oriental	Filipinas (Prefab Systems)	Exploration	Filsystems is currently undergoing FPIC Process. Two community assemblies were held in Brgy. Awang as part of the said FPIC Process. The next step is the drafting of MOA between Filsystems and IPs of Brgy. Awang.

20	North Davao	Copper, Gold	Maco, Compostella Valley	Asia Alliance Mining	With technical issues and under litigation	Under litigation, with a preliminary injunction order by the RTC of Pasig Branch 167.
21	Batong Buhay	Copper, Gold	Brgy. Balatoc, Pasil, Kalinga	Carascal Nickel Corp. - Faratuk Mining Inc.	Exploration	Exploration was suspended due to Injunction Order effective 19 September 2013. There are no exploration activities in the area except for Community Development Programs (supervised by Gerry Padua of CNC-Faratuk). A turn-over of CNC-Faratuk Ambulance was held last 28
Diwalwal Mineral Reservation Area						
22	Upper-Ulip	Copper, Gold	Brgy. Upper Ulip, Monkayo, Compostella Valley	Paraiso Consolidated Mining Corp	Exploration	Mapping and sampling of small scale mining tunnels are continuous. PMDC conducted field verification/ assessment in the area on May 2015.
23	Higanteng Bato	Copper, Gold	Monkayo, Compostella Valley	Carrascal Nickel Corp.	Exploration	Detailed mapping and geochemical sampling was finished at the end of 1st quarter of 2014. IP magnetic survey is expected to commence within last quarter of 2015.
24	Letter V	Gold	Diwalwal Mineral Reservation Area	Black Stone Mineral Resources Inc.	Exploration	Exploration activities were hampered by the presence of NPA in the area; Coordination with the LGU and the AFP on the said matter is continuous.
25	Trima	Gold/ Copper	Monkayo, Compostella Valley	ICC of Monkayo	With technical issues and under litigation	PMDC to await the decision of NCIP regarding the Agreement between the 4 tribes and FF Cruz & Co.
Dinagat Nickel-Chromite Projects						
26	Dinagat Parcel 1	Nickel, Chromite	Brgy. Panamaon, Loreto, Dinagat Island	AAM-Phil Natural Resources & Devt Corp	Production	On going mining production. The application for ECC amendment is under the evaluation of the DENR - EMB.
27	Dinagat Parcel 2B	Nickel, Chromite	Basilica and Cagdianao, Dinagat Island	AAM-Phil Natural Resources & Devt Corp	Production	On going mining production. Operator filed its application of the Declaration of Mining Project Feasibility covering the whole project area.
28	Dinagat Parcel 2A	Nickel, Chromite	Basilica and Cagdianao, Dinagat Island	Pacific Nickel Phils. Inc	Exploration	Communication with Chief Geologist of PNP indicates that there is a plan for infill drilling in the area.

II. EXPLORATION AND PRODUCTION

<For update by economist>

GNP/GDP by industrial origin and sectoral growth rates (at constant 2000 prices)

Industry	Annual (2013-2014)	1st quarter 2015
1. Agriculture, hunting, forestry, and fishing	1.6	1.6
a. Agriculture and forestry	2	2.5
b. Fishing	(0.4)	(2.6)
2. Industry sector	7.9	5.5
a. Mining & Quarrying	4.9	7.1
b. Manufacturing	8.3	5.9
c. Construction	9.9	4.5
d. Electricity, Gas, and Water Supply	2.8	4.1
3. Service sector	5.9	5.6
a. Transport, Storage, and Communication	6.2	8.6
b. Trade and Repair of Motor Vehicles, Motorcycles, Personal and Household Goods	5.7	5.4
c. Financial Intermediation	7.2	4.3
d. Real Estate, Renting and Business Activities	8.7	6.4
e. Public Administration and Defense, Compulsory Social Security	3.6	0.2
f. Other Services	3.3	5.8
Gross Domestic Product	6.1	5.2
Gross National Income	5.8	4.7

Source: National Statistics Coordination Board (NSCB)

<https://www.pwc.com/ph/en/business-guides/assets/documents/pwc-how-to-invest-in-the-philippines-2015.pdf>

Mines & Geosciences Bureau

Mining Industry Statistics

(Release Date: August 3, 2016)

	2012	2013	2014	2015	as of Q2 2016+
Gross Production Value In Mining					
Large Scale Metallic Mining (MGB)	P 96.9 Billion	P 98.2 Billion	P139.1 Billion	P 108.4 Billion	P 21.9 Billion
Small Scale Gold Mining (BSP)	2.3 Billion	1.1 Billion	1.0 Billion	0.8 Billion	0.2 Billion
Non-metallic Mining (MGB)	<u>45.6 Billion</u>	<u>P 57.8 Billion</u>	<u>66.1 Billion</u>	<u>nya</u>	<u>nya</u>
TOTAL	P144.8 Billion	P157.1 Billion	P 206.2 Billion	P109.2 Billion	P22.1 Billion**
Total Mining Investment Data from the Revitalization Program under EO 270 (MGB)					
Gross Value Added In Mining At Current Prices (NSCP)	\$ 921.7 Million	\$1,499.7 Million	\$1,193.1 Million	\$924.9 Million	nya
	P 79.5 Billion	P 77.7 Billion	P 90.7 Billion	P 80.9 Billion	P 21.7 Billion**

Mining Contribution To GDP	0.70%	0.70%	0.70%	0.60%	0.70%
Total Exports of Minerals & Mineral Products (BSP)	\$2,337 Million	\$3,412 Million	\$4,038 Million	\$2,797 Million	\$524 Million**
Mining Contribution To Total Exports	4.50%	6.30%	6.50%	4.80%	4.10%
Total Exports of Non-Met. Mineral Manufactures (BSP)	\$145 Million	\$204 Million	\$327 Million	\$176 Million	\$48 Million**
Mining Contribution To Total Exports	0.30%	0.40%	0.50%	0.30%	0.40%
Employment In Mining and Quarrying (DOLE)	250,000	250,000	235,000	236,000	212,000
Mining Contribution To Total Employment	0.70%	0.70%	0.60%	0.60%	0.50%
Taxes, Fees and Royalties From Mining					
Fees, Charges & Royalties Collected by DENR-MGB	P1,917.0 Million	P1,869.3 Million	P3,139.8 Million	P 1,692.8 Million	P680.6 Million
Excise Tax Collected by BIR	2,206.1 Million	2,493.5 Million	3,203.0 Million	nya	
Taxes Collected by Nat'l. Gov't. Agencies	14,732.9 Million	18,498.8 Million	24,476.0 Million	21,645.1 Million	
Taxes, Fees & Charges Collected by LGUs	<u>1,731.2 Millio</u> n	<u>1,527.4 Millio</u> n	<u>1,932.1 Million</u>	<u>2,444.1 Millio</u> n	<u>251.3 Millio</u> n
TOTAL	P20,587.2 Million	P24,389.0 Million	P32,750.9 Million	P25,782.0 Million	P931.9 Million
Number of Operating Metallic Mines:					
Copper (with gold)		1	1		
Copper (with gold & silver)	3	2	3	3	3
Copper (with gold, silver & zinc)	1	2	1		
Gold (with silver)	6	6	6	6	5
Chromite	3	3	3	3	4
Nickel	21	24	24	27	27
Iron	<u>2</u>	<u>3</u>	<u>5</u>	<u>5</u>	<u>1</u>
Total Operating Metallic Mines	36	41	43	44	40
Number of Processing Plant/Smelter:					
Copper Smelter	1	1	1		
Gold Processing Plant			2	2	2
Nickel Processing Plant	<u>1</u>	<u>2</u>	<u>2</u>	<u>2</u>	<u>2</u>
Total Processing Plant/Smelter	2	3	5	4	4
Number of Approved and Registered(As of Current Yr.)					
MPSA	339	339	339	322	319
FTAA	6	6	6	6	6
EP	76	43	36	33	41
IP/ISAG	233	210	196	151	126
MPP	76	100	98	59	44
Certificate of Accreditation			143		211
MLC/PLC/LLC					2
Special Mines Permit (SMP)					6
Mining Patents			181		223
TOTAL	730	698	999*	571	978

Number of Applications Under Process(As of Current Yr.)					
MPSA	558	566	530		425
FTAA	28	22	25		33
EP	910	853	966		685
IP/ISAG	117	217	254		219
MPP	19	44	54		65
Certificate of Accreditation			35		24
Special Mines Permit (SMP)					3
TOTAL	1,632	1,702	1,864*	nya	1,454
Average world price of Copper (WMS/LME)	\$3.60 / lb\	\$3.31 / lb	\$3.07 / lb	\$2.48 / lb	\$2.13 / lb
Average world price of Gold (WMS/BSP)	\$1,669.71 / oz	\$1,416.10 / oz	\$1,269.57 / oz	\$1,163.59 / oz	\$1,217.84 / oz
Average world price of Silver (WMS/BSP)	\$31.20 / oz	\$23.86 / oz	\$19.08 / oz	\$15.72 / oz	\$15.78 / oz
Average world price of Nickel (WMS/LME)	\$7.95 / lb	\$6.78 / lb	\$7.56 / lb	\$5.34 / lb	\$4.73 / lb
Peso to US Dollar Exchange Rate (BSP)	P42.23	P42.44	P44.39	P45.50	P46.91

[http://mgb.gov.ph/attachments/article/162/MIS\(2015\)%20\(1\)%20\(1\).pdf](http://mgb.gov.ph/attachments/article/162/MIS(2015)%20(1)%20(1).pdf)

a. Exploration

Overview of the extractive industries, including any significant exploration activities.

<To check with PSA coal is included within non-metallic mining GVA>

b. Production

Production data for the fiscal year covered by the EITI Report, including total production volumes and the value of production by commodity, and, when relevant, by state/region. This could include sources of the production data and information on how the production volumes and values disclosed in the EITI Report have been calculated.

Table __. **Summary of extractive industry contribution to the economy in 2015**

	Production volume	Production value	Export volume	Export value	GVA	GDP	Exports	Employment	Government revenue (in billion PHP)
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Mining

Oil and Gas

Coal (Semirara)

<For update after obtaining info from DOE and MGB>

Table:

Mining

Table __. Total Production and Value (in PHP) of Selected Metals in the Philippines, by Region, in 2015

Region	Gold		Copper		Nickel		Chromite	
	Quantity (in KG)	Value	Quantity (in DMT)	Value	Quantity (in DMT)	Value	Quantity (in DMT)	Value
I	-	-	-	-	-	-	-	-
II	3,809	6,318,672,611	93,900	5,718,912,067	-	-	-	-
III	-	-	-	-	608,823	847,165,969	-	-
IV	-	-	-	-	3,976,000	7,224,858,880	-	-
V	5,470	9,169,501,495	-	-	-	-	-	-
VI	-	-	-	-	-	-	-	-
VII	945	1,509,271,951	173,297	9,562,304,689	-	-	-	-
VIII	-	-	-	-	-	-	12,469	90,400,325
IX	-	-	-	-	-	-	-	-
X	-	-	-	-	-	-	-	-
XI	1,450	2,062,293,293	-	-	-	-	-	-
XII	-	-	-	-	-	-	-	-
XIII	4,877	8,240,466,419	-	-	27,873,930	28,790,700,307	3,033	23,127,641
CAR	4,701	7,937,361,717	69,988	3,704,163,801	-	-	-	-
Total	21,251	35,237,567,486	337,185	18,985,380,557	32,459,053	36,862,725,156	15,502	113,527,965

Region	Silver		Zinc		Iron		Nickel Sulfides	
	Quantity (in KG)	Value	Quantity (in DMT)	Value	Quantity (in DMT)	Value	Quantity (in DMT)	Value
I	-	-	-	-	-	-	-	-
II	5,696	144,275,278	-	-	-	-	-	-
III	-	-	-	-	107,119	226,760,752	-	-
IV	-	-	-	-	-	-	40,947	10,400,502,000
V	3,818	103,411,808	-	-	-	-	-	-
VI	-	-	-	-	-	-	-	-
VII	2,983	85,144,115	-	-	-	-	-	-
VIII	-	-	-	-	-	-	-	-
IX	176	4,812,429	-	-	-	-	-	-
X	-	-	-	-	-	-	-	-
XI	4,953	133,688,511	-	-	-	-	-	-
XII	-	-	-	-	-	-	-	-
XIII	726	19,433,083	-	-	-	-	48,523	7,636,518,964
CAR	4,654	125,671,362	-	-	-	-	-	-
Total	23,005	616,436,586	-	-	107,119	226,760,752	89,470	18,037,020,964

Table __. Metallic Production by Volume from 2009 to 2015, in '000s

Commodity	2015	2014	2013	2012	2011	2010	2009	Total
Gold (in KG)	21.25	18.42	17.25	15.76	31.12	40.85	37.05	181.70
Silver (in KG)	29.07	23.00	40.04	67.48	45.53	41.00	33.81	279.93
Copper Concentrate (in DMT)	337.19	349.27	376.11	268.05	253.05	236.98	236.81	2,057.46
Nickel Sulfides (in DMT)	89.47	87.28	45.62	41.38	38.80	33.54	30.33	366.42
Nickel Ore (in DMT)	32,459.05	30,433.37	25,225.38	25,134.01	20,683.13	13,172.54	8,283.11	122,931.54
Zinc (in DMT)	-	-	37.25	40.21	37.35	19.82	21.68	156.31
Chromite (in DMT)	15.502	47.06	26.16	36.63	25.48	14.81	14.32	179.96
Iron (in DMT)	107.12	826.75	1,056.69	216.18	126.18	-	-	2,332.92

Table 7. Metallic Production by Value (in million PhP) and no. of projects from 2009 to 2015

	Chromite	Copper Concentrate	Gold	Iron Ore	Nickel Ore	Nickel Sulfides	Silver	Zinc	Total
2015									
2014	337	22,758	32,970	976	60,641	20,311	617	-	138,610
	2	5	12	2	20	2	11	2	56
2013	175	22,358	32,441	1,487	29,359	11,469	1,332	697	99,318
	2	6	14	2	19	2	12	2	59
2012	221	15,546	32,721	1,837	34,875	11,158	1,887	792	99,037
	2	4	10	2	20	1	9	2	50
2011	145	19,092	63,143	-	25,602	11,197	2,056	1,037	122,272
	2	4	10	-	18	1	10	2	47
2010	117	15,776	70,508	-	14,081	9,765	1,190	503	111,940
	1	4	10	-	13	1	9	1	39
2009	126	10,818	52,768	-	7,070	7,738	716	424	79,660
	1	4	11	-	9	1	11	1	38

Oil and gas

Oil and gas production in volume

	2015
Oil	
Nido	
Matinloc	
Tindalo	
Galoc	
Total Oil (in bbl)	
Gas	
San Antonio/Libertad	
Malampaya	
Total Gas (in MMscf)	

<For update after obtaining info from DOE>

Oil and gas production (in million US\$)

	2015
Oil	
Philodrill	
Galoc	

Nido	
Total Oil	
Gas	
Malampaya	
Libertad	
Total Gas	

Oil and gas extraction activities are concentrated in Region IV, in the sedimentary basin of Northwest Palawan.

Oil and gas production has increased since 2005 but there has been a levelling off beginning 2009. The provinces where oil and gas extraction activities are concentrated are adjacent to the areas with discovered petroleum deposits in commercial quantities. These include: Bohol (Visayan Basin), Cagayan (Cagayan Basin), Cebu (Visayan Basin), Isabela (Cagayan Basin), Leyte (Visayan Basin), Nueva Ecija (Central Luzon Basin), Occidental Mindoro (Mindoro-Cuyo Basin), Palawan (Northwest Palawan and Recto Bank Basins), Tarlac (Central Luzon Basin), and Tawi-tawi (Sulu Sea Basin). These provinces host the petroleum SCs. Figure 9 portrays the country's oil and gas production by field. From 2009 onwards, the Galoc field is the country's top producer of petroleum oil. Nearly all the country's gas production comes from Malampaya.

Coal

<For update after obtaining info from DOE and Semirara>

Reserves

Mining

Table 3. Estimated Reserves and Quality of Selected Metals in the Philippines, by Region, in 2014

Region	Gold		Copper		Nickel		Chromite		Zinc	
	Tonnage	Ave. Grade g/t Au	Tonnage	Ave. Grade % Cu	Tonnage	Ave. Grade % Ni	Tonnage	Ave. Grade % Cr ₂ O ₃	Tonnage	Ave. Grade % Zn
I										
II										
III										
IV										
V										
VI										
VII										
VIII										
IX										
X										
XI										
XII										
XIII										
CAR										
Total										

Table 8. Philippine Sedimentary Basins and Petroleum Resources as of 2016

	Reserves	Potential Resources	Undiscovered Resources	Mapped Resources
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Basin	Area (sq)	Oil (million)	Condensate (million bbl)	Gas (billion)	Oil (million)	Condensate (million)	Gas (billion)	Oil (million)	Condensate (million)	Gas (billion)
NW Palawan	36,000									
SW Palawan	44,000									
Central Luzon	16,500									
Visayas	46,500									
Mindoro-Cuyo	58,000									
Cagayan	24,000									
East Palawan	92,000									
SE Luzon	66,000									
Recto Bank	71,000									
Cotabato	14,000									
Agusan-Davao	33,000									
Sulu Sea	115,000									
West Luzon	16,000									
Ilocos	19,500									
Bicol Shelf	32,500									
Ilo-ilo-West Mactan	25,000									
Total										

<For update after obtaining info from DOE>

<To confirm if the related graph should be included>

<To confirm if the map of areas with potential deposits of petroleum>

c. Exports

Export data for the fiscal year covered by the EITI Report, including total export volumes and the value of exports by commodity, and, when relevant, by state/region of origin. This could include sources of the export data and information on how the export volumes and values disclosed in the EITI Report have been calculated.

Export data on Mining and Petroleum Products, 2010 to 2015 (actual FOB value)

	2015	% Share	2014	% Share	2013	% Share	2012	% Share	2011	% Share	2010	% Share
TOTAL EXPORTS	58,827,235,355		62,101,619,193		56,697,864,938		52,099,520,662		48,304,928,134		51,497,514,607	
Metallic Mining Products	3,932,139,850	6.68	4,884,099,559	7.86	4,850,730,459	8.56	3,496,714,649	6.71	3,701,599,807	7.66	2,640,812,101	5.13
Non-Metallic Mining Products	181,189,543	0.31	333,782,666	0.54	212,908,137	0.38	154,181,859	0.30	184,140,104	0.38	178,198,810	0.35

Oil and Condensate	628,942, 419	1.07	1,492,94 0,686	2.40	1,818,63 0,771	3.21	1,062,81 0,790	2.04	1,062,93 0,890	2.20	688,612, 194	1.3 4
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Table . Export volume and value (in PHP) of selected metals in the Philippines, by Region, in 2015

Region	Gold		Copper		Nickel		Chromite	
	Quantity (in KG)	Value	Quantity (in DMT)	Value	Quantity (in DMT)	Value	Quantity (in DMT)	Value
I	-	-	-	-	-	-	-	-
II	4,432	6,726,040,164	111,629	9,793,742,277	-	-	-	-
III	-	-	-	-	1,658,970	4,931,294,898	-	-
IV	-	-	-	-	4,214,460	8,125,005,154	-	-
V	5,623	9,556,897,458	-	-	-	-	-	-
VI	-	-	-	-	-	-	-	-
VII	833	1,420,610,356	187,930	11,891,594,113	-	-	-	-
VIII	-	-	-	-	-	-	4,153	43,806,327
IX	-	-	-	-	-	-	-	-
X	-	-	-	-	-	-	-	-
XI	1,102	1,840,344,871	-	-	-	-	-	-
XII	-	-	-	-	-	-	-	-
XIII	3,185	5,097,743,334	-	-	19,576,688	24,308,033,663	6,110	41,259,296
CAR	3,559	6,081,629,730	60,049	3,440,139,263	-	-	-	-
Total	18,735	30,723,265,913	359,608	25,125,475,653	25,450,118	37,364,333,715	10,263	85,065,623

Region	Silver		Zinc		Iron		Nickel Sulfides	
	Quantity (in KG)	Value	Quantity (in DMT)	Value	Quantity (in DMT)	Value	Quantity (in DMT)	Value
I	-	-	-	-	-	-	-	-
II	8,955	196,113,893	-	-	-	-	-	-
III	-	-	-	-	38,183	79,073,869	-	-
IV	-	-	-	-	-	-	39,965	11,054,291,000
V	3,333	76,972,839	-	-	-	-	-	-
VI	-	-	-	-	-	-	-	-
VII	116	2,686,081	-	-	-	-	-	-
VIII	-	-	-	-	-	-	-	-
IX	-	-	-	-	-	-	-	-
X	-	-	-	-	-	-	-	-
XI	5,893	133,922,469	-	-	-	-	-	-
XII	-	-	-	-	-	-	-	-
XIII	1,286	23,670,074	-	-	-	-	44,451	12,435,476,301
CAR	4,245	98,508,972	-	-	-	-	-	-
Total	23,928	531,874,327	-	-	38,183	79,073,869	84,416	23,489,67,301

IV. REVENUE ALLOCATIONS

a. Distribution of extractive industry revenues

The main taxes levied on the mining sector are corporate income tax, excise tax on minerals and royalties on mineral reservations, while the major oil and gas levies are the government's share of oil and gas production, corporate income tax and withholding tax on profit remittance to principal. The Bureau of Internal Revenue (BIR) is the main body responsible for collecting taxes paid to central government, while the Mines and Geosciences Bureau of the Department of Environment and Natural Resources and the Department of Energy collect sector levies for mining and coal, oil and gas respectively. Local government units (LGUs) are responsible for collecting subnational payments.

Revenues recorded in the national budget are classified as tax and non-tax revenues, regardless of whether these are received in cash or in kind. National government revenues are recorded in the national budget and may be classified based on source and based on collecting department/agency, and not necessarily on the consideration expected to be collected.

All revenues from the extractive industry sector other than those directly collected by LGUs including business and real property taxes and IP royalty payments which are received directly by IPs are recorded in the national budget. The details of these tax and non-tax revenues can be found in DBM website www.dbm.gov.ph.

Other information on the LGU budget process, revenue management and the COA audit process may be found in the first and second PH-EITI Report.

LGUs in the national budget

LGUs have a 40% share from the three types of national wealth shown below. However, 10% of royalty income on mineral reservations are appropriated by the MGB prior to sharing the remaining 90% between the national government and LGUs.

Table __. Sources of national wealth and related collecting government agency.

Type of national wealth	Collecting government agency	Frequency of release to lgus
Royalty income from mineral reservations	MGB	Annual
Energy resources production	DOE	Annual
Mining taxes	BIR	Quarterly

Budgeting and expenditure

Local government budgeting process

Budget preparation consists of four major activities by the heads of local departments and offices, the Local Finance Committee, and the local chief executive. The procedures, deliverables and timelines are detailed in the second PH-EITI report.

COA audit process

The COA's New Government Accounting System (NGAS) provides accounting and disbursement guidelines for LGUs. It simplifies government accounting and conforms to international accounting standards. Under this system, LGUs are required to generate periodic financial statements. COA examines and audits the revenue, receipts and expenditures of LGUs and publishes the audit reports on their website. (<http://www.coa.gov.ph/>). Further details on the COA audit process and on the common audit findings are included in the second PH-EITI report.

In 2015, COA issued the audit report on the 2015 financial statements of government agencies, including the agencies involved in regulating the extractive industry. Common audit findings on cash and revenues, the financial areas that are most relevant to the reconciliation procedures for cash flows from extractive industry, include the following:

- i. Gaps in the process of recording and reconciliation of cash accounts and bank balances and of accounts receivable balances
- ii. Non-compliance with existing cash advance liquidation policy
- iii. Improvement in the review process of long outstanding accounts receivables.
- iv. Gaps in the process monitoring of bank debit advices and/or validation of funds transferred to LGUs as well as funds transferred to NGA implementing agencies

Audit reports issued by COA may be accessed through its website:
<http://www.coa.gov.ph/index.php/reports/annual-audit-report>

Allocation

Section 24 of the LGC provides that shares from the national wealth of LGUs such as the excise taxes and royalties are to be appropriated by their respective sanggunian to finance local development and livelihood projects. As noted in the second PH-EITI report, share in national wealth arising from excise taxes on mining activities and royalties from mineral reservations forms part of an LGUs' general fund, making it difficult to track how LGUs are spending these revenues. The LGC requires collections from national wealth be spent for development of local communities. In the case of energy resources, 80% of the LGU's share must be applied solely to lower electricity cost in the LGU where the source of energy is located.

However, LGUs continue to appear to deviate from the appropriation rules. Most of the LGUs put all their revenues, including local payments and national government agencies' transfers to the general fund that are then appropriated for all types of LGU expense and projects, as LGUs remain unaware of the disaggregation of the share in national wealth that they received. For certain LGUs, share in national wealth gets credited to their respective bank accounts without formal notice as to the source (excise tax or royalties from mineral reservation) or the year when the taxes were collected.

Royalty income on mineral reservations collection and transfer

DOF-DBM-DILG-DENR Joint Circular No. 2010-1 (Annex T-1) outlines the roles and responsibilities of national government agencies in the collection and release of shares in royalty income to LGUs. It also provides for the procedure and the timelines for submission of documentation and release of the funds. Refer to Figure __, a diagram on the procedures on how royalty income collected is released as an LGUs share in national wealth:

<To insert diagram>

Further details on the process is included in the second PH-EITI report.

Excise tax

DOF-DBM-DILG-DENR Joint Circular No. 2009-1 (Annex T) outlines the roles and responsibilities of these departments in excise tax collection and release of funds to LGUs. It also provides for the procedure and the timelines for submission of documentation and release of the funds. A flowchart of the procedure based on the regulation is shown in Figure __.

<To insert diagram>

Further details on the process is included in the second PH-EITI report

Release of share in national wealth

<To update>

National revenue classification systems and international standards

National revenue classification systems international standards

Each revenue stream covered by this report is referenced to a corresponding Government Finance Statistics (GFS) Code as propagated by the International Monetary Fund (IMF). Several EITI compliant countries and EITI candidates have adopted the GFS reporting system in reporting data and for use in the national presentation. Using the GFS codes would facilitate linking the Philippines' EITI report to other public financial management information systems and ensure international comparability. Below are the local revenue streams mapped to the GFS Codes.

Government agency	Government agency revenue stream	GFS codes
BIR	Excise tax on minerals	1142E
BIR	Corporate income tax	1112E1
BIR	Withholding tax - Foreign shareholder dividends	1112E1
BIR	Withholding tax - Profit remittance to principal	1112E1
BIR	Withholding tax - Royalties to claim owners	1415E1
BIR	Withholding tax - Improperly accumulated retained earnings (IAET)	1112E2
BOC	Customs duties	1151E
BOC	VAT on imported materials and equipment	1151E
BOC	Excise tax on imported goods (e.g. petroleum products)	1151E
PPA	Wharfage fees	1151E
MGB	Royalty on mineral reservation	1415E1
MGB	Occupation fees (only applicable to mining)	114521E
MGB	Others (e.g. penalties, fines, etc.)	143E
LGU	Local business tax (paid either in mine site or head office)	114521E
LGU	Real property tax - Basic	113E
LGU	Real property tax - Special Education Fund (SEF)	113E
LGU	Occupation fees	114521E
LGU	Mayor's permit	114521E
LGU	Community tax	116E
NCIP	Royalty for IPs	1415E1
NCIP	Field Based Investigation Fee	1422E
DOE	Government share from oil and gas production	1415E31
DOE	Annual Rental fees for retained area after exploration	1415E5

b. Revenue management and expenditures

The 1987 Philippine Constitution and various issuances by the President lay down the framework for budget processes and revenue management in the Philippines.

A detailed discussion on the national budget process and revenue management may be found in the first PH- EITI Report.

Public dissemination of national budget and forecasted revenues

Based on the Country Operations Business Plan 2013-2015 issued by Asian Development Bank in October 2012, the reliability of national budgeting is distorted by poor revenue estimates during budget formulation. In addition, there is a need to harmonise LGU budget formulation guidelines with multiyear planning processes.

There are currently on-going reforms to improve public fiscal management and these are planned to be institutionalised through the proposed Public Financial Management (PFM) law (Senate Bill No. 2750). One of the main proponents of the bill is Vice President-elect Leni Robredo. The PFM Reform Program aims to

improve efficiency, accountability and transparency in public fund use in order to ensure the direct, immediate, substantial and economical delivery of public services especially to the poor. It seeks to clarify, simplify, improve and harmonize the financial management processes and information systems of the public sector and, as necessary, reengineer and integrate the relevant systems in the COA, DBM, DOF and implementing agencies, including, but not limited to, the budget preparation process, release and expenditure of public funds, financial management of the general fund and of special funds, internal controls, and transparency and participation of the public. The desired result is that the national government is able to perform its functions of maintaining fiscal discipline, fund allocation efficiency and operational efficiency for effective delivery of public services.

As of date, the bill remains pending in Congress but is expected to be refiled in the following months.

A description of any extractive revenues earmarked for specific programmes or geographic regions. This should include a description of the methods for ensuring accountability and efficiency in their use

Reference to 1st report; no significant changes

A description of the country's budget and audit processes and links to the publicly available information on budgeting, expenditures and audit reports –

Reference to 1st report; no significant changes

Timely information from the government that will further public understanding and debate around issues of revenue sustainability and resource dependence. This may include the assumptions underpinning forthcoming years in the budget cycle and relating to projected production, commodity prices and revenue forecasts arising from the extractive industries and the proportion of future fiscal revenues expected to come from the extractive sector

V. SOCIAL AND ECONOMIC SPENDING

a. Social Expenditures by Extractive Companies

i. Mandatory social and environmental expenditures

As done in the first and second PH-EITI Reports, participating mining companies disclosed information on mandatory expenditures and funds that are mainly aimed to promote social development of host and neighboring communities and environmental protection and rehabilitation. Mandatory expenditures include AEPEP, SDMP, Safety and Health Program and Monitoring Trust Fund expenditures, which are discussed in detail in Chapter 2, under Section 4, Scope of the Report.

Mandatory expenditures are not remitted to agencies and do not form part of government coffers, but are primarily incurred for the benefit of host communities and protection and preservation of impacted areas. In practice, these are provided in-kind by the companies to third party recipients in compliance with Section 135 of DAO 2010.21.

SDMP

SDMP is formulated to fulfill social obligations enhancing the development of communities that are directly and/or indirectly affected by the mining project. The amount is computed as 1.5% of the prior year's operating expenses. SDMP is allocated as follows:

Program	Allocation
Social Development & Management (host and neighboring communities)	75%
Mining Technology and Geosciences Advancement	10%
Information, Education & Communication	15%

The table below summarizes the SDMP expenses and allocations of the participating companies as gleaned from their respective reporting templates.

Table __. SDMP of Participating Entities, 2014

Area	Particulars	Cumulative costs to date	Beneficiaries
RIO TUBA NICKEL MINING CORP.			
Social Development & Management (host and neighboring communities)	Human resource development and institutional building	1,424,797	11 Bgy. LGU's 14 ICC's
	Enterprise development and networking	280,304	8 Bgy LGU's 2 Bgy LGU's Farmers & Fishermen Association
	Assistance to infrastructure development and support services	490,863	11 Bgy LGU's & ICC's
	Access to education and educational support programs	4,125,425	(11) Impact Bgys (14) ICC's
	Access to health services, health facilities and health professionals	12,543,866	(11) Impact Bgys (14) ICC's
	Protection and respect of socio-cultural values		(6) ICC's (3) Sitios
Mining Technology and Geosciences advancement	Basic and applied research on mining technology, geosciences, and related subjects	753,197	
	Advanced studies, related to mining which are conducted by qualified researchers		
	Expenditures for scholars, fellows and trainees, including grants		
	Expenditures on equipment and capital outlay as assistance for research and/or educational		

	institutions		
Information, Education & Communication (IEC)	Establishment/enhancement/maintenance of information and publicity centers	4,450,164	
	Publication of IEC materials on social, environmental and other issues/concerns		
	Expenditures for continuing public awareness and education campaigns		
TAGANITO MINING CORP.			
Social Development & Management (host and neighboring communities)	Human resource development and institutional building	553,642	Taganito, Hayanggabon, Urbiztondo, Cagdianao
	Enterprise development and networking	2,951,863	Taganito, Hayanggabon, Urbiztondo, Cagdianao
	Assistance to infrastructure development and support services	5,945,644	
	Access to education and educational support programs	11,585,554	
	Access to health services, health facilities and health professionals	3,484,411	
	Protection and respect of socio-cultural values	250,000	All mining and non-mining barangays
Mining Technology and Geosciences advancement	Basic and applied research on mining technology, geosciences, and related subjects	-	
	Advanced studies, related to mining which are conducted by qualified researchers	493,555	
	Expenditures for scholars, fellows and trainees, including grants	1,918,356	4 mining barangays
	Expenditures on equipment and capital outlay as assistance for research and/or educational institutions	701,372	Claver
	Others: Expenditures on participation to mining symposiums, meetings and other related conferences	553,642	Claver
Information, Education & Communication (IEC)	Establishment/enhancement/maintenance of information and publicity centers	1,121,213	Claver
	Publication of IEC materials on social, environmental and other issues/concerns	1,568,488	Nationwide
	Expenditures for continuing public awareness and education campaigns	2,483,202	Nationwide
AAM-PHIL NATURAL RESOURCES EXPLORATION AND DEVELOPMENT CORPORATION			
Social Development & Management (host and neighboring communities)	Access to health services, health facilities and health professionals	408,000	New Nazareth and Pantinople
Mining Technology and Geosciences advancement	Expenditures for scholars, fellows and trainees, including grants	242,120	Edera, New Nazareth, and Pantinople
Information, Education & Communication (IEC)	Establishment/enhancement/maintenance of information and publicity centers	50,000	10 barangays
	Publication of IEC materials on social, environmental and other issues/concerns	110,000	
	Expenditures for continuing public awareness and education campaigns	234,180	
LIBJO MINING CORPORATION			
Social Development & Management (host and neighboring communities)	None	-	
Mining Technology and Geosciences advancement	Basic and applied research on mining technology, geosciences, and related subjects	156,880	Municipalities of Libjo and Tubajon
	Expenditures for scholars, fellows and trainees, including grants	38,074	3 mining apprentice from SPU
Information, Education & Communication (IEC)	Publication of IEC materials on social, environmental and other issues/concerns	74,644	Bahandi Dinagatnon. Purchase of IE equipment
	Expenditures for continuing public awareness and education campaigns	177,446	Radio program, community consultation, billboards and

			signages
OCEANAGOLD PHILIPPINES, INC.			
Social Development & Management (host and neighboring communities)	Human resource development and institutional building	7,341,367	BLGU Members of Didipio, Alimit, Binogawan and Wangal, BDRMM members, Women's of Camamasi
	Enterprise development and networking	3,624,341	Senior Citizen of Binogawan
	Assistance to infrastructure development and support services	53,283,101	Didipio and some adjacent barangays like Alimit
	Access to education and educational support programs	9,413,114	Wangal and Didipio All Barangays Camamasi
	Access to health services, health facilities and health professionals	2,480,081	Binogawan All Communities
	Protection and respect of socio-cultural values	3,811,907	All Communities
	Other allocations	9,937,910	Municipal LGUs and Common Fund for SDMP communities
Mining Technology and Geosciences advancement	Basic and applied research on mining technology, geosciences, and related subjects	1,692,662	
	Advanced studies, related to mining which are conducted by qualified researchers	2,290,619	Host neighbouring communities
	Expenditures for scholars, fellows and trainees, including grants	5,192,209	
	Expenditures on equipment and capital outlay as assistance for research and/or educational institutions	173,257	
Information, Education & Communication (IEC)	Establishment/enhancement/maintenance of information and publicity centers	94,052	Bayombong, Nueva Vizcaya and Cabarroguis, Quirino Info Center
	Publication of IEC materials on social, environmental and other issues/concerns	830,500	
	Expenditures for continuing public awareness and education campaigns	6,984,751	
	Donation/ Sponsorship	566,803	
	Other: Supplies, Contract services and others	7,489,101	
PACIFIC NICKEL PHILIPPINES, INC.			
Social Development & Management (host and neighboring communities)	Enterprise development and networking	511,500	Brgy. Nonoc, Mabini, Tigbao & San Pedro Brgy. Talisay & Mabini Brgy. Cantiasay
	Assistance to infrastructure development and support services	675,500	Brgy. Talisay, San Pedro & Mabini Brgy. Cantiasay Brgy. Nonoc Brgy. Tigbao
	Access to education and educational support programs	415,000	Brgy. Nonoc, Talisay, & Tigbao Brgy. Nonoc Brgy. San Pedro, Cantiasay & Talisay
	Access to health services, health facilities and health professionals	172,500	Brgy. Cantiasay, Brgy. Talisay, San Pedro & Nonoc, Brgy. Tigbao
	Protection and respect of socio-cultural values	280,000	Brgy. Nonoc, Talisay, Cantiasay, Mabini, San Pedro & Tigbao
	Mining Technology and Geosciences advancement	Expenditures for scholars, fellows and trainees, including grants	45,558
Information, Education & Communication (IEC)	Establishment/enhancement/maintenance of information and publicity centers	70,291	Brgy. Nonoc, Talisay, Cantiasay, Mabini, San

<To update upon approval of table format>	Publication of IEC materials on social, environmental and other issues/concerns	10,000	Pedro & Tigbao
	Expenditures for continuing public awareness and education campaigns	66,500	

EPEP

The Annual EPEP cost covers the amount of environment-related expenses for the entire life of the project wherein the initial 10% of capital/project cost was derived from the feasibility study forming part of the DMPF. Under DAO No. 2010-21, AEPEP cost shall approximate 3-5% of direct mining & milling cost

Table __. EPEP expenditures of Participating Entities, 2014

Company	Program	Amount of EPEP
Rio Tuba Nickel Mining Corp.	The company implements its environmental programs through the Mine Environmental Protection and Enhancement Office (MEPEO) which is divided into: Mine Rehabilitation and Reforestation Unit (MRRU) and Pollution Control Office (PCO). Each unit has a defined focus, as enumerated below: MRRU - Deforestation / Excavation. This covers surface preparation and rehabilitation of mined-out areas, reforestation of non-mineralized areas and commitment to National Greening Program Pollution Control Office - Siltation. Desilting of settling ponds and monitoring of SCSs - Dust. Watering haul roads regularly; putting up wind breakers - Soil Erosion. Construction of drainage systems; slope re-vegetation - Hazardous Wastes. Maintenance of Hazardous Waste Storage Building - Oil and grease contamination of water bodies. Construction of oil-water separators - Noise. Monthly noise level monitoring - Air and water contamination. Monthly air and water sampling and monitoring	PhP 114.7 million
Taganito Mining Corporation	Key areas identified that EPEP programs will focus on are the quality of land, air and water in and around the mine sites. To mitigate the impact on these 3 aspects of the environment, TMC conducts the following activities: - Land. Reforestation and rehabilitation - Air. During dry months, dust emissions are managed using water truck lorries deployed to spray the active haulage roads. - Water. Construction of siltation ponds	PhP 345.1 million
Hinatuan Mining Corporation	Key areas identified that EPEP programs will focus on are the quality of land, air and water in and around the mine sites. To mitigate the impact on these 3 aspects of the environment, HMC conducts the following activities: - Land. Reforestation and rehabilitation - Air. Dust control through regular road grading and spraying - Water. Construction of siltation ponds/sumps and curtain canals	PhP 76.8 million
Cagdianao Mining Corporation	- Reforestation - Mining Forest Program (MGB) - National Greening Program - Protection of the Maraguig Watershed	PhP 14.5 million
<To update upon approval of table format>		

ii. Discretionary social expenditures

Company activities related to corporate social responsibility (CSR) all under the category of discretionary social expenditures. As thoroughly discussed in the second PH-EITI report, the Chamber of Mines of the Philippines has led this process consistent with its objective of developing CSR standards by which compliance and progress can be gauged and monitored.

In implementing its CSR activities, the companies are usually bound by its CSR guidelines depending on the needs of the communities involved.

The table below summarizes the CSR activities of participating companies, excluding those for PNOEC and PMDC, whose CSR activities are already discussed in the section above on state-owned enterprises.

Company	Program	Amount
Rio Tuba Nickel Mining Corp.	- Primary Level Hospital - Leonides S. Virata Memorial School (LSVMS) - Indigenous Learning System (ILS) Centers - Gawad Kalinga (GK) Housing Program	<For update>
Taganito Mining Corporation	- Betterment of the Punta Naga Village through support to programs on Education, Youth and Sports Development and other Community Projects and installation of a hydraulic ram pump water system that provided an accessible water source for domestic use - PNES Adopt-a-School program - Building of the Sabang seawall in Brgy. Tayaga, Claver - Medical-Surgical Mission - Emergency Response Team, tasked to respond to the needs of the communities in times of disasters	17,033,288
Hinatuan Mining Corporation	<For update>	<For update>
Cagdianao Mining Corporation <To update upon approval of table format>	<For update>	<For update>

National Greening Program

On February 24, 2011, President Benigno Aquino III issued Executive Order No. 26 series of 2011, declaring an interdepartmental convergence initiative for a National Greening Program (NGP). The NGP serves as the current reforestation program of the government. The program was launched last May 13, 2011.

The National Greening Program (NGP) aims to:

- contribute in reducing poverty among upland and lowland poor households, indigenous people, and in coastal and urban areas;
- implement sustainable management of natural resources through resource conservation, production and productivity enhancement;
- provide food, goods and services such as timber, fiber, non-timber forest products, aesthetic values, air enhancement values, water regulation values and mitigate climate change by expanding forest cover that serve as carbon sink;
- promote public awareness as well as instill social and environmental consciousness on the value of forests and watersheds;
- enhance the formation of positive values among the youth and other partners through shared responsibilities in sustainable management of tree plantation and forest resources; and Impact Assessment of the NGP of the DENR: Scoping and Process Evaluation Phase, Economic Component Final Draft Report 13
- consolidate and harmonize all greening efforts of the government, civil society and the private sector.

The NGP is led by Department of Environment and National Resources (DENR) thru the help of Department of Agriculture (DA) and Department of Agrarian Reform (AR) thus constituting *DA-DAR-DENR Convergence Initiative*. The DA-DAR-DENR Convergence Initiative will be served as the NGP Oversight Committee to be chaired by DENR.

The following are also involved in the implementation of NGP:

- Department of Education (DepEd)/ Commission on Higher Education (CHED)
- Department of Social Welfare and Development (DSWD)
- Department of Budget and Management (DBM)
- Department of Interior and Local Government (DILG)
- Local Government Units (LGUs)
- Department of Health (DOH)
- Department of Public Works and Highways (DPWH)
- Department of Transportation and Communications (DOTC)
- Department of National Defense (DND)
- Department of Science and Technology (DOST)
- Department of Justice (DOJ)
- National Commission on Indigenous Peoples (NCIP)

- Technical Education and Skills Development Authority (TESDA)
- Philippine Amusement and Gaming Corporation (PAGCOR)
- All other government agencies, instrumentalities, including government-owned and controlled corporations (GOCCs), state universities and colleges (SUCs)
- Private Sectors.

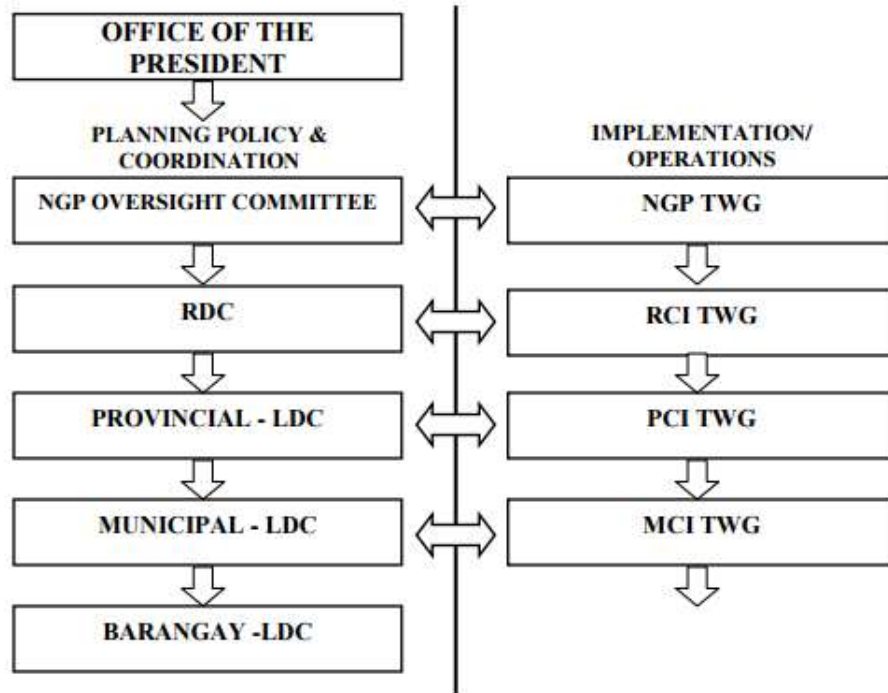
The responsibilities of involved government agencies include:

Government Agencies	Participation in NGP
DA-DAR-DENR	<ul style="list-style-type: none"> - Establishment of nursery and production of seedling - Identification and preparation of site - Social mobilization - Tree planting - Monitoring and evaluation - Technical support and extension services - Provision of certified seeds of agronomics crops - Provision of access roads and trails to planting site - Provision of postharvest and processing facilities - Technical assistance in the development of product and its marketing
DepEd/ CHED	<ul style="list-style-type: none"> - Mobilization of students - Establishment of nursery, seedling production and planting of trees - Information, education and communication - Provision of extension services - Monitoring and evaluation
DSWD	<ul style="list-style-type: none"> - Provision of Conditional Cash Transfer to NGP beneficiaries as defined - Social mobilization
DBM	<ul style="list-style-type: none"> - Allocation of funds for all activities of the NGP
DILG	<ul style="list-style-type: none"> - Provision of transportation, security and fire protection amenities - Information, education and communication
LGUs	<ul style="list-style-type: none"> - Establishment of nurseries and production of planting materials - Development of greening plan for urban and suburban areas - Lead the establishment of communal tree farms for firewood and other domestic uses - Construction of access roads and trails to the planting sites - Provision of medical support - Technical assistance and extension of services
DOH	<ul style="list-style-type: none"> - Provision of transportation and medical support
DPWH	<ul style="list-style-type: none"> - Provision of transportation in the hauling of seedlings and volunteer planters - Assistance in the construction of access roads and trails to the planting sites
DOTC	<ul style="list-style-type: none"> - Provision of transport for participants - Provision of communication facilities
DND	<ul style="list-style-type: none"> - Nursery establishment and seedling production - Site preparation - Provision of transportation support - Provision of security
DOST	<ul style="list-style-type: none"> - Development and transfer of appropriate technologies - Information, education and communication
DOJ	<ul style="list-style-type: none"> - Nursery establishment and production of planting materials - Provision of transportation
NCIP	<ul style="list-style-type: none"> - Mobilization of participation of indigenous peoples - Identification of sites for NGP inside ancestral domains - Supervision of forest protection activities inside ancestral domains
TESDA	<ul style="list-style-type: none"> - Technical assistance in product development
PAGCOR	<ul style="list-style-type: none"> - Provision of funds for seedling production and other related activities of the NGP

All other government agencies, instrumentalities, including government-owned and controlled corporations (GOCCs), state universities and colleges (SUCs), shall provide full support and assistance to the NGP.

Below is the organizational structure of NGP

Figure 2: Organizational Structure of the National Greening Program



Notes: RDC= Regional Development Committee; LDC=Local Development Committee; TWG=Technical Working Group; RCI=Regional Convergence Initiative; PCI=Provincial Convergence Initiative; MCI=Municipal Convergence Initiative
Source: NGP Website

The NGP shall plant 1.5 billion trees in 1.5 million hectares of lands of the public domain for a period of six (6) years from 2011 to 2016 as per EO 26 s. 2011. But in November 12, 2015, President Aquino signed Executive Order No. 193 series 2015, which extends the coverage of the program from 2016 to 2028. This is done since there is still estimated 7.1million hectares of unproductive, denuded and degraded forestlands.

In order to ensure the successful implementation of the NGP, the following strategies shall be adopted:

- Social Mobilization
- Harmonization of Initiatives
- Provision of Incentives

The DA, DAR, DENR, shall develop a centralized database and provide regular monitoring and timely report on the progress of the NGP. Also, the Convergence Initiative shall engage the private sector, civil society and academe in the monitoring and evaluation of the NGP.

DENR adopts geotagging in the implementations of the government's flagship of reforestation program. *Geo-tagging is the process of attaching coordinates and other location-specific information to pictures and videos, usually with a handheld device such as a camera or mobile phone that is enables with global positioning system or GPS.* The DENR has invested significant resources to purchase geo-tagging equipment and train over 300 forestry personnel on the use of the technology that utilizes GPS and web-based mapping to allow real-time monitoring of NGP locations, especially on getting accurate count of trees planted and their conditions.

SOURCES:

<http://www.mgb.gov.ph/images/stories/DMC2011-01.pdf>

<http://ngp.denr.gov.ph/>

<http://dirp3.pids.gov.ph/websitecms/CDN/PUBLICATIONS/pidsdps1627.pdf>

<http://dirp3.pids.gov.ph/ris/dps/pidsdps1322.pdf>

<http://www.denr.gov.ph/news-and-features/latest-news/1766-denr-adopts-geo-tagging-in-ngp-implementation.html>

Executive Order No. 26 series of 2011

Executive Order No. 193 series of 2015

b. Quasi-Fiscal Expenditures

Quasi-fiscal expenditures include arrangements whereby SOE(s) undertake public social expenditure such as payments for social services, public infrastructure, fuel subsidies and national debt servicing, etc. outside of the national budgetary process.

As discussed in the section above on state participation in the extractive industries, PNOEC and PMDC undertake CSR and social expenditures, but as of 2014, have no quasi-fiscal expenditures or activities.

The multi-stakeholder group is required to develop a reporting process with a view to achieving a level of transparency commensurate with other payments and revenue streams, and should include SOE subsidiaries and joint ventures. <To confirm whether there are no quasi-fiscal expenditures or activities during 2014>

c. Contribution of the Extractive Sector to the Economy for 2014

The size of the extractive industries in absolute terms and as a percentage of GDP as well as an estimate of informal sector activity, including but not necessarily limited to artisanal and small scale mining.

Please see figures above

Total government revenues generated by the extractive industries (including taxes, royalties, bonuses, fees and other payments) in absolute terms and as a percentage of total government revenues

<To gather data>

Exports from the extractive industries in absolute terms and as a percentage of total exports.

See figures above. Also, refer to II.c. Exports

Employment in the extractive industries in absolute terms and as a percentage of the total employment –

Latest data available in the internet is as of 2013) http://www.nscb.gov.ph/secstat/d_labor.asp

Key regions/areas where production is concentrated

Link to mining Tenement Maps:

<http://www.mgb.gov.ph/2015-05-13-01-44-56/2015-05-13-01-46-18/2015-05-13-02-17-43>

VI. OTHERS

Information on the extraction process flow and a description of regulatory mechanisms and payments made at each stage of the process (e.g. monitoring of pricing and production volume)

Gold, Silver, Copper, Nickel and Chromite

PROCESS	DESCRIPTION	TAXES and FEES
<div style="border: 2px solid black; background-color: #e67e22; color: white; padding: 10px; margin: 10px auto; width: 150px; text-align: center;"> Exploration </div>	<p>Exploration is the process of searching for valuable minerals and quantifying them. It enables the mining company to determine whether there is a feasible deposit for mining development and production. It involves drilling to discover what is below the surface. The methods used for exploration vary at different stages of the process depending on the size of the area being explored, as well as the density and type of information sought. This stage involves comprehensive technical and socio-economic analysis to determine whether or not mining is economically feasible. It includes detailed assessments of geoscientific and engineering operational factors including mine design infrastructure availability, assessments of environmental impacts and stakeholder issues influencing a project's social license to operate and detailed financial analysis of costs and revenue projections and market assessment.</p>	<p>Annual local taxes paid to LGUs from incorporation:</p> <ul style="list-style-type: none"> - Local business tax/ registration fees - Real property tax - Other taxes (based on the applicable local government code imposed) <p>Licenses and permits paid to MGB</p> <ul style="list-style-type: none"> - Mineral agreements (can be MPSA, Joint Venture Agreement, or Co-Production Agreement) - EP - FTAA - Mining permits (e.g. small-scale mineral processing permits, etc.) <p>Free and Prior Informed Consent (FPIC) expenditure FPIC expenditures are based on field-based investigation (FBI) fees that were incurred during the FPIC process with the concerned indigenous cultural community(ies). These are remitted or paid by the proponent (company) to a trust account established by the NCIP Regional Offices prior to starting any mining operation in an ancestral domain.</p>
<div style="border: 2px solid black; background-color: #e67e22; color: white; padding: 10px; margin: 10px auto; width: 150px; text-align: center;"> Development and Construction </div>	<p>The development stage includes pre-construction and mine construction work and commences after all necessary permits and approvals have been obtained. Significant environmental requirements apply at this stage. This also includes mining which is broadly divided into two categories: <i>surface mining</i>, which entails removing the vegetation, top soil, and rock above the mineral deposit, removing the deposit, and reclaiming the affected land for postmining land use, and <i>underground mining</i>, which is used when the deposit is too deep for surface mining or there is a restriction on the use of the surface land.</p>	
<div style="border: 2px solid black; background-color: #e67e22; color: white; padding: 10px; margin: 10px auto; width: 150px; text-align: center;"> Utilization/ Commercial Operation </div>	<p>The process of getting ore out of the ground. It involves breaking rocks for excavation. <i>Drilling</i> is the process of construction of a mining installation of cylindrical shape, such as a hole, blasthole, or mine shaft, by crushing the rock at the mine face, and <i>blasting</i> involves shattering, breaking, or splitting of rock or other material by the discharge of an explosive placed within or in contact with it.</p> <p>After mineral ores are subjected to further processing, these are Distribution of minerals and metals to where they are needed or to customers.</p>	<p>Excise Tax on Minerals The Tax Code imposes an excise tax on all metallic minerals, a tax of 2% based on the actual market value of the gross output thereof at the time of removal, in the case of those locally extracted or produced; or the value used by the Bureau of Customs in determining tariff and customs duties, net of excise tax and value-added tax, in the case of importation. This is paid to the BIR, 15 days after the end of the calendar quarter when the mineral products were removed.</p> <p>Royalties on mineral reservation The Contractors/Permit Holders/Lesseees shall pay royalties, which shall not be less than five percent (5%) of the market value of the gross output of the minerals/mineral products extracted or produced from the mineral reservations exclusive of all other taxes. This is paid on a monthly basis to MGB.</p> <p>Royalties for IPs The Contractors/Permit Holders/Lesseees shall agree on a</p>

royalty payment with the concerned indigenous cultural community(ies) which may not be less than one percent (1%) of the gross output. As agreed, expenses for community development may also be charged against said royalty. This is paid directly to the concerned indigenous cultural community(ies) and monitored by NCIP.

Mine Waste and Tailings Fees

The basic fees are P0.05/MT of mine waste produced and P0.10/MT of mill tailings generated from the mining operations, except where such mine waste and mill tailings were utilized in specific manners identified by MGB per DENR Administrative Order (DAO) 2005-07. This shall be paid to MGB semiannually from each operating contractor/lessee/permit holder based on the amounts above. Such will be accrued to the Mine Waste and Tailings Reserve Fund of the government.

**Decommissioning/
Final mining stage/
Rehabilitation**

Rehabilitation of the mining area to reverse any adverse effect a mining operation or activity may cause

Mine Rehabilitation Fund

- A Mine Rehabilitation Fund (MRF) shall be established and maintained by each operating Contractor/Permit Holder as a reasonable environmental deposit to ensure availability of funds for the satisfactory compliance with the commitments and performance of the activities stipulated in the EPEP during specific project phase. This comes in two forms:

(a) Monitoring Trust Fund - amount to be determined by the MRF Committee which shall not be less than P150,000 cash.

(b) Rehabilitation Cash Fund - shall be equivalent to ten percent (10%) of the total amount needed to implement the EPEP or P5,000,000, whichever is lower.

>The MRF shall be deposited as a Trust Fund in a Government depository bank and monitored by MGB.

Final Mine Rehabilitation and Decommissioning Fund (FMRDF)

- FMRDF shall be established by each operating Contractor/Permit Holder to ensure that the full cost of the approved final mine rehabilitation and decommissioning plan (FMR/DP) before the end of the operating life of the mine. Annual cash provisions in a government depository bank is required based on the cost of implementing the FMR/DP multiplied by percentage required per IRR.
>This is monitored and reviewed by MGB at least every two years.

Aside from the above, additional taxes and fees are required to be paid by mining corporations based on applicability, as listed below:

Regulating government agency	Taxes, Fees and Mandatory Expenditures
BOC	- Customs Duties and Fees (i.e. excise taxes on imported goods - VAT on imported materials and equipment
BIR	- Corporate income taxes - Final withholding taxes - Other annual payments to the BIR, as applicable
PPA	Wharfage fees and other port tariffs
MGB	- Annual Environmental Protection and Enhancement Program (AEPEP) - Social Development and Management Program (SDMP) - Safety and Health Program

SOURCES:

http://www.minerals.org.au/resources/gold/life_cycle_of_a_mine

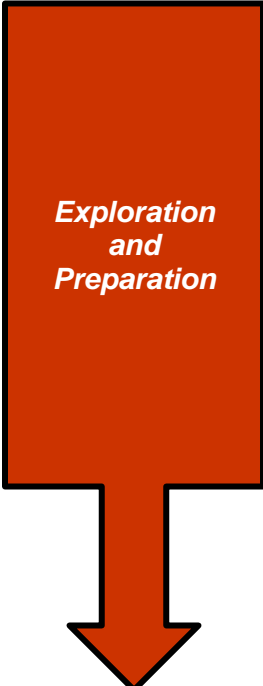


https://www.google.com.ph/search?q=extraction+of+gold+from+mines&rlz=1C2VFKB_enPH706PH706&biw=1600&bih=794&source=lnms&tbn=isch&sa=X&ved=0ahUKewj3zeShis_PAhUH0JQKHapvBVE4FBD8BQgGKAE#tbn=isch&q=gold+mining+process+flow+chart&imgcr=IwCiHsnn2UqQsM%3A

<http://technology.infomine.com/reviews/comminution/welcome.asp?view=full>

<http://www.groundtruthtrekking.org/Issues/MetalsMining/MineTailings.html#ixzz4MjFPomTf>

<http://www.mgb.gov.ph/images/stories/CDAO-Final.pdf>

<http://www.mgb.gov.ph/2015-05-13-02-04-38#what-are-the-different-stages-of-mining>

PROCESS	DESCRIPTION	TAXES and FEES
 <p>Exploration and Preparation</p>	<p>This process involves the search for rock formations associated with oil or natural gas deposits, and involves geophysical prospecting and/or exploratory drilling. This is done before the development of a field is finally decided. Also, preparing a drilling site involves ensuring that it can be properly accessed and that the area where the rig and other equipment will be placed has been properly graded.</p>	<p>Annual local taxes paid to LGUs from incorporation:</p> <ul style="list-style-type: none"> - Local business tax/ registration fees - Real property tax - Other taxes (based on the applicable local government code imposed) <p>One-time payments to DOE:</p> <ol style="list-style-type: none"> i. Application Fee for Philippine Energy Contracting Round (PECR) - a non-refundable application fee of P100,000 per area shall be paid to DOE upon submission of the application and its supporting documents. ii. Signature bonus - US\$50,000 payable to DOE (Model Petroleum Service Contract Clause 20.01) within 60 days from effective date of the contract iii. Developmental assistance - payable to DOE (Model Petroleum Service Contract Clause 17.04) within 60 days upon written request of the department (amount to be agreed) <p>Performance Guarantee</p> <p>A performance bond of sufficient amount not less than the minimum expenditure commitment for that particular contract year shall be posted by the company in favor of DOE conditioned upon the faithful performance of the company of its exploration and development activities under its contract. It shall be established within 60 days after the effective date of the contract or upon implementation of its succeeding sub-phases where amount can be subsequently reduced by the company upon faithful compliance.</p>
 <p>Drilling</p>	<p>A hole is drilled straight down into the ground. A special drilling mud is used to cool the drill bit, carry the rock cuttings back to the surface and also to provide stability to the walls of the borehole. Once the hole extends past the deepest freshwater aquifer (typically 300 – 1000ft), the drill pipe is removed and replaced with steel pipe, called 'surface casing'. This process involves <i>vertical drilling or horizontal drilling</i>.</p>	<p>No direct fees paid at this stage.</p>
 <p>Well development</p>	<p>This process involves the construction of one or more wells from the beginning to either abandonment if no hydrocarbons are found, or to well completion if hydrocarbons are found in sufficient quantities. It serves as the connection between the final casing and the rock which is holding the oil and gas.</p>	<p>Rental fees</p> <p>After petroleum in commercial quantity is discovered during any sub-phase of the exploration period or any extension thereof, the contractor is allowed to retain 12.5% of the initial contract area in addition to the delineated production area after the exploration period. Rental fees shall be applied accordingly for P100 per hectare or a fraction thereof based on Clause 5.04 of the Model Petroleum Service Contract. This is paid annually to the DOE.</p>



Production and Separation

This stage marks the start of commercial production. It involves extracting the hydrocarbons and separating the mixture of liquid hydrocarbons, gas, water, and solids, removing the constituents that are non-saleable, and selling the liquid hydrocarbons and gas.

After natural gas is withdrawn from producing wells, it is sent to gas plants for processing. Gas processing requires a knowledge of how temperature and pressure interact and affect the properties of both fluids and gases. Almost all gas-processing plants handle gases that are mixtures of various hydrocarbon molecules. The purpose of gas processing is to separate these gases into components of similar composition by various processes such as absorption, fractionation and cycling.

Discovery bonus

Based on the Model Petroleum Service Contract (Clause 20.02), the Contractor shall be required to pay US\$300,000 as discovery bonus once commercial production is reached.

This is a one-time payment to the DOE, within 60 days from the start of commercial production.

Production bonus

Based on the Model Petroleum Service Contract (Clause 20.03 to 20.05), the Contractor shall be required to pay production bonus, amounting from US\$500,000 to US\$2,000,000, which is based on the average rate of production over a period of 60 days.

This is a one-time payment to the DOE on the first occasion that there shall be produced and sold from the contract area.



Refining

Usually this process involves distillation, cracking (conversion), treating and reforming. Modern *distillation* involves pumping oil through pipes in hot furnaces and separating light hydrocarbon molecules from heavy ones in downstream distillation towers – the tall, narrow columns that give refineries their distinctive skylines. The heavy molecules are “cracked” into two or more lighter ones thru *cracking (conversion)*. *Treating* involves removing or significantly reducing molecules that are corrosive or cause air pollution, especially sulfur. Lastly, the *reforming* process actually removes hydrogen from low-octane gasoline.

No direct fees paid at this stage.



Distribution and sales

Distribution of oil and gas to where they are needed or to customers.

Corporate Income Taxes

Wharfage fees and other port tariffs

Government share from oil and gas

Per PD 87, the government is entitled to receive sixty percent (60%) of the difference between the gross income and the sum of operating expenses and Filipino participation incentive.

This is paid to the DOE within 3 working days from the collection date, but in no case beyond 60 days from lifting or delivery date.

**Decommissioning/
Site abandonment/
Rehabilitation**

Rehabilitation of the area to reverse any adverse effect the oil & gas operation or activity may cause

Site abandonment involves plugging the well(s) and restoring the site when a recently-drilled well lacks the potential to produce economic quantities of oil or gas, or when a production well is no longer economically viable.

Abandonment fund

As per Clause 7.01(h) of the Model Petroleum Service Contract, the company must include in its Overall Development Program as approved by DOE, a provision for abandonment and payment of abandonment costs. Annual provision must be accrued over the productive life of the oil fields and/or gas fields, where amount is based on the estimated abandonment and decommissioning costs of the oil fields and/or gas fields in the contract area. This shall commence from the start of commercial production and reviewed annually for any necessary adjustments in the work program.

For this purpose, a sinking fund in the form of a trust account with a reputable commercial bank in the Philippines in favor of DOE shall be established and maintained by the company. A certification from the concerned bank must be submitted to the DOE for monitoring.

Aside from the above, additional taxes and fees are required to be paid by oil and gas corporations based on applicability, as listed below:



Regulating government agency	Taxes, Fees and Mandatory Expenditures
BOC	- Customs Duties and Fees (i.e. excise taxes on imported goods - VAT on imported materials and equipment
BIR	- Final withholding taxes - Other annual payments to the BIR, as applicable
PPA	Wharfage fees and other port tariffs
MGB	- Annual Environmental Protection and Enhancement Program (AEPEP) - Social Development and Management Program (SDMP) - Safety and Health Program
DOE	- Data fees - Training of Filipino personnel - Training of DOE employees - Scholarships and educational assistance

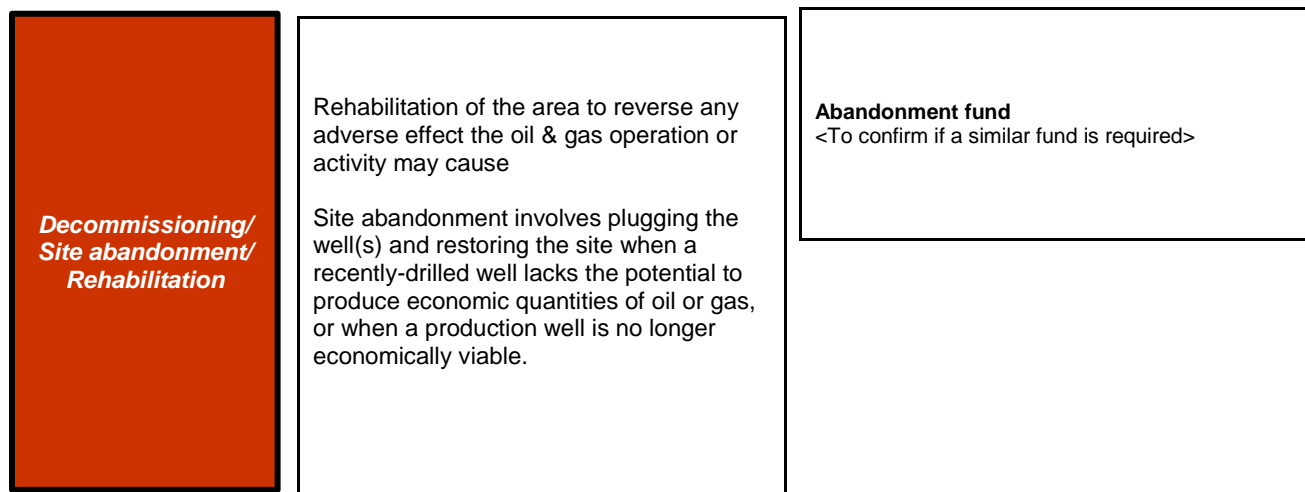
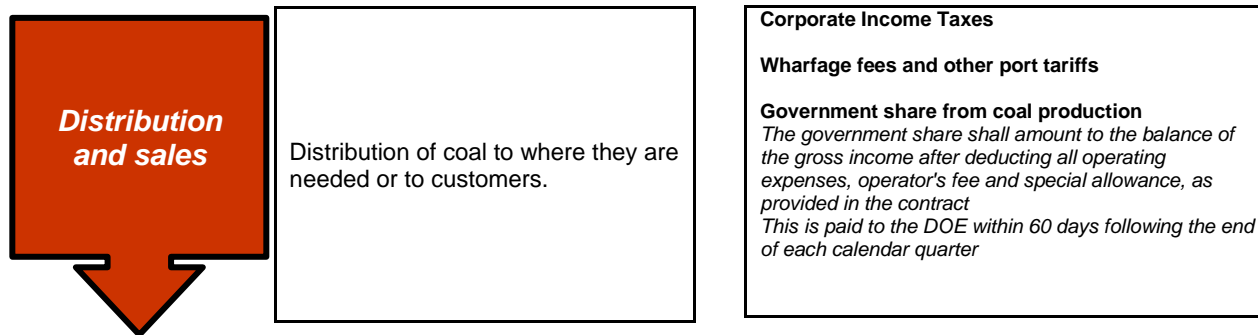
SOURCES:

<https://www.doe.gov.ph/model-petroleum-service-contract-0>

<https://www.doe.gov.ph/department-circular-no-dc2011-12-0010>

Coal

PROCESS	DESCRIPTION	TAXES and FEES
 <p>Coal Mining</p>	<p>Coal mining, which is removing the coal from the soil, is done thru either surface mining or underground mining.</p> <p><i>Surface mining</i> can be used when the coal is buried less than 200 feet underground. In this process, giant machines remove the top-soil and layers of rock to expose large beds of coal. Once the mining is finished, the dirt and rock are returned to the pit, the topsoil is replaced, and the area is replanted. The land can then be used for croplands, wildlife habitats, recreation, or offices or stores.</p> <p><i>Underground mining</i>, also known as deep mining, is used when the coal is buried several hundred feet below the surface. Some underground mines are 1,000 feet deep. To remove coal in these underground mines, miners ride elevators down deep mine shafts where they run machines that dig out the coal.</p>	<p>Annual local taxes paid to LGUs from incorporation:</p> <ul style="list-style-type: none"> - Local business tax/ registration fees - Real property tax - Other taxes (based on the applicable local government code imposed) <p>One-time payments to DOE:</p> <ul style="list-style-type: none"> i. <i>Application Fee for Philippine Energy Contracting Round (PECR) - a non-refundable application fee of P50,000 per area shall be paid to DOE upon submission of the application and its supporting documents.</i> ii. <i>Signature bonus - cash payable to DOE (Model Coal Operating Contract Clause 20.01) within 30 days from effective date of the contract (amount to be agreed)</i> <p>Performance Guarantee</p> <p><i>A performance bond of sufficient amount not less than the minimum expenditure commitment for that particular contract year shall be posted by the company in favor of DOE conditioned upon the faithful performance of the company of its exploration and development activities under its contract. It shall be established within 30 days after the effective date of the contract or upon implementation of the succeeding contract year where amount can be subsequently reduced by in accordance with the obligations as approved in the Work Program.</i></p>
 <p>Coal Processing</p>	<p>This stage marks the start of commercial production. This involves the process wherein the plant cleans and processes coal to remove dirt, rock, ash, sulfur, and other unwanted materials, increasing the heating value of the coal. The coal may also be sorted by quality and size.</p>	<p>Excise Tax on Minerals</p> <p><i>The Tax Code imposes an excise tax on coal and coke, amounting to ten pesos (P10) per metric ton of coal produced.</i></p> <p><i>This is paid to the BIR, 15 days after the end of the calendar quarter when the products were removed.</i></p>



Aside from the above, additional taxes and fees are required to be paid by oil and gas corporations based on applicability, as listed below:

Regulating government agency	Taxes, Fees and Mandatory Expenditures
BOC	- Customs Duties and Fees (i.e. excise taxes on imported goods - VAT on imported materials and equipment
BIR	- Final withholding taxes - Other annual payments to the BIR, as applicable
PPA	Wharfage fees and other port tariffs
MGB	- Annual Environmental Protection and Enhancement Program (AEPEP) - Social Development and Management Program (SDMP) - Safety and Health Program
DOE	- Data fees - Training of Filipino personnel - Training of DOE employees - Training and institutional development assistance - Assistance in kind

SOURCES:

<https://www.doe.gov.ph/coal-0>

<https://www.doe.gov.ph/presidential-decree-no-1174>

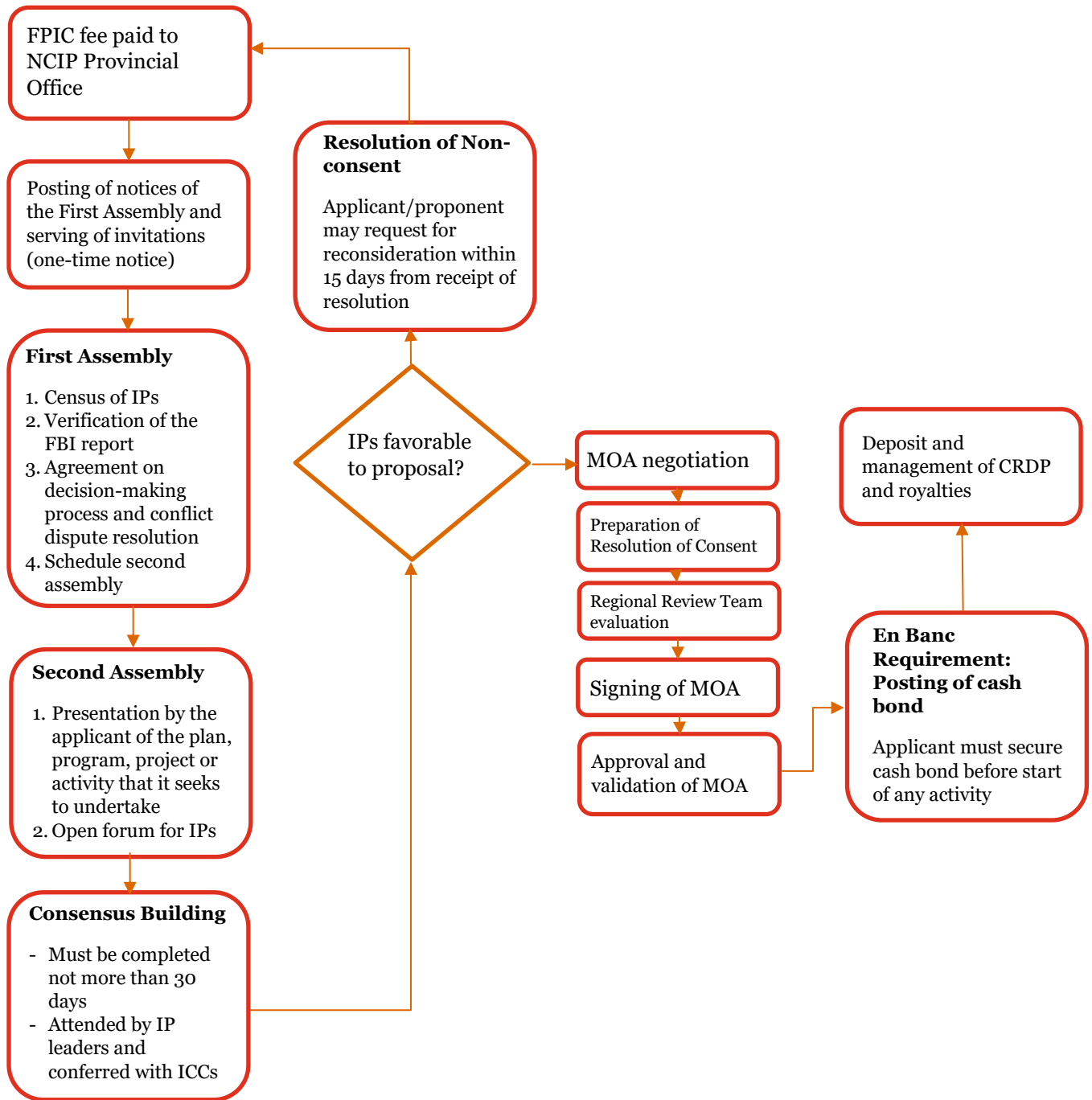
<https://www.doe.gov.ph/presidential-decree-no-972>

http://www.chanrobles.com/presidentialdecreeno972implementingrules.htm#.V_70svI96M8

<http://www.semiramining.com/faqs>

Information on the procedures as to and treatment of extractive operations in ancestral domains

<To include update from WT with NCIP, and include updated tables for NESSA and IELSA>



Government revenues from extractive industries at the national and local levels (taxes, royalties, bonuses, fees, other payments) in absolute terms and as percentage of total government revenues

To gather data from reporting templates

Contextual information on small scale mining

Small-scale mining was not covered by the second PH-EITI report, but rather, was included as part of a scoping study. Areas covered by the study was limited to South Cotabato and Compostela Valley.

<To include updates on Minahang Bayan>

Contextual information on large scale non-metallic mining

Large-scale non-metallic mining are still not yet included as part of this Report. A scoping study on such was included as in the second PH-EITI Report in order to fully determine readiness and extent of economic contributions.

A continuation of the said scoping study is detailed below. In addition, a complete list of the large-scale non-metallic mining and quarrying companies in the Philippines, including location maps of the industry, at the provincial level and commodity basis, is provided in Annexes __, __, and __, respectively.

A Glimpse of Large-Scale Non-Metallic Mining and Quarrying Operations in the Three Selected Areas

(This section of the report is prepared by Atty. Brenda Jay Angeles Mendoza for the MSG, December 2015.)

The scoping study aims to cover three (3) areas hosting large-scale non-metallic mining operations, with focus on their respective situation (citing relevant local ordinances and contracts of selected companies), the problems and challenges in regulating operations, including any concerns regarding compliance with environment and natural resources laws, monitoring environmental performance, and dynamics relating to socio-political issues, as well as recommendations to address the same.

Specifically, the study intends to look at a representative large-scale non-metallic mining company in each of the following 3 areas: Bulacan, Rizal, and Cebu provinces. These provincial areas were selected based on discussions with officials from the PH EITI Secretariat, MGB, and civil society.¹ This study is based on documents gathered or made available by the PH-EITI Secretariat and the concerned MGB regional offices, including results of interviews with key stakeholders in the said provinces. (See Annex __ for the list of individuals who were interviewed for this scoping study).

The provinces were selected based on the prevalence of large-scale non-metallic mining and quarrying operations relative to other areas in the country. The companies, on the other hand, were selected based on the level of mining development, thus assuming increased factors for assessing operational issues, such as environmental law compliance and performance monitoring.

Province of Cebu

Profile of Large-Scale Non-Metallic Mining in the Province

Out of 46 large-scale non-metallic mining MPSAs hosted by the Visayan region, 30 are located in the province of Cebu. These cover a total of more than 19,000 ha. being explored, developed, and/or commercially operated for varied non-metallic minerals and quarry resources by about 15 companies and individuals. Dominant players in terms of number of MPSAs held and area covered within the province include Lafarge Republic, Solid Earth Development Corporation, and Apo Land and Quarry Corporation. See the following table:

<To insert table of MPSA holders in Cebu>

Selected Company: Apo Land and Quarry Corporation

Apo Land and Quarry Corporation (Apo Land) was selected for being the oldest operating large-scale non-metallic

¹ Individual meetings with Atty. Alessandra Ordenes (National Coordinator), Engr. Romualdo Aguilos (Chief, MGB Mineral Economics, Information and Publication; and PH-EITI Focal Person), and Mr. Chadwick Go Llanos (c/o C-CIMPEL Archdiocese of Cebu), who also sits as a CSO representative at the MSG meetings.

mining company in the province. The corporation can be traced to the Apo Cement Corp. the origins of which dates back to the 1920s when the Cebu Portland Cement Corp. was formed and owned by the Philippine government. Control of the corporation moved from Japanese to American and back to Philippine hands during the second world war².

Apo Land, a member of the CEMEX Philippines group of companies and CeMAP,³ operates two contract areas in Naga, Cebu. The first area, covering 192 ha., started commercial operation of limestone deposits in 1993. The second area, with 84 ha., commenced operations in 1997 primarily for greywacke and pozzolan.⁴ Both MPSAs were provided a term of 25 years.

Having been signed in 1993, the MPSA for the first contract area was made pursuant to EO 279 (1987). Its MPSA thus provides a different fiscal regime.⁵ Apart from the excise tax, it was required to pay a basic government share of the gross revenue and a percentage share in the net revenue.⁶ It is not clear whether Apo Land has otherwise indicated to the DENR Secretary as required that it has opted not to be governed by the provisions of the 1995 Mining Act.⁷

On the other hand, the MPSA for the second contract area was already executed pursuant to the 1995 Mining Act. Its provisions on the share of the government as well as its allocation, including other expenditures, were clearly in accordance with the current mining law.⁸

Relevant Local Legislation

The provincial government has passed two important local ordinances pertaining to mineral and quarry resources - the Revenue Code of Cebu of 2008⁹ and the Environmental Code of the Province of Cebu.¹⁰

1. Chapter VI of the Revenue Code of Cebu of 2008 provides for the regulatory powers of the provincial governor in the conduct of business and trade activities related to environment and natural resources. It includes provisions on permits, accreditation, fees, and charges for extracting mineral and quarry resources in specified areas.

These typically involve small-scale mining of an area of not more than 20 hectares; and quarrying of an area of not more than 5 hectares. In its strict sense, the Revenue Code of the province, by defining the scope of the governor's power and authority, does not cover the conduct of large-scale metallic and non-metallic mining and quarrying activities.

However, in terms of implementation, it appears from interviews with officials from MGB Region 7 that the provincial government's Revenue Code of 2008 is perceived by the mining industry to be requiring certain fees and charges that are already imposed under the Mining Act of 1995 and implemented by the MGB.¹¹ A draft ordinance proposing to amend certain sections of the Revenue Code in order to clarify its coverage and avoid excessive tax impositions is thus in circulation.¹² The draft ordinance anchors its proposal on the

² CeMAP website, http://CeMAP.org.ph/?page_id=1169.

³ Id. See the CEMEX website, <http://www.cemexphilippines.com/AboutCemex.aspx>. CEMEX considers itself as "a leading producer and marketer of cement and ready-mix products" with operations worldwide.

⁴ MPSA No. 013-93-VII and MPSA No. 093-97-VII.

⁵ MPSA No. 013-93-VII, Section VI refers to (a) a basic government share at the rate of 0.5% of the gross revenue payable quarterly to the DENR Regional Office; and (b) 1% share in net revenue, paid on the same day that the basic share is due. These are paid in addition to the excise tax as provided under the Tax Code.

⁶ Id.

⁷ RA 7942, Sec. 112 requires such an indication to be made in writing with the DENR Secretary.

⁸ MPSA No. 093-97-VII.

⁹ Cebu Provincial Ordinance No. 2008-10.

¹⁰ Resolution No. 1483-2012/Ordinance No. 2012-13.

¹¹ Meeting with MGB Region 7, 2 February 2016.

¹² *Ordinance No. ____: An Ordinance Amending Sections 124, 125, 181, 192, and 220 of Ordinance No. 2008-10 to Conform with the Local Government Code by Clarifying the Coverage of the Tax on Minerals, Sand, Gravel, and Other Quarry Resources as well as Modifying the Tax Base of the Environmental Enhancement Fees, and for Other Purposes.*

Local Government Code provisions which specify the guidelines and limitations on the right of the province to levy taxes, fees, and charges,¹³ emphasizing that all local ordinances must conform to existing national laws and other legislation.

For instance, it cited Section 192 of the Revenue Code of 2008 which requires all transporters and haulers of quarry resources and minerals/mineral products to obtain from the provincial governor an Ore Transport Permit (OTP). Under the said provision, failure to present the OTP can cause the impoundment of the vehicle and cargo being transported, including payment of fines and penalty to the provincial treasurer.

The draft ordinance now proposes an additional paragraph to clarify that transporters and haulers that have already obtained the necessary OTP from the DENR-MGB pursuant to the Mining Act of 1995 should no longer be required to obtain another OTP from the provincial governor.¹⁴ Further, the draft ordinance proposes to amend the Code's provisions on the imposition of environmental enhancement fees, thus creating an Environmental Enhancement Fund, in an attempt to make a distinction between permits issued by the provincial government under the Code and those that are not, including where the company has already established a Mine Rehabilitation Fund (presumably under the Mining Act of 1995) covering the area of extraction.¹⁵

According to the MGB Region 7 officials, the proposed ordinance is expected to be taken up by the provincial government in its forthcoming sessions.

2. The Environmental Code of the Province of Cebu manifests a more active stance on the environmental impact of mining and quarrying activities, regardless of whether the operation is small- or large-scale. This was passed in pursuit of the general welfare clause of the Local Government Code of 1991.¹⁶ The Environmental Code, in considering the need to integrate environmental policies with social and economic dimensions, also defines the provincial government's interaction with component LGUs and other provinces, as well as its own stand and position, on environmental issues that are trans-jurisdictional in nature, and with the national government agencies concerning the environment.¹⁷

With this framework, the Code articulates in several provisions how the provincial government intends to address concerns related to large-scale non-metallic mining and quarrying operations. These are as follows:¹⁸

- a. Initiate and coordinate with the mining industry players-private companies, government agencies and the general public, in accordance with the Local Government Code and the Mining Act, to ensure that Cebu's metallic and non-metallic mineral resources are harnessed with due consideration of ably managing the impacts of environmental resource degradation, unique landscape destruction, biodiversity loss, loss of life and property, and any other fatal accidents.¹⁹
- b. Initiate and coordinate with the MGB, relevant agencies, and stakeholders; and closely monitor the enforcement and implementation of environmental, mine safety and health laws and regulations related to mining, quarrying, mineral processing, and mineral trading activities within the province, to ensure compliance with relevant laws and policies on environment, health and safety, and pollution management;²⁰
- c. Whether it is large-scale or small-scale mining, conduct a mandatory public hearing or consultation in the

¹³ Id. Reference was made to RA 7160, Sections 130, 133, 134, and 138.

¹⁴ Id. Section 4. It is noted that DAO 2010-21, Sec. 116 requires all permit holders, contractors, accredited traders, processors, and other mining rights holders to obtain an OTP from the MGB regional director for the transport of all minerals, mineral products, and by-products. For MPSA and FTAA contractors, the OTPs are already issued under the agreement.

¹⁵ Id. Sec. 5.

¹⁶ Id. Reference to RA 7160, Sec. 16, which allows the LGU to exercise its express and implied powers, including any necessary, appropriate or incidental powers for efficiently and effectively governing the province, and all essential powers to promote its general welfare.

¹⁷ Id. Whereas clause.

¹⁸ Id. Article V on mineral resources.

¹⁹ Id. Sec. 2.

²⁰ Id. Sec. 3

- barangay(s) where the mining/quarrying site is located before any permit, clearance or endorsement is issued by the LGUs (barangays/cities/municipalities) within the province;²¹
- d. For large-scale mining operations, coordinate with the DENR in the licensing, operation, and rehabilitation of the mines. The province undertakes to ensure that the environmental guarantee fund (EGF) is enough to cover foreseeable damage from the mining operation and the mine rehabilitation plans and funds are properly updated to use the best technology available. It will also request regular auditing of the EGF and the reserves for rehabilitation.²²

Issues and Concerns

The issues and concerns presented are limited to those raised by the MGB regional office and a local community member in Naga City. The meeting organized by MGB Region 7 was supposed to include representatives from Apo Land and Quarry Corp. However, Apo Land officials had to urgently leave for Manila when the meeting was held. Subject to further validation, the perspectives of the industry were articulated in some ways during the meeting.

Perspectives of the MGB Region 7 officials:²³

Monitoring compliance with laws, rules, and regulations. The MGB Region 7 officials, led by Regional Director Loreto B. Alburo, regard the large-scale non-metallic and quarrying sector in the region as generally compliant with the DENR's standards and policies.²⁴ What they deem problematic is small scale mining.²⁵ They also view the performance of Apo Land as satisfactory, referring further to the company's ISO 9002²⁶ and ISO 140001 certification²⁷ as well as its recent recognition for environmental stewardship, health and safety, and community development achievements.²⁸

Stakeholders and their inter-relationships. The MGB regional officials describe the mining stakeholders and their inter-relationships in the region as generally good. The multi-partite monitoring team (MMT) for the Apo Land is composed of representatives from the MGB, EMB, Apo Land, NGO, Provincial Environment and Natural Resources Office (PENRO), and LGU.²⁹ The MMT uses a monitoring template that the regional office has developed. They regard their template as more simple and more comprehensible, including by non-technical people, than the one recently developed for the joint EMB-MGB monitoring.³⁰

NGOs in the province and in the Apo Land community are seen as active and collaborative participants in mining-related concerns.

With respect to the LGUs, the MGB officials describe their relationship as satisfactory, particularly at the most local level of the barangays hosting the mining activity. However, they pointed to minor issues at the provincial LGU level that need improvement. In particular, they deal with the perception that the MGB's presence in the Provincial Mining

²¹ Id.

²² Id. Sec. 6.

²³ Meeting with MGB Region 7 officials, 2 February 2016, Mandaue City.

²⁴ Id.

²⁵ Small-scale mining is regulated by the provincial governor through the Provincial Mining Regulatory Board (PMRB), of which the MGB regional director is the chair.

²⁶ International Organization for Standardization's model for quality assurance in production, installation, and servicing.

²⁷ ISO certification on the setting up of an effective environmental management system, which is one of the tools for managing a company's environmental responsibilities.

²⁸ During the 62nd Annual National Mine Safety and Environment Conference held in November 2015, the Apo team received the recognition from the Presidential Mineral Industry Environment Award (PMIEA) committee. The awards included the PMIEA-2015 platinum award, best mining forest and safest mineral processing – cement plant category. See also, <http://www.sunstar.com.ph/cebu/local-news/2016/01/05/apo-cement-cited-environmental-health-and-safety-excellence-450084>. Accessed: 4 February 2016.

²⁹ PENRO is the provincial counterpart of the DENR Central Office.

³⁰ As a result of DAO 2015-02 on the harmonization of the *Philippine EIS system* and the *Philippine Mining Act* in relation to mining projects, the DENR MGB and EMB developed a joint MMT monitoring template. The region will start utilizing the new monitoring template in March 2016.

Regulatory Board (PMRB) diminishes the power of the provincial government with respect to small-scale mining.³¹

While there is no mining association in the region and in Cebu province at present,³² MGB Region 7 officials remarked that there are current moves to create one for the region. One of the movers is Ms. Annie Dee, president and general manager of Teresa Marble Corp., whose company has established some presence in the region. The group is reportedly pushing for the amendment of certain provisions of the 2008 Revenue Code of Cebu. (See discussion on Relevant Local Legislation)

Among the other issues raised by the MGB Region 7 officials and their corresponding recommendations on PH-EITI are as follows:

1. Implementation of EPEP, SDMP, and FMRDP by holders of Mineral Production Sharing Agreement (MPSA) and Mineral Processing Permit (MPP). In general, the registered MPSA holder is mandated by law to allocate funds for EPEP, SDMP, and FMRDP-related expenditures. These expenditures are required from the start of mining development to actual operations (which includes mineral processing), and eventual closure of the mine. However, in practice, the processing of non-metallic and quarry resources, is typically undertaken by another entity, the MPP holder – which may be an affiliate or sister company of the MPSA holder or a totally different company. For example, Bohol Limestone Corp. is the MPSA holder, while the Philippine Mining Service Corp. (PMSC), a 100% Japanese-owned company, is the MPP holder; Dolomite Mining Corp. holds the MPSA, while PMSC is the MPP holder. In the case of Apo Land, the MPSA holder is Apo Land and Quarry Corp., while the MPP is held by Apo Cement.

Although a formal agreement between the two companies should be able to determine responsibilities with respect to the provisions for EPEP, SDMP, and FMRDP, this can pose practical problems because the accountability for these expenditures remains with the holder of the MPSA.

According to the MGB regional office, a 2015 memorandum from the MGB central office appears to remedy this problem by requiring MPP holders to submit separate data and allocation for its EPEP, SDMP, and FMRDP as a condition for the renewal of its mineral processing permit. In other words, MPSA and MPP holders, which may cover the same mineral or quarry resource, will now have separate and distinct EPEP, SDMP, and FMRDP expenditures.

For MGB database management and EITI purposes, this may affect the prompt submission and effective collation of needed data from the companies. The private sector is also perceived not to welcome this policy development.

2. Operating costs as basis of SDMP. As discussed, operating mines are required to allocate every year a minimum of 1.50% of the operating costs to implement its SDMP, which is geared towards improving the living standards of their host and neighboring communities. Although the actual SDMP expenditures by metallic and non-metallic mining companies are regarded as typically higher than the minimum requirement, the MGB regional officials cited that the use of “operating costs” as defined in the Mining Act and as a basis for determining SDMP allocation poses a problem for the cement industry.

CEMAP is apparently proposing that, for its industry, the basis of the operating costs should only be computed from the costs incurred from raw materials crushing to the homogenizing stage. It should not include costs related to clinkering and other succeeding processes for manufacturing cement.

Considering this position, a review of the appropriate basis of the SDMP for the large-scale non-metallic mining industry, specifically for cement, is thus recommended.

³¹ It is noted that under RA 7076 and DAO 2010-21, the PMRB is in charge, among others, with the acceptance, processing, and evaluation of applications and determine administrative charges and fees for quarry, sand and gravel, and small-scale mining permits. The PMRB is chaired by MGB regional director, with the provincial governor as vice-chair, and one representative each from the small-scale mining, large-scale mining, and NGOs as members.

³² According to the MGB Region 7 officials, an association of metallic and non-metallic companies – the Mining for Environment and Development Foundation, Inc. (MEDFI) - existed in Region 7 in the early 1990s. The association included exploration companies and mining applicants. However, with inactive officials on board, the association eventually perished.

3. Scope of LGU tax and revenue generation authority and other regulation issues. As discussed, the provincial government of Cebu has passed its Revenue Code of 2008, which enumerates the permits, taxes, fees, and other charges related to the extraction of mineral and quarry resources that should be obtained from or paid to the provincial governor.

Several individuals identified with the local mining industry are apparently seeking amendments to certain sections of the Code on the ground that they are already paying similar fees and charges to the MGB under the Mining Act of 1995. They have now advanced a draft ordinance that aims to clarify the coverage of the Code, making reference to the Local Government Code provisions defining the right of the province to levy taxes, fees, and charges, and on the need for local ordinances to be in conformity with national laws. (See discussion on Relevant Local Legislation)

In addition, there may need to be a review of the structure of the PMRB and the respective roles of the MGB regional director and the provincial governor, with respect to regulating mining activities within the scope of the PMRB. As discussed, the presence of the MGB regional director as the chair of the PMRB, which largely focuses on small-scale mining, is seen by other stakeholders as a threat or a diminution of the regulatory powers of the provincial governor. This perception should be rectified.

4. Remittance of LGU share in the revenue derived from natural resources use. The MGB Region 7 officials observed the slow remittance of the share of the LGUs from the proceeds derived from national wealth use and development. They proposed that the possibility of allowing direct remittance to the concerned LGUs should be considered, so it is easier to track whether and how the LGUs are able to effectively finance local development and livelihood projects to its constituents.
5. Data computerization and linkages. Utilizing the infrastructure built by the MGB Central Office, MGB Region 7 officials observed that its system for collation and submission of revenue data is fully operational. However, it continues to be challenged by the need to demand production data from the LGUs, which it does by personally visiting the concerned LGUs to request and secure the appropriate documents from concerned LGU personnel. In addition, the data, while already serving the MGB, are not yet linked with those of the other government agencies, such as the BIR.
6. Capacity-building on EITI. While the objectives of the EITI are quite clear to most of the MGB Region 7 officials, its processes and outcomes need to be further appreciated by the DENR, including the EMB, the large-scale non-metallic mining and quarrying industry, the LGUs, and the other stakeholders. More information dissemination and capacity-building activities on EITI are thus recommended.

Perspectives of a Local Community Member:³³

Through the assistance of Chadwick Go Llanos from the EITI-MSG, the scoping study was able to include the perspectives of a local community member in Naga, the site of the Apo Land and Quarry operations. Winley dela Fuente shared his perspectives about the performance of the company and its impact on the socio-economic well-being of the community.

Mr. dela Fuente agreed that the large-scale non-metallic mining industry may have contributed to the increase in the local employment of the area, albeit on a contractual basis. The industry has also augmented, to a limited extent, infrastructure support in the local community and has provided supplemental grants to support local schools.

With respect to the Apo Land and Quarry operations, he expressed his view that immediate communities have enjoyed infrastructure support from the company through the construction of social and educational facilities. Health services are likewise provided to host and nearby communities, on a regular but limited basis. Cement bags are also

³³ This is based on an interview with Mr. Winley Dela Fuente, a father of two, past LPRAT Co-Chair of the City of Naga, Federation PTA President, and works as a freelance real estate professional. The questionnaire was prepared by the consultant, but the interview was administered by Mr. Chadwick Go Llanos (c/o C-CIMPEL Archdiocese of Cebu), on 5 February 2016.

directly given to the LGUs, and a portion of that reaches the barangays.³⁴ In terms of the delivery of services, Mr. dela Fuente observed that these used to be given directly by the company to the community; but the process has changed. Community members now need to approach the barangay chieftains for the services, which the latter will submit as requests to an intermediary organization. Due to this process, more residents often felt adversely affected than benefited by the company's operations in terms of socio-economic benefits.

With respect to the role of and relationship with other stakeholders, Mr. dela Fuente noted the presence of the EMB in facilitating conflicts. However, EMB's neutrality in conflict management is often questioned as it has constantly been viewed as favoring the company. Community consultations in decision-making are also regarded as lacking qualitative inputs from diverse representatives. He is not aware whether CSOs have credible participation in the MMT and whether such CSO, if there is one, is efficient. He recommended that tangible reforms towards increased mitigation of health and environmental impacts should be undertaken and felt on the ground.

As regards the EITI, Mr. dela Fuente recommended that the following documents should be included in the submissions: (a) the EIS document; (b) documents pertaining to the consultation activities; and (c) environmental and health standards and values. He reiterated the call for increased transparency in the LGU's spending of its share from the mining industry; as well as in having a more participatory SDMP and CSR process where its activities can be translated into verifiable impacts on the affected communities.

Province of Rizal

Profile of Large-Scale Non-Metallic Mining in the Province

The DENR has so far issued 34 large-scale non-metallic mining MPSAs in Region 4-A (CALABARZON).³⁵ Of this number, 27 MPSAs are located in the province of Rizal, embracing more than 5,000 ha. of land subject of exploration, development and/or commercial operation for different non-metallic minerals and quarry resources by 16 companies and individuals. In addition, Rizal has 5 mineral processing permit (MPP) areas issued by the MGB and 12 quarry permits from the provincial government.³⁶ Among the prominent players in the province include Rapid City Realty and Development Corporation, Concrete Aggregates, Lafarge Republic, Quimson Limestone, and Teresa Marbles. See the following table of MPSA holders:³⁷

<To insert table of MPSA holders in Rizal>

Selected Company: Lafarge Republic

Lafarge Republic, Inc. (Lafarge) is engaged in the manufacture, development, exploitation, and sale of cement, marble, and other classes and kinds of building materials, and the processing or manufacture of materials for industrial and commercial purposes.³⁸ Its operating cement manufacturing plants are located in the provinces of Bulacan, Batangas, Rizal, and Cebu. It has the following companies as subsidiaries: Fortune Cement Corp., Lafarge Iligan, Lafarge Mindanao, FR Cement Corp., and Lloyds Richfield Industrial Corp.³⁹ Lafarge is also a member of CeMAP.⁴⁰

The Teresa plant of Lafarge in Teresa, Rizal originated in 1958 as Filipinas Cement Corporation. In 1987, it became FR Cement Corporation. It strengthened its financial and technical capability in 1997 by partnering with Tong Yang Cement Corp., the second largest cement group in South Korea, and through its holding company, Southeast Asia

³⁴ According to Mr. dela Fuente, a full day's yield, in approximately 300,000 bags of cement, is directly given to the LGUs, and about 50 to 100 bags are given to the barangays. The frequency of the delivery to the LGUs as well as the identification of the specific LGUs and barangays are not clear from the written response.

³⁵ CALABARZON is located in Southwestern Luzon. It is an acronym for the provinces of Calamba, Laguna, Batangas, Rizal, and Quezon.

³⁶ Additional data on MPPs and quarry permits from the "Status of Quarrying Operations in Rizal Province," a power point file provided by the MGB Region 4-A, 15 January 2016.

³⁷ This data is based on the Complete List of Existing MPSA, prepared by the MGB Mining Tenements Division, as of 30 June 2013. If correlated with the data provided by MGB Region 4-A, some discrepancies in the MPSA areas were noted.

³⁸ <http://www.reuters.com/finance/stocks/overview?symbol=LRI.PS>

³⁹ Id.

⁴⁰ http://CeMAP.org.ph/?page_id=1169.

Cement Holding, Inc. (SEACEM). In 1998, Lafarge Cement Philippines, then the second largest cement manufacturer in the world, acquired a major stake at SEACEM, making FR Cement a part of Lafarge's network of cement manufacturers.⁴¹

Lafarge (FR Cement) holds two MPSAs in the province of Rizal, both of which were entered into pursuant to the 1995 Mining Act.⁴² The first MPSA, executed in 1999, has a contract area of 154.68 ha. and enjoys a term of 25 years or up to 2024, which may be renewed for another term not exceeding 25 years.⁴³ Currently in commercial operation for limestone and shale, Lafarge's MPSA for this area follows the provisions of the new mining law on government share, allocation, and expenditures.⁴⁴

The second MPSA, covering an area of 36.45 ha., was entered into in 2000 and will last up to 2025 unless further renewed for another term not exceeding 25 years.⁴⁵ Based on 2013 MGB data, it is still listed as under exploration stage, with a pending application for a Declaration of Mining Project Feasibility.⁴⁶ Similar to its other MPSA in the province, this MPSA for limestone has the same provisions on government share, allocation, and expenditures.⁴⁷

Relevant Local Legislation

Two resolutions appear to capture the sentiment of the Rizal provincial government about the existence and growth of the quarrying and mining industry in the province:

- a. Resolution No. 223, series of 2013, declaring a moratorium on the acceptance, processing, and approval of new applications for all forms of permits, contracts, operating agreements, and clearances on quarrying and mining activities in the province of Rizal; and
- b. Resolution No. 243, series of 2013, on the moratorium on the acceptance, processing, and approval on the renewal of all forms of permits, contracts, operating agreements, and clearances on quarrying and mining activities in the province of Rizal.

The resolutions were anchored on the provincial LGU's powers to promote the general welfare of its inhabitants and to protect the environment.⁴⁸ They referred to a study about the negative impact of quarrying and mining on the environment, particularly its serious damage to biodiversity, pollution, river and creek siltation, among others.⁴⁹ The resolutions regard the existing quarry operations in the province as already sufficient in number, expressing concern that adding more may hasten further environmental degradation, and consequently impair the health, safety, and economy of the province.⁵⁰

Based on these considerations, the provincial government declared such moratorium on the processing and approval of new applications (Resolution No. 223) and on the renewal (Resolution No. 243) of all mining and quarrying permits, contracts, and operating agreements. The moratorium, however, looks to the final determination by the DENR of the carrying capacity (point of saturation) of the province to hold or bear mining and quarrying, including mine processing or aggregate crushing plants.⁵¹

Both resolutions strongly urged the DENR to similarly declare a moratorium on large-scale mining activities and operations in the province and to cease the processing and approval of new mineral agreements, including the renewal of such agreements.⁵²

Issues and Concerns

⁴¹ *Id.*

⁴² MPSA No. 138-99-IV and MPSA No. 159-2000-IV.

⁴³ MPSA No. 138-99-IV.

⁴⁴ *Id.*

⁴⁵ MPSA No. 159-2000-IV.

⁴⁶ DENR-MGB, Mining Tenements Management Division, *Complete List of Existing Mineral Production Sharing Agreement (MPSA) as of June 30, 2013*.

⁴⁷ MPSA No. 159-2000-IV.

⁴⁸ Resolution No. 223, series of 2013, citing RA 7160 (1991), Sec. 16 and 468 (a) (1) (vi).

⁴⁹ *Id.* Also, Resolution No. 243, series of 2013.

⁵⁰ *Id.*

⁵¹ *Id.*

⁵² *Id.*

Perspectives of MGB Region 4-A Officials:

Monitoring compliance with laws, rules, and regulations. In an interview, Regional Director Samuel T. Paragas described the regional office's current approach to monitoring mining activities as having a more environmental perspective.⁵³ He alluded to a new monitoring format developed by the DENR following the issuance of DAO 2015-02 on the harmonization of the Philippine EIS system and the Mining Act in relation to mining projects. This new monitoring format is now being used by the MMT, which is composed of representatives from the MGB regional office, DENR, EMB regional office, environmental NGO, mining company, affected community, PMRB, Laguna Lake Development Authority (LLDA), and the municipal/city LGU.

According to Engr. Paragas, the MMT conducts quarterly monitoring of particular operations with respect to the latter's safety, health, and environmental programs and based on their approved EPEP. Specifically, the MMT monitors the slope stability of the mining area, its siltation control structures, settling pond system, drain canals or waterways, reforestation efforts, air, water, and noise quality, stockpile management, progressive rehabilitation, and mine safety, among others.⁵⁴ The findings of the MMT monitoring are reported to the Mines Rehabilitation Fund Committee (MRFC), which in turn addresses the same through concrete actions.

On top of this, the MGB regional office conducts on-site inspection and validation of the companies' mining operations on an annual basis. They check the companies' compliance with their 3-year work program and other mandatory reportorial requirements, such as those pertaining to the payment of taxes and occupation fees.⁵⁵

The MGB regional officials noted that a number of large-scale non-metallic and quarry operations in Rizal had satisfactorily implemented their EPEP activities, which in turn significantly improve their environmental mitigating system to address siltation, water and air quality, stability of active quarry slopes and dumping ground, safety and housekeeping, among others.⁵⁶

Engr. Paragas attributed the region's monitoring capability to the competence of his staff and the completeness and active participation of the MMT members. However, he views that there is a need to further train the non-technical members of the MMT so they can more effectively take part in the monitoring activities.⁵⁷

Stakeholders and their inter-relationships. The quality of the relationships among the different stakeholders in the region varies. Engr. Emilio Ramos, chief of the MGB region's Mine Management Division, commented that outside of the MMT, relationships among the NGOs, LGUs, and the companies can be problematic on occasions.⁵⁸ In order to remedy what is perceived as gaps in communication among stakeholders, he targets to organize dialogues with the sangguniang panlalawigan (provincial council) and to further conduct information, education, and communication (IEC) sessions about the permitting processes, large-scale non-metallic operations, and geo-hazard issues.

There is no single association of mining companies in the region. However, they cited the Eastern Rizal Miners' Association or ERMA, which is an aggregation of large-scale non-metallic mining companies in eastern Rizal; and the Montalban Aggregates Producers' Association (MAPA), which is more an association of small-scale miners in the area.

LGU moratorium and the carrying capacity of the province of Rizal. On the matter of the provincial resolutions declaring a moratorium on the acceptance of new mining applications and renewal of existing mining applications (discussed under Relevant Local Legislation), the MGB Region 4-A clarified that the resolutions cover small-scale mining only. It further took a divergent view on the matter of the DENR being urged by the provincial government to issue a similar moratorium in Rizal.⁵⁹ The stance of the MGB regional office is based on its data about the total land area of the province and the corresponding areas covered by existing mining agreements and permits. Based on MGB Region 4-A data, Rizal province has a total land area of about 130,892 hectares, while the total permit area

⁵³ Meeting with Engr. Samuel T. Paragas, MGB 4-A Regional Director, 13 January 2016.

⁵⁴ *Status of Quarrying Operations in Rizal Province*, a power point file provided by the MGB Region 4-A, 15 January 2016.

⁵⁵ Meeting with Engr. Samuel T. Paragas, MGB 4-A Regional Director, 13 January 2016.

⁵⁶ Id.

⁵⁷ Meeting with Engr. Samuel T. Paragas, MGB 4-A Regional Director, 13 January 2016.

⁵⁸ Meeting with Engr. Emilio R. Ramos, Chief, Mine Management Division, MGB Region 4-A, 13 January 2016. His division is tasked to monitor the companies' compliance with RA 7942 and to provide initial evaluation of mine permit applications submitted by large-scale non-metallic and quarrying companies.

⁵⁹ Meeting with Engr. Samuel T. Paragas, MGB 4-A Regional Director, 13 January 2016.

covers about 1,318 ha., which is roughly just 1% of the total land area.⁶⁰ Impliedly, the MGB regional office viewed that this percentage will not even make a dent on the biodiversity of the entire province.

Perspectives of the other stakeholders:

With the assistance of the MGB regional director, a meeting with the other officers of the MGB in the region, leaders and representatives of the mining industry, and NGO in the province was convened for this scoping study.⁶¹ The attendees shared their perspectives about the industry, the provincial LGU moratorium, and the PH-EITI.

Ms. Angelita Lee, president of the Eastern Rizal Miners' Association (ERMA), described ERMA as an association of large-scale cement plant manufacturers, producers of marble and aggregates, and firms engaged in blasting and drilling activities. Since its inception in 1995, ERMA now has a total of 17 member companies. The association sees itself as a link with the government and with its members. It has undertaken numerous activities related to social acceptability, disaster risk reduction, and reforestation. It also implements projects in barangays located within quarry operations. From her perspective, the industry has initiated projects over and above the mandated SDMP.

Mr. Teofilo Salcedo, the lone NGO representative,⁶² reacted to the provincial resolution imposing a moratorium on the acceptance of new mining applications and renewal of existing mining permits. He viewed that the moratorium, while covering small-scale mining only, has a tremendous impact on the mine workers, particularly those coming from his province who do not know any kind of labor but mining or quarrying. This apparently is creating a domino effect on the socio-economic welfare of their families and communities, which is posing a problem for the province.

Mr. Salcedo further shared his experience as an NGO representative in the MMT and in PMRB. He has been involved in monitoring companies' compliance with ECC conditions and other parameters, including the SDMP, in the province. He mentioned that there is a need to communicate the real contributions of mining and the results of the mining operations to the local communities and to the entire province.

As regards the PH-EITI, Ms. Lee and the other representatives from the mining industry commented that they share in the value of transparency in transactions involving the industry, including in the expenditures related to EPEP and SDMP. According to Ms. Lee, the large-scale non-metallic mining and quarrying companies are already submitting the required information to the MGB, which they understand are available to the public. However, with respect to ERMA's involvement in EITI, she explained that she could not make any commitment on behalf of ERMA's members because the association respects the processes of each member company. This means that, in order for the industry to be engaged, it is best to approach and secure individual company commitments to the PH-EITI standards and requirements.

Province of Bulacan

Profile of Large-Scale Non-Metallic Mining in the Province

Of the 19 MPSAs for large-scale non-metallic mining issued in Region 3 (Central Luzon), 12 are located in the province of Bulacan. This comprises approximately 2,768 ha. of land being commercially operated and another 3,816 ha. being explored primarily for limestone and shale deposits. Among those under commercial operation, Solid North has the largest contract area, followed by Lafarge Republic and Holcim Philippines. See the table below:

<To insert table of MPSA holders in Bulacan>

Selected Company: Holcim Philippines

Holcim Philippines, Inc. (Holcim) is currently the biggest cement company in the country. It was the product of a merger in 2000 of three cement plants – Bacnotan Cement Corporation, Davao Union Cement Corporation, and Hi

⁶⁰ *Status of Quarrying Operations in Rizal Province*, a power point file provided by the MGB Region 4-A, 15 January 2016. However, using the data from the MGB Mining Tenements of June 2013, which totals the number of areas covered by large-scale non-metallic mining and quarrying MPSA (exploration, development, and commercial operations) at 5,018.73 ha., the percentage increases to 3.8%.

⁶¹ Meeting with MGB Region 4A, ERMA, CEMEX/Solid Cement Corp., Montalban Aggregates Producers' Association (MAPA), and NGO-PMRB, Rizal Province, 15 January 2016.

⁶² President, *Community-Based Kaunlaran Development Foundation, Inc.* and NGO representative at the PMRB, Rizal Province.

Cement Corporation.⁶³ Holcim has plants in La Union, Bulacan, Davao, and Lugait in Misamis Oriental.⁶⁴ It is also a member of CeMAP.⁶⁵

Holcim initially holds 3 MPSAs in the province, with one co-owned by Doric Marble Corporation. The first two MPSAs are both in commercial stage.⁶⁶ The third MPSA is ongoing exploration and has been partially assigned in 2009 to Teresa Marble Corporation.⁶⁷ In the same year, an MPSA held by Teresa Marble, which is also under exploration, was partially assigned to Holcim Philippines.⁶⁸ So at present, Holcim effectively holds 4 MPSAs covering a total of 2,113.34 ha., with 897.03 ha. in commercial operation and 1,216.31 ha. being explored. The remaining 344.24 ha. are held by Teresa Marble Corporation through approved partial assignment contracts.⁶⁹

The first MPSA in commercial operation, covering 554.38 ha., was signed in 1994 pursuant to EO 279 (1987) with an initial term of 25 years, renewable for another 25 years.⁷⁰ Having been entered into before the Mining Act of 1995, the initial production share of the government consisted of a basic share of ½ percent of the gross revenue and a net share of 1 percent of the net revenue, which was then over and above the required excise tax payments.⁷¹

The second MPSA in commercial operation covers 342.65 ha. and was jointly entered into by Hi Cement and Doric Marble Corporation in 1999 pursuant to the Mining Act of 1995.⁷² The original area applied for was slightly bigger, which was reduced after temporarily excluding areas covered by small scale mining permit applications within the MPSA proposed area.⁷³ This MPSA already contains the new mining law's provisions on government share, allocation, and expenditures.⁷⁴

The third MPSA, still in exploration phase, was entered into by Holcim in 2009. The MPSA originally covers 1,167.11 ha., but was later reduced to 928.56 ha. after it assigned a portion of the contract area to Teresa Marble Corporation in 2014.⁷⁵

The fourth MPSA, with a contract area of 393.44 ha., was issued to Teresa Marble in 2009. However, in 2014, it assigned the 287.75 ha. portion to Holcim Philippines, giving the latter control over a larger part of the original contract area.⁷⁶

Both deeds of assignment were properly registered with the MGB Regional Office and consequently approved by the DENR Secretary upon the recommendation of the MGB Director.⁷⁷ By virtue of the assignment made, the assignee has assumed all the rights and interests, as well as the obligations of the assignor under the MPSAs over the assigned portions.

⁶³ http://CeMAP.org.ph/?page_id=1169. Seventy percent of the shares of Union Cement Corp. is owned by a joint venture between Bacnotan Consolidated Industries, Inc. and Holcim, a Swiss company and one of the largest cement companies in the world. See also Holcim Philippines website, <http://www.holcim.ph/index.php?id=23093>.

⁶⁴ Id.

⁶⁵ Id.

⁶⁶ MPSA No. 027-94-III and MPSA No. 140-99-III.

⁶⁷ MPSA No. 294-2009-III (Amended A) thru Order dated 8 August 2014 approving its partial assignment. Based on the approved deed, Holcim assigns to Teresa Marble all its rights and interests in the 238.5565 ha. portion of the contract area.

⁶⁸ MPSA No. 298-2009-III (Amended B) thru Order dated 8 August 2014 approving its partial assignment. By virtue of the deed of assignment, Teresa Marble Corporation assigns to Holcim Philippines all its rights and interests in the 287.7557 ha. portion of the contract area.

⁶⁹ Id. 238.55 ha. assigned from Holcim and 105.69 ha. retained after partial assignment to Holcim.

⁷⁰ MPSA No. 027-94-III. MPSA is in the name of Hi Cement Corporation.

⁷¹ Id.

⁷² MPSA 140-99-III. Named contractors are Hi Cement Corporation and Doric Marble Corporation.

⁷³ Id. Original area applied for was 389.24 ha.

⁷⁴ Id.

⁷⁵ MPSA No. 294-2009-III (Amended A) thru Order dated 8 August 2014 approving its partial assignment.

⁷⁶ MPSA No. 298-2009-III (Amended B) thru Order dated 8 August 2014 approving its partial assignment.

⁷⁷ Id.

Relevant Local Legislation

Citing its devolved powers and functions under the 1991 Local Government Code with respect to environmental law enforcement, the provincial government approved its Revised Environmental Code for Bulacan in 2011.⁷⁸ The Code sets the general framework of actions and standards for promoting a balanced and healthful ecology in the province, and provides specific regulations on water usage and classification, odor emission control, solid waste management, noise control, and air quality standards.⁷⁹

The environmental code has a particular regulation on environmental compliance. Article VII, Section 45 requires the issuance of a Provincial Environmental Compliance Certificate (PECC) (or Certificate of Non-Coverage, as the case may be) to all business establishments and projects before construction and actual operations in the province. Municipal or city mayors in the province are prohibited from granting business permits without such PECC.⁸⁰ The indicative list of projects that require PECC includes mineral extraction and quarry projects, 5 hectares and below.⁸¹

Nonetheless, the code also empowers the governor, upon a resolution or ordinance enacted by the provincial council, with consultations conducted with the provincial environment and natural resources office, to declare certain projects or areas in the province as environmentally critical.⁸² It specifies that all declared and approved environmentally critical projects, “such as but not limited to mining and quarry operations,” are required to secure a PECC and to comply with other requirements, including the setting up of an environmental protection and enhancement program (EPEP).⁸³ It is not clear whether this provision also contemplates the possible coverage of large-scale non-metallic mining projects within the provincial ECC requirement process.

In case large-scale non-metallic mining projects are likewise included under the foregoing section, the Code requires the payment of the following:⁸⁴

- a. Filing fees – PHP500
- b. Processing fees – PHP4,000
- c. Inspection fees – PHP1,000

In addition, filing fees (processing and inspection fees) are required to be paid to the provincial government when entities apply for an authority to construct or a permit to operate a pollution control device or a wastewater treatment facility.⁸⁵

The code is also replete with provisions on taxes, fees, and charges payable to the provincial treasurer.⁸⁶ However, since the local code does not distinguish whether the impositions apply to small-scale mining only or equally apply to large-scale mining, some of the possibly relevant tax provisions for large-scale non-metallic mining are herein discussed:

- a. Mining/quarry tax - 10% of the fair market value of the mineral resources to be extracted and commercially disposed based on the current available price index released by the DENR Central Office to be computed by the provincial ENRO, and subject to the approval of the PMRB;⁸⁷
- b. Environmental enhancement fees.⁸⁸

<insert table of fees>

⁷⁸ Resolution No. 186-2011 entitled “A Resolution Approving the Provincial Ordinance No. C-005 Enacting the 2011 Revised Environmental Code of the Province of Bulacan.”

⁷⁹ *Id.*

⁸⁰ *Id.* Article VII, Sec. 45.

⁸¹ *Id.*

⁸² *Id.* Article VII, Sec. 46.

⁸³ *Id.*

⁸⁴ *Id.*

⁸⁵ *Id.*

⁸⁶ *Id.* Art. X.

⁸⁷ *Id.* Art. X. Sec. 72.

⁸⁸ *Id.* Sec. 73.

Proceeds from the environmental enhancement fees are deposited by the provincial treasurer in a trust fund to be exclusively used to finance environmental projects and programs, conduct of environmental researches, studies, training, and seminars aimed to enhance, protect, preserve, and rehabilitate the environment and natural resources.⁸⁹

Finally, the environmental code provides rules regarding the issuance of delivery receipts and transport slips for those engaged in hauling sand and gravel and other quarry resources; as well as accreditation for haulers, processors, traders, suppliers, dealers and retailers of minerals, mineral products, and by-products. These are as follows:

- a. Citing the need for local administrative expediency and regulation, the code states that the delivery or transport of mineral resources covered by Ore Transport Permit issued by the national government (i.e., for large-scale mining) shall require delivery receipts/transport slips (DR/TS) for each delivery or transport to be secured from the provincial ENRO, and payment for such DR/TS shall be made with the provincial treasurer.⁹⁰
- b. The code also provides for the establishment of an accreditation system, or a system for registering all haulers, processors, traders, suppliers, dealers and retailers and other persons engaged in the extraction, processing, transformation, and transportation of mineral and quarry resources, including their products and by products. The governor's accreditation has a corresponding fee which, upon approval, is valid for one year and renewable every year thereafter.⁹¹

Issues and Concerns

Monitoring compliance with laws, rules, and regulations. Regional Director Lope O. Carino, together with Division Chief Lauro Garcia Jr. of MGB Region 3, first discussed the importance of the large-scale non-metallic mining and quarrying industry, particularly since cement and other aggregates are seen as useful in building infrastructure projects, which in turn benefit the country's economy.⁹²

Compared to metallic mining, they explained that non-metallic mining does not use sulfuric acid. Its process commences with crushing and ends with bagging, with almost no chemicals involved. In terms of environmental impact, they agreed that the industry generates the same impact as the metallic sector. However, they explained that in the aspect of pollution, the industry creates more impact on air quality and less on water quality of its environs.

Within this context, the MMT aids in monitoring the companies on a quarterly basis. The MMT consists of representatives from the EMB and MGB, the company (Holcim, in this case), DENR-Community Environment and Natural Resources Office (CENRO), LGU at the barangay and municipal levels, and NGO (Sagip Sierra Madre Movement). Similar to the other regions covered by this scoping study, the MMT reports the results of its work to the MRF Committee, which addresses any issues that may surface from the monitoring reports.

In the aftermath of the DENR policy harmonizing the tasks of the MGB and the EMB with respect to mining projects, the new set-up in the region demands joint monitoring by EMB and MGB regional offices. In terms of structure, given the perceived predominance of having to monitor the ECC conditions and environmental aspects of a mining operation, EMB now holds the helm of the MMT, with the MGB as the vice-chair. In terms of focus, the EMB looks at the ECC conditions and all environmental aspects, such as the implementation of the laws on clean air, clean water, solid wastes, and toxic substances and hazardous wastes; while MGB concentrates on the provisions of the mining law, including the EPEP, SDMP, and other mine safety and health issues. They have raised concerns on this new set-up, which are discussed in the succeeding paragraphs.

Stakeholders and their inter-relationships. According to the MGB regional officials, other than CEMAP, there is no known association of large-scale non-metallic mining companies in the region and in the province of Bulacan.

Within the province, they have not encountered any major problems relating to the PMRB and the large-scale non-metallic mining industry. To illustrate this positive relationship, they made mention of a Community Technical Working Group (CTWG), a joint initiative of the MGB, LGU, and Holcim, where the SDMP commitments of Holcim are consulted and discussed with different sectors. The results of the CTWG meetings are then submitted to the MGB for review and approval.

⁸⁹ Id. Sec. 76.

⁹⁰ Id. Sec. 80.

⁹¹ Id. Sec. 88.

⁹² Meeting with MGB Region 3, 29 January 2016.

However, they have experienced difficulties in managing the new “harmonized” monitoring structure that the MGB shares with the EMB regional office. Difficulties relate to arranging the schedule of the monitoring activities, frequent changes in the MMT members coming from the EMB, and competence in MMT operations, including in the prompt submission of the counterpart reports to the MGB regional director’s office. It appears that, in order for the harmonized monitoring structure to work effectively, some levelling-off and confidence-building measures need to be set up between the MGB and EMB regional offices.

Other challenges. A major issue identified by the MGB regional office relates to illegal mining. This relates to managing conflicts involving areas that are covered by certificates of title and are therefore private properties of certain individuals, and simultaneously covered by existing MPSAs issued by the DENR. In these cases, surface owners often desire to operate without securing the required consent of the MPSA holder. In other instances, mining permits are secured from the LGU, again absent the required consent of the MPSA holder.

At the time of the interview, the MGB regional office was not aware of any need to clarify the scope of locally-imposed fees related to mining activities or any latent or manifest conflicts between the provisions of the provincial ordinance relating to matters like provincial ECCs, EPEP, environmental enhancement fees, and delivery/transport fees, which were earlier discussed; and the mining law’s impositions on large-scale non-metallic mining or quarrying operations. This may need to be validated with the LGUs and the operating companies in future EITI studies. (See discussion on Relevant Local Legislation)

Conclusion

The study has identified that with respect to large-scale non-metallic mining, the same provisions of the 1987 Constitution as well as the laws and regulations governing large-scale metallic mining also apply. Major distinctive features of the laws and regulations uniquely applicable to the large-scale non-metallic mining sector were highlighted in the study.

Notwithstanding the similarity in the governing legal framework, the study has made an observation that the large-scale non-metallic mining sector, particularly the cement industry, has effectively distanced itself from the metallic mining industry for sound reasons. The industry context needs to be explained in appreciating its proposed policy changes regarding existing revenue and financial schemes for the sector, as well as in understanding its seeming lack of response to and participation in the PH-EITI initiative.

The study also maps the extent and location of large-scale non-metallic mining and quarrying in the country, provides a list of the companies and individuals involved in the said activity, and identifies the commodities produced. Based on available data, the study shows that Luzon hosts the greatest number and size of large-scale non-metallic mining areas in the country, converging particularly in the provinces of Pangasinan, Bulacan, and Rizal; then followed by Visayas, with concentration in Cebu province. While Mindanao has the least number of operating large-scale non-metallic mines, a significant land area is currently subject to exploration activities.

The study finally takes a glimpse of the provinces selected based on the prevalence of large-scale non-metallic mining operations relative to other areas in the country, with focus on specific companies, which were selected based on their respective level of mining development, and the relevant local legislation in the provinces.

It is observed that the local ordinances – revenue codes, environmental codes, and related provincial resolutions – articulate how the provincial governments attempt to address issues and concerns related to large-scale non-metallic mining and quarrying operations.

The environmental code of Cebu, for instance, has expressed the need to integrate and coordinate with national government agencies, component LGUs and other provinces, the private sector, and civil society all aspects and processes of environmental law enforcement in the province; and particularly mandates the conduct of local public hearing and consultations on projects being examined by the national government. This is a presumed response to a possibly perceived disconnect between national laws and local ordinances, including lack of or inadequate interaction among the various stakeholders; and a supposed demand to ensure that local stakeholders are able to participate in examining proposed mining projects subject to approval by the national government.

Similarly, the resolutions of the province of Rizal well capture the sentiment of the provincial government about the presence and continued growth of the quarrying and mining industry in the province and its impact on the health and safety of its inhabitants. Its declaration of a moratorium over the approval of new mining applications and renewal of existing permits and contracts, including requests urging the DENR to make a similar pronouncement, sends a strong

message to the national government and the public about the need to craft an appropriate policy response and action for the province. The needed policy actions could be crafted in terms of finally determining its carrying capacity for quarrying and mining activities; and in terms of making firm decisions to strengthen the ecological balance of the province. At the same time, the basis of the provincial resolutions needs to be juxtaposed with the data offered by the MGB about existing mines and its impact on the biodiversity of the entire province.

The scoping study has not only provided pertinent information about the large-scale non-metallic mining industry in the country. It has also raised important concerns that may be used to further analyze and make recommendations on the role of the various stakeholders in furthering the objectives of EITI, and to provide input to legal and policy reforms.

First, it has drawn out important issues about: (1) the monitoring mechanisms employed by the government, specifically the new “harmonized” monitoring structure of the MGB and EMB, and the respective capabilities of those involved in monitoring mining operations; (2) the scope and limits of the taxing powers and regulatory authority of LGUs vis-a-vis the national government, as illustrated in Cebu’s Revenue Code and Bulacan’s Environment Code, including their respective roles in the PMRB; (3) the social and environmental impact of large-scale non-metallic mining operations in specific areas; and (4) significant accounting and reporting issues, such as calculating the SDMP for the cement industry, as well as for MPSA and MPP holders.

Second, the study has captured the recurring demands: (1) to improve the process of remitting the shares of the LGUs from the proceeds of natural resources use; (2) to increase transparency in the manner by which LGUs spend such share from national wealth, including in the way by which benefits from the SDMP are given to the affected communities; (3) to improve the quality of stakeholder participation in the process of developing the companies’ SDMP and corporate social responsibility (CSR) programs; (4) to improve the data collection and reporting process from the MGB and EMB regional offices as well as from LGUs, including to link these data with those of other relevant national agencies, such as the BIR; and (5) to effectively communicate such data and its analysis to the concerned public.

Finally, the scoping study has highlighted the need to properly inform before fully engaging the large-scale non-metallic mining sector through individual mining companies and regional or provincial associations, such as the ERMA, and including the CeMAP, the LGUs, and the DENR-EMB (at the national and regional offices) in the EITI discussions. The conversations accomplished for this scoping study will need to be further validated and deepened in future EITI reports.

Company		1st Semester			2nd semester		
12	Hinatuan Mining Corporation *						
13	Johson Gold Mining Corporation						
14	Krominco Inc.						
15	Lepanto Consolidated Mining Company						
16	Leyte Iron Sand Mining Corporation						
17	LNL Archipelago Minerals Incorporated						
18	Marcventures Mining and Development						
19	Oceana Gold (Philippines), Inc.						
20	Ore Asia Mining and Development Corporation						
21	Pacific Nickel Phils., Inc.						
22	Philex Mining Corporation						
23	Philsaga Mining Corporation						
24	Platinum Group Metals Corporation						
25	Rapu-Rapu Minerals, Inc.						
26	Rio Tuba Nickel Mining Corporation						
27	Sinosteel Phils. H. Y. Mining Corporation						
28	SR Metals, Incorporated						
29	Taganito Mining Corporation						
30	TVI Resource Development Philippines, Inc (Canatuan)						

<To update to cover the evaluation of the mining monitoring reports received, and to include actions taken by the MGB to address areas for improvement noted.>

ISHES

Integrated Safety and Health, Environment and Social (ISHES) Development Monitoring Report

Status of Special Account Fund (SAF) 151 (Malampaya fund)

Release of the Malampaya Fund to Implementing Agencies

DBM is responsible for releasing and monitoring SAF 151 to the implementing agencies, which may be other National Government Agencies (NGAs), GOCCs or LGUs. There are no noted changes on the process for release. Refer to the second PH-EITI report for details on the process.

Since 2009, the government of Palawan province has been seeking its 40-percent share from the total Malampaya royalty, in accordance with the provision of the Local Government Code pertaining to the entitlement of local government units where natural wealth is discovered. However, the national government maintained that Malampaya is outside Palawan's administrative jurisdiction and thus not entitled to proceeds from the sale of offshore gas deposit.

The disagreement between the national and provincial governments is the subject of a case that remains pending before the Supreme Court.

Year	Implementing agency	Project	Amount	Date of SARO	Approval
2013	National Electrification Administration	Fund for Mindanao Modular Generator Sets	PHP4,500,000,000	7 November 2013	Executive Order 137 dated 12 July 2012 signed by President Aquino
2013	Department of National Defense	RADAR and hull repainting of superstructure, including training of personnel and annual operating costs	PHP335,096,962	16 August 2013	Memo from the Office of the Executive Secretary as authorized by the Office of the President of the Philippines, dated 3 August 2013
2014	<For update>				
2014	<For update>				

Table __. Projects sourced through the Malampaya Fund, 2013-2014

As of 31 December 2014 and 2015, the balance of the Malampaya Fund is as follows:

Table __. Malampaya fund balance and cash flows, 2014-2015

Balance as of 1 January 2014	PHP138,979,012,118
2014	
Remittances	22,280,786,773
Releases	-
Balance as of December 31, 2014	PHP161,259,798,891
2015	
Remittances	<For update>
Releases	-

Balance as of December 31, 2015

<For update>
