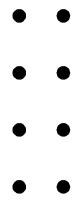




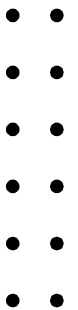
DEPARTMENT OF FINANCE
BUREAU OF LOCAL GOVERNMENT FINANCE



BAGONG PILIPINAS



LGU STRATEGIES FOR EXTRACTIVE INDUSTRY REVENUE USE AND MANAGEMENT



ERWINA GRACE P. MORALES
OIC Regional Director
Bureau of Local Government Finance Region XIII
(Caraga)

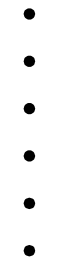
2024 PH-EITI Regional Roadshow - Mindanao Cluster
September 9, 2024 | Butuan City





BACKGROUND

- National Government as the **Main Regulator of Extractive Industry**
- Local Government Units (LGUs) being the host of the mining sites, oil, gas fields, and principal offices of extractive industries, **play an important role in subnational EITI implementation**



BACKGROUND

ROLE OF THE LOCAL GOVERNMENT UNITS in regulating the extractive industries

- No project or program that would have environmental impact may be implemented in its territory without consultation from the LGUs affected
- In the case of small-scale mining, the DENR-MGB, through the Provincial or City Mining and Regulatory Board (P/CMRB), regulates its operation. Functions include declaring lands as people's small-scale mining areas, awarding contracts, settling claims and disputes in the mining area, and crafting and implementing rules on small-scale mining
- Quarrying in public or private land for building and construction materials requires a permit from the Provincial Governor or City Mayor for ICCs and HUCs but the application must be lodged with the P/CMRB



LEGAL BASIS

Section 289, LGC

Share in the Proceeds from the Development and Utilization of the National Wealth Local government units shall have an equitable share in the proceeds derived from the utilization and development of the national wealth within their respective areas

SECTION 290, LGC

Amount of Share of Local Government Units.

Local government units shall, in addition to the internal revenue allotment, have a share of forty percent (40%) of the gross collection derived by the national government from the preceding fiscal year from mining taxes, royalties, forestry and fishery charges, and such other taxes, fees, or charges; including related surcharges, interests, or fines, and from its share in any co-production, joint venture or production sharing agreement

.. TYPES OF NATIONAL WEALTH

TYPE OF COLLECTION	COLLECTING AGENCY
Forest Charges	DENR-OSEC
Royalties from Mineral Reservation	DENR-MGB
Energy Production Resources	Department of Energy
Mining Taxes	Bureau of Internal Revenue



DISTRIBUTION OF SHARES

NATURAL RESOURCES LOCATED IN THE PROVINCE

PROVINCE

20%

COMPONENT CITY/MUNICIPALITY

45%

BARANGAY

35%



DISTRIBUTION OF SHARES

NATURAL RESOURCES LOCATED IN TWO (2) OR MORE LGUS

POPULATION

70%

LAND AREA

30%



DISTRIBUTION OF SHARES

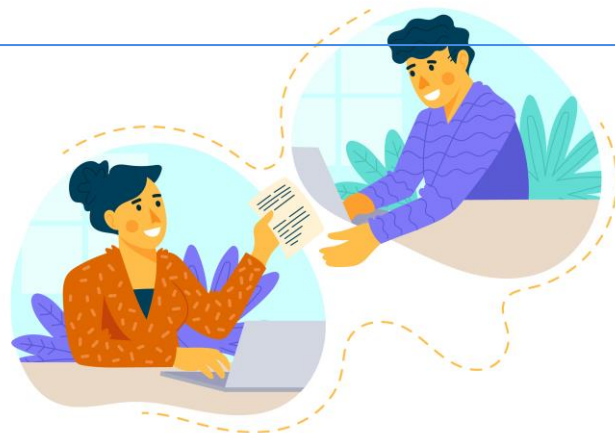
NATURAL RESOURCES LOCATED IN HIGHLY-URBANIZED INDEPENDENT COMPONENT CITY

CITY

65%

BARANGAY

35%



REMITTANCE OF SHARE To LGUs

The following national government agencies shall endeavor to establish and share among themselves on a timely basis, information and an updated database to facilitate the exchange of information needed for the smooth and reliable processing and release of the shares of LGUs from mining taxes.

- a. DOF-BIR;
- b. DOF-BTR;
- c. DENR-MGB;
- d. DENR-LMB;
- e. DILG-BLGS;
- f. DBM ROCs and Ros.

Release the LGU's share based on the Joint Certification issued by the BIR and BTr of mining tax collections during the **first three (3) quarters of the calendar year in February of the ensuing year.**

Releases based on mining taxes collected during the **fourth quarter shall be released in May of the ensuing year.**



REMITTANCE OF SHARE To LGUs

Challenges

- The timeline on the release of shares to LGUs is usually not followed, delayed remittance is observed;
- There is a need for LGUs to follow up concerned NGAs for the release of shares;
- There are previous years' share that are not yet received by LGUs up to the present;
- No details are given to LGUs on how the shares are derived specially from mining operations that are located in two or more LGUs.

REMITTANCE OF SHARE To LGUs

Strategies of LGUs

- Request from Mines and Geosciences Bureau (MGB) the estimated annual volumes and values of mineral production of mining companies for monitoring and estimation of shares to be received;
- Regularly send follow up letters to concerned NGAs for the release of shares;
- Assign LGU focal persons to personally follow up the release of share.

POINTS TO CONSIDER FOR DISCUSSION

- Is it possible for the revenue be earmarked for specific purposes?
- How much should be allocated for current needs and for economic diversification/growth?



POINTS TO CONSIDER FOR DISCUSSION

“Revenue is temporary and its sources exhaustible because it comes from the transformation of a non-renewable asset. To avoid an abrupt fiscal adjustment once resources are depleted, and to enable future generation to benefit, a portion of revenue needs to be saved for future use or invested in assets that will generate future revenue. Resource exhaustibility calls for a long-term fiscal strategy, implemented through robust medium-term expenditure planning and execution systems.” (Roe et. al, n.d)



THANK YOU!



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