

REPUBLIC OF THE PHILIPPINES

EITI ANNUAL ACTIVITY REPORT

Second Year of Implementation (June 2014-June 2015)

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General Assessment of Year's Performance



SUMMARY OF ACTIVITIES

The implementation of EITI in the Philippines continues to gain momentum with the publication of the first PH-EITI country report in December 2014. Leading to such publication, the MSG's activities focused on exerting efforts to achieve one hundred percent participation from all material companies, determining what information should be included in the report, and preparing the report itself. Outreach activities were also conducted to train local government units on how to provide information in the reporting templates. The EITI process continues to be a platform for discussion of issues related to the extractive industries. It has also become a mechanism by which gaps in existing government systems are identified, and recommendations of stakeholders are elevated to policy makers to improve the governance of extractive industries in the country.

PREPARING THE FIRST EITI REPORT

A. GETTING COMPANIES TO EXECUTE BIR WAIVERS

From June to December 2014, the MSG met regularly to evaluate the progress of the Independent Administrator's data gathering and reconciliation process. The MSG encountered challenges in requiring the companies to participate, as some companies refused to sign the waiver that would enable the BIR to disclose their tax information. To address this, the Mines and Geosciences Bureau (MGB) and the Department of Energy (DOE) conducted meetings and dialogues with the relevant companies to persuade them to participate. Letters signed by Finance Secretary and MICC Chair Sec. Cesar Purisima were also sent to all companies requiring them to participate. Interventions were made by Sec. Paje and MGB Director Jasareno in reaching out to companies. By the end of the data gathering process, 30 mining companies and 6 oil and gas companies representing 85% of the total income of targeted companies participated. A detailed documentation of measures implemented by the MSG and government to require all companies to participate is seen in Annex 1 of this report.

B. DETERMINING THE CONTENT OF THE PH-EITI REPORT

As part of the discussion on which information would be relevant to all sectors and how such information can be best conveyed in the report, the MSG invited resource speakers and relevant stakeholders to MSG meetings to give presentations on the following topics:

1. Legal and regulatory framework for the extractive industries
2. Local payments and revenue sharing mechanisms at the local level
3. Structure and financial flows of state owned enterprises such as Philippine National Oil Corporation (PNOC) and Philippine Mining Development Corporation (PMDC)
4. Small-scale mining in Compostela Valley and South Cotabato
5. Procedures for approval of incentives



C. TRACKING THE PROGRESS OF DATA GATHERING AND RECONCILIATION

The MSG and the National Secretariat closely monitored the progress of the IA's data gathering and reconciliation process. Every month, the IA gave presentations on its most recent findings and of the challenges it encountered, the most notable of which was getting full compliance from all companies. In addition, not all companies and agencies sent their templates on time, thus necessitating that deadlines be moved to ensure a more comprehensive report. During the months of July to September, The IA and the National Secretariat conducted road shows in six sites to orient local government officials and technical personnel on the EITI process and to train them how to accomplish the reporting templates. The roadshow was also a venue for the LGUs to ventilate their concerns on revenue collection and EI related issues, which were all documented and included in the study commissioned by PH-EITI on subnational payments.

D. PREPARING THE CONTEXTUAL INFORMATION

The preparation of the contextual information proved to be challenging, as it took a while for the consultants to be on board due to lack of funding. Despite this, PH-EITI was able to produce a comprehensive reference material on the extractive sector containing the following information: 1. overview of the extractive sector and its contribution to the economy; 2. legal and regulatory framework of the extractive industries 3. processes involved in applying for permits, 4. governing rules and existing practices for LGUs; 5. types of social and environmental expenditures; 6. processes involving indigenous peoples; 7.

State owned enterprises; 8. revenue management and budget processes; and 9. ongoing reforms in the extractive sector. MSG members and the National Secretariat contributed different chapters in the contextual information to supplement the studies conducted by consultants. For the first time also, mining monitoring reports of the MGB were made available to the CSOs, thus enabling PH-EITI to evaluate the contents of the same and assess the gaps in the MGB's monitoring processes.

E. CONTRACT DISCLOSURE

The MSG agreed to disclose the contracts of all companies participating in the EITI process. The mining companies did not object to this agreement because these contracts are public documents and follow the form and content prescribed by the MGB. The oil and gas industry likewise agreed to the disclosure after a discussion was held by the Department of Energy, the companies and the CSOs on the legality of such disclosure. Among the conclusions of such discussion are the following ¹:

1. Perusal of the Model Service Contract's confidentiality clause reveals that the intention of the clause is not to make the service contract itself confidential and secret, but rather to provide reasonable protection for the contractors' documents, information and reports on its operations, particularly proprietary data, technologies, financial situation, farm-in/farm-out negotiations, and identity of employees engaged in operations. These are not unusual in business, and do not extent to the aspects of the operations that are the primary concern of PH-EITI (e.g., production data, revenue streams). Further, there is a provisions which allows reasonable disclosure as may be required by law or regulations. It was pointed out that the petroleum companies already gave their consent to publication of their contracts.

2. The Malampaya Consortium's legal team has fully analyzed their own service contract, and they see nothing wrong with disclosure thereof, as they consider it to be already publicly-accessible information. One just needs to know where to look; the problem at present is that only a few people actually do know. So making the contracts all readily available from PH-EITI would actually improve the public's access to the documents.

3. The purpose of the service contract disclosure provision in the 1987 Philippine Constitution is to prevent corruption and inequitable agreements. Making the service contracts accessible from PH-EITI would be entirely consistent with this purpose.

4. As for other provisions of the contracts, it was noted that they were mostly worded in general terms that are reasonably necessary from a legal standpoint to provide enough flexibility for the contractor to do its job, but ensure that basic obligations of safety and security of petroleum operations are still met. Since the service contract can be expected to be in force for decades, it would also not be realistic to specify every little detail of the contractor's operations in the service contract. Due to their general nature, there is nothing in the service contracts that can be regarded as unduly divulging trade secrets and proprietary information that could affect the competitiveness of the Philippine petroleum industry. The DOE may, of course, decide to improve the Model Service Contract if there indeed any issues that arise out of the provisions or their wording, but this can be done either by improving the Model Service Contract itself, or negotiating those changes with each individual contractor when they are granted petroleum concessions in the future.

F. CREATION OF EITI PORTAL FOR MAPS AND CONTRACTS

In collaboration with Open Data Philippines, PH-EITI created and launched a portal of contracts and maps of mining, oil and gas operations in the country. For the first time, copies of the aforesaid contracts and maps are made accessible at <http://data.gov.ph/eiti/>

In addition, PH-EITI also secured copies of contracts executed by mining companies with Indigenous Communities. Prior to EITI implementation, the National Commission on Indigenous Peoples (NCIP) allowed very limited access to such contracts in view of an existing agency resolution which states that only parties can have access to the same. NCIP initially denied PH-EITI's request for copies of contracts, but PH-EITI sought a reconsideration of such denial, arguing that EITI implementation is a commitment of the current administration, and the rationale for its implementation which is to promote transparency for the welfare of IPs should prevail over the agency resolution in question. Finding merit to this argument, NCIP granted the request for reconsideration and released copies of the IP contracts to PH-EITI. An evaluation of such contracts is included in the EITI report. During the launch of the report in February, a CSO representative acknowledged that such disclosure is a significant milestone for the country.

G. APPROVAL AND PUBLICATION OF THE EITI REPORT

On December 5, 2014, the MSG met to approve the first country report. After further refinements, the report was submitted to the EITI International Secretariat on December 29, 2014. The PH-EITI report contains financial disclosures of 30 large-scale metallic mining companies and six oil and gas companies for the year 2012, covering a total of PHP52.7 billion in revenue. Eighteen material benefit streams are in scope, including taxes, royalties, transportation fees, customs duties, mandatory social expenditures and environmental fees, government shares, and payments to local government units. The report also includes information on the shares of 32 local government units from national wealth coming from extractive industries within their localities. Data is aggregated per revenue stream and per company.

¹ Based on the memo prepared by Prof. Jay Batongbacal (CSO representative), for the MSG dated November 28, 2014.

Additional information on beneficial ownership, employment data, third party contractors of companies, grants and donations and CSR projects are also included. This additional information, however, is limited in scope, because not all companies provided the necessary figures in their reporting templates.

The said report was published on the PH-EITI website on the same day it was published. The report was initially presented to the media during a press conference on December 10, 2014 and was launched during a National Conference on February 2, 2015.

OUTREACH ACTIVITIES AND COMMUNICATING THE FINDINGS OF THE EITI REPORT

The gaps in existing government systems that surfaced from the EITI report were presented by Ph-EITI on March 13, 2015 to the Mining Industry Coordinating Council (MICC), the government body tasked under Executive Order No. 79 to set policies and implement reforms in the mining sector. Such gaps include inadequate monitoring of payments, different levels of data disaggregation which make data comparison across agencies difficult, legal barriers to full disclosure, and refusal of some companies to participate in the EITI process. The recommendations given by the Multi Stakeholder Group (MSG) which include improvement of monitoring procedures, capacity building for government officials and stakeholders were considered by the MICC.

Aside from the gaps, suggestions to improve succeeding EITI reports and ease legal impediments to EITI implementation were also brought to the table for deliberation.

PH-EITI also presented its key findings to the National Commission on Indigenous Peoples (NCIP) during the latter's monthly en banc session. The presentation was an opportunity to inform the NCIP commissioners of the urgent need to improve its monitoring mechanisms for the IP royalties, as borne by the fact that the NCIP has the highest percentage of discrepancy among the EITI reporting entities at 154% or P52 Million. The findings of the EITI report was well-received by the Commission, and preparations are underway to formulate a monitoring tool for IP royalties. Out of the 39 large-scale metallic mining operations covered by the EITI Report, 28 are in ancestral domains, thus highlighting the need for greater transparency in IP royalties.

The Union of Local Authorities also convened the executive directors of the different leagues of local government units to present the findings of the report. PH-EITI and ULAP led the discussion as the group identified ways to address issues in extractive industry governance at the local level.

PH-EITI also began conducting briefings with Senate and Congress to highlight the key findings of the report that would require legislation or amendment of existing laws. Among the issues discussed during such briefings are the following:

- i. Revenue sharing and distribution between local government units and national government under the Local Government Code
- ii. Revenue sharing between principal offices and host communities under the Local Government Code
- iii. Possible creation of a natural resource fund
- iv. Amendment of confidentiality provisions on tax disclosure under the NIRC
- v. Amendment of confidentiality provisions on incentives under the Omnibus Investments Code
- vi. Legislating and institutionalizing EITI

COMMUNICATIONS

PH-EITI now regularly publishes a newsletter containing updates on EITI implementation in the country, and articles written by stakeholders on topics relevant to their sectors. PH-EITI also maintains a website which generates an average of 61,000 hits per month. It has also increased its social media presence by regularly updating its Facebook and Twitter page.

From July 2014 to June 2015, PH-EITI conducted several media briefings and press conferences where the following issues were discussed: execution of BIR waivers, the possibility of legislating EITI, key findings of the EITI report, MSG's recommendations from the report, and how to strengthen EITI implementation in the country. PH-EITI also issues regular press releases to continuously keep the public informed regarding the progress of EITI implementation in the country. To date, 83 EITI related articles have been published in major newspapers and online platforms.

PH-EITI also hosted a regional data visualization bootcamp, together with the EITI International Secretariat and Open Data Philippines. Graphic artists and communications officers from the Philippines and other Asian countries were given trainings on data visualization and communicating EITI data.

PREPARING FOR THE SECOND EITI REPORT

A month after the first report was published, PH-EITI immediately commenced preparations for the second report. The MSG approved the IA's TOR for the second report in February, and started the procurement process immediately thereafter. In addition, the MSG discussed the necessary revisions on the reporting template, drawing from the experiences from the first report. The new template will include more details on production volume (per company and per project), CSRs, social projects outside of the company's mandated social development programs, and details on how revenues from the Malampaya funds are spent.

HOW PH-EITI'S ACTIVITIES SUPPORT THE OBJECTIVES OF EITI IMPLEMENTATION

1. **First Objective: Show direct and indirect contribution of extractives to the economy**

The first EITI report contains information on payments made by companies to the government, as well as their mandatory and voluntary social expenditures. A qualitative assessment of projects in IP communities is also included in the report. The inclusion of all this information is meant to illustrate the extractive sector's direct contribution to the economy in the form of payments, and its indirect contribution to communities in the form of social projects, exports and generated employment. Moreover, payments directly made by companies to LGUs are also covered by the report. In addition, the local ordinances that serve as legal basis for additional impositions of fees at the local level are also disclosed, thereby illustrating how various LGUs exercise their local taxing powers on mining companies.

2. **Second Objective: Improve public understanding of the management of natural resources and availability of data**

The PH-EITI report's contextual information contains discussions on the legal and regulatory framework of the extractive industries, as well as a discussion of applicable laws pertaining to the management of revenues and budgetary processes at the national and local level. Although actual practices on revenue management are not yet included due to lack of available information, these chapters nonetheless provide an overview of how revenues from natural resources should be managed, thereby contributing to the objective of improving public understanding of the management of natural resources.

The EITI process likewise contributes to the availability of data, as the report itself discloses information that were previously not available to the public such as extractive contracts, IP contracts, mining monitoring reports and tax payments of companies to the BIR which were previously kept confidential by virtue of the National Internal Revenue Code.

Apart from the EITI report, the MSG also conducted a good number of forums with various stakeholders such as LGUs, media, students, and legislators to make sure that in the process of discussing the findings of the report, the public is also provided with a platform to discuss other issues such as the proper fiscal and incentives regime for mining, the viability of creating a natural resource wealth fund, and the measures that the government should implement to ensure the timely release of LGU shares from national wealth.

Most importantly, the industry and the CSOs have come up with their own analysis of the findings of the EITI report that they discuss with their respective sectors. Thus far, this has stimulated debates among MSG members on policies for granting incentives and on the government's fair share from the extraction of natural resources.

3. **Third Objective: Strengthen national resource management / strengthen government systems**

As mentioned in the previous Annual Activity Report, the process of producing the first report has provided an opportunity for the MSG to examine government systems specifically the collection processes of certain agencies, the regulations and practices with regard to allocation of resources at the local level, the way records are being kept, and gaps in data generation. The first report surfaced a number of gaps, among which are the following:

- a. lack of disaggregated data at the local level to reflect the contribution of each company
- b. inadequate monitoring mechanisms or royalties and environmental funds on the part of MGB and NCIP
- c. the need to strengthen local monitoring councils (Provincial Mining Regulatory Board and Multi-partite Monitoring Teams)
- d. Inadequate database for MGB
- e. The need to revise reporting and record keeping mechanisms of Bureau of Customs, Department of Energy and Philippine Ports Authority to improve the granularity of their data

The MICC has tasked the relevant government agencies to act on the MSG's recommendations to address the above gaps. This directive from the MICC is expected to strengthen government systems and natural resource management, thereby contributing to the third objective as afore-stated.

4. Create opportunities for dialogue and constructive engagement in natural resource management in order to build trust and reduce conflict among stakeholders

The regular meetings of the MSG continue to be platforms for sustained dialogue among the stakeholders. On several occasions, the CSOs and industry were in agreement on some potentially contentious topics such as disclosure of contracts, beneficial ownership, and incentives. In certain instances, the EITI process has become a point of convergence where the parties can agree on a common issue and mutually support reforms. A case in point is the MSG's support to the Transparency Incentives Management Act (TIMTA) and the interpretation of confidentiality provisions on incentives under the Omnibus Investments Code.

5. Strengthen business environment and increase investments

Considering that PH-EITI is still at the early stages of implementation, there is no way yet for the country to measure how the EITI process has contributed to this objective. Nevertheless, all sectors are in agreement that the country's commitment to implement the EITI sends a strong message to the international community and the business sector that the Philippines is determined to promote good governance in the industry and envisions the process as a measure to strengthen business environment.

(For a more detailed discussion of each activity and how it relates to PH-EITI's objectives, please refer to Annex 2.)



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Assessment of performance against targets and activities set out in the workplan



The PH-EITI 2015 workplan specifies eight key targets and outlines the corresponding activities in support of such targets. Below is a summary of PH-EITI's progress in implementing the activities in the workplan.

TARGETS AND ACTIVITIES	PROGRESS
PUBLICATION OF EITI REPORT	<p>The MSG has accomplished the following in fulfilment of this objective:</p> <ul style="list-style-type: none"> • Timely publication of an EITI report containing information on revenues collected from the extractives as well as social expenses of companies • Analysis of the findings of the EITI report and how such findings should be read in conjunction with other government data • Publication of local ordinances where additional fees directly imposed by LGUs on companies are found • Disclosure of contracts and other documents where company's obligations to the national government and to local communities (in the case of SDMPs) and IP communities are stated
CAPACITY BUILDING ACTIVITIES FOR MSG, SECRETARIAT, TWG and LGUs	<p>The following capacity-building activities were conducted:</p> <ol style="list-style-type: none"> 1. Report analysis and communications workshop 2. Data visualization bootcamp 3. MSG Asia regional workshop 4. Forum on Revenue Management in the Extractive Sector 5. CSO and media briefing on data-driven journalism 6. LGU trainings on accomplishing the reporting template 7. Annual planning and evaluation sessions for the National Secretariat
IMPROVING DATA QUALITY AND ADDRESSING GAPS IN THE FIRST REPORT	<ul style="list-style-type: none"> • The IA has started the process of addressing gaps in the first report such as reconciling data on subnational transfers, clarifying audit practices of companies and government, including information on beneficial ownership, and elaborating more on the structure and role of state-owned enterprises. • The Commission on Audit is officially part of the Technical Working Group to ensure that they are engaged in discussions on data quality and proper management of revenues.
VALIDATION	<p>A pre-validation workshop was conducted by the International Secretariat on June 3, 2015. Discussions are currently ongoing as to when the PH-EITI will seek validation.</p>

TARGETS AND ACTIVITIES	PROGRESS
IMPROVEMENT OF PUBLIC UNDERSTANDING OF MANAGEMENT OF NATURAL RESOURCES THROUGH OUTREACH AND COMMUNICATION STRATEGIES	<ul style="list-style-type: none"> • PH-EITI regularly issued press releases and press briefings to widely disseminate the findings of the report. The PH-EITI newsletter is also regularly published. • PH-EITI commissioned studies on topics relevant to the extractive sector such as subnational payments, social and mandatory expenditures, licensing processes, and IP processes. • A forum and focus group discussion was likewise conducted with university students to discuss the findings of the report, including the gaps in existing systems that need to be addressed. • Outreach activities with LGUs also served as a forum for discussing governance of natural resources at the local level. Inevitably, discussions were not only confined to the EITI process but to issues that are relevant to local communities such as environmental issues, illegal mining, and labor conditions in mining sites. • An executive summary or a shortened version of the report as well as flyers explaining the report were published and distributed during PH-EITI events and briefings with legislators and other government officials
IMPROVEMENT OF EXISTING SYSTEMS BY FORMULATING POLICIES AND RECOMMENDATIONS BASED ON THE REPORT'S FINDINGS	<ul style="list-style-type: none"> • PH-EITI has started engaging legislators to discuss possible amendments of existing laws and/or draft bills to strengthen natural resource management. Among the possible amendments discussed by the MSG are the following: <ul style="list-style-type: none"> a. Repeal of confidentiality provisions on tax payer's information and incentives under the NIRC and the Omnibus Investments Act respectively; b. Revisiting the tax collection schemes between head offices and local areas where extractive operations are situated; c. Reviewing the procedures for the transfer of shares in national wealth from the national government to the local government • PH-EITI has started planning with NCIP capacity building measures to enable IPs to adequately monitor their royalties • The MICC tasked relevant agencies to submit action plans to operationalize the recommendations of the MSG
OPPORTUNITIES FOR STAKEHOLDER DIALOGUES	<ul style="list-style-type: none"> • The MSG conducted regular meetings every month • A National Conference was held in February 2015 where all stakeholders from around the country were given the opportunity to give a feedback on the EITI report and how the EITI process can be improved to address their issues
OPPORTUNITIES FOR STAKEHOLDER DIALOGUES	<ul style="list-style-type: none"> • Ph-EITI and its CSO representative Bantay Kita also visited the Autonomous Region of Muslim Mindanao (ARMM) to hold a forum on natural resource management. The participants engaged in discussions on how to foster transparency along the EI value chain.

ACTIVITIES CONDUCTED OUTSIDE OF THE WORKPLAN	OBJECTIVES/ TARGETS ACHIEVED	COST IN PHP
INDUSTRY SECTOR		
Chamber of Mines of the Philippines (COMP)		
<p>17 March 2015, Elks Club, Corinthian Plaza, Makati City: Legal, Finance, And Communications Committees of the Chamber held a joint meeting at the Elks Club to discuss—</p> <p>(i) proposed changes to the BIR waiver; (ii) a proposed EITI law and (iii) explain the results of the 2014 Philippine Country Report to company representatives.</p> <p>Companies thereafter resolved to:</p> <p>(i) insist that the PH-EITI maintain the wording of the 2014 BIR Waiver, (ii) maintain the voluntary nature of EITI Reporting and (iii) ask the PH-EITI National Secretariat to conduct a wider industry briefing for mining industry players.</p>	Strengthen business environment and increase investments	
<p>24 April 2015, Hotel Jen, Manila: PH-EITI – Chamber of Mines Industry Forum on the PH-EITI Report where the results of the 2014 Country Report were presented to industry representatives.</p> <p>A workshop on (i) communicating the results, (ii) improving Industry participation for the 2015 Report, and (iii) defining the industry’s message was conducted in the afternoon.</p> <p>A discussion was also had on the following matters: (i) Revisions to the BIR waiver for the 2015 Report; and (ii) The proposed EITI law</p>	Strengthen business environment and increase investments	
Petroleum Association of the Philippines (PAP)		
<p>Execom and General Members’ meetings wherein PH-EITI was a regular agenda item to increase awareness on the progress of the PH-EITI process, provide update on various PH-EITI activities, and promote wider active involvement of industry companies - held in December 2014, February and April 2015</p>	<p>Improve public understanding of the management of natural resources and availability of data – as further understanding on industry figures and information was gained)</p> <p>Strengthen business environment and increase investments – additional steps in promoting more level playing field</p>	Aggregate cost of Php 100,000
CIVIL SOCIETY ORGANIZATIONS / BANTAY KITA		
National Outreach and Capacity Building Activities/Location/ Date: July 2014-June 2015		
LGU Briefing on Environmental Regulations, Pasig City July 24, 2014	Strengthen national resource management / strengthen government systems	606,929.86
CSO National Consultation on Coal Mining – Capacity Building and Strategic Planning , Davao City, August 3, 2014*	Improve public understanding of the management of natural resources and availability of data	256,160.96
National Peoples Conference on Coal and Renewable Energy, Davao City, August 4- 7, 2014*	Improve public understanding of the management of natural resources and availability of data	51,622.42
PES: 52nd Annual Meeting, November 14, 2014*	Improve public understanding of the management of natural resources and availability of data	90,000.00
Bantay Kita National Conference February 4-5, 2015, Bayanihan Center	Improve public understanding of the management of natural resources and availability of data	911,427.05
Media Briefing on Philippine EITI Report February 26, 2015, Annabel’s Quezon City	Improve public understanding of the management of natural resources and availability of data	24,260.81
National Indigenous People’s Congress, March 2-6, 2015, Maria Antonia Parish Retreat House*	Improve public understanding of the management of natural resources and availability of data	50,184.00
Mining Conference Organized by UP Political Science Dept, March 3, 2015, UP Diliman*	Improve public understanding of the management of natural resources and availability of data	3,152.43

ACTIVITIES CONDUCTED OUTSIDE OF THE WORKPLAN	OBJECTIVES/ TARGETS ACHIEVED	COST IN PHP
CIVIL SOCIETY ORGANIZATIONS / BANTAY KITA		
Subnational Outreach and Capacity Building Activities/Location/ Date		
EITI Multi-stakeholders' Briefing and Strategic Planning Workshop for ARMM Provinces (Phase 1), Cotabato City, August 12, 2014	<p>Improve public understanding of the management of natural resources and availability of data</p> <p>Create opportunities for dialogue and constructive engagement in natural resource management in order to build trust and reduce conflict among stakeholders</p> <p>Strengthen national resource management / strengthen government systems</p>	232,238.80
EITI Multi-stakeholders' Briefing and Strategic Planning Workshop for ARMM Provinces (Phase 2), Zamboanga City, August 20, 2014	<p>Improve public understanding of the management of natural resources and availability of data</p> <p>Create opportunities for dialogue and constructive engagement in natural resource management in order to build trust and reduce conflict among stakeholders</p> <p>Strengthen national resource management / strengthen government systems</p>	174,042.75
Visayas Subnational Meeting on the Selection of CSO Rep to EITI PH MSG, VSU Leyte, August 22, 2014	<p>Create opportunities for dialogue and constructive engagement in natural resource management in order to build trust and reduce conflict among stakeholders</p>	4,661.00
Cebu EITI Multi-stakeholders' Conference, August 28, 2014	<p>Improve public understanding of the management of natural resources and availability of data</p> <p>Create opportunities for dialogue and constructive engagement in natural resource management in order to build trust and reduce conflict among stakeholders</p>	124,990.85
Dinagat Islands Multi-stakeholders' Forum on EI and EITI Briefing, September 29-30, 2014	<p>Improve public understanding of the management of natural resources and availability of data</p>	168,910.10
Agusan CSO EITI Briefing and Strategic Planning, October 10, 2014	<p>Improve public understanding of the management of natural resources and availability of data</p>	11,830.80
Cebu PLGU EITI Dialogue and Consultation, October 20, 2014	<p>Strengthen national resource management / strengthen government systems</p>	5,442.00
Zambales EI Outreach Forum, November 22, 2014	<p>Improve public understanding of the management of natural resources and availability of data</p>	48,119.50
Surigao Multi-stakeholders' Forum on EI and Briefing on EITI, November 24, 2014	<p>Improve public understanding of the management of natural resources and availability of data</p>	222,685.65

ACTIVITIES CONDUCTED OUTSIDE OF THE WORKPLAN	OBJECTIVES/ TARGETS ACHIEVED	COST IN PHP
CIVIL SOCIETY ORGANIZATIONS / BANTAY KITA		
NV CSO Strategic Planning Nueva Vizcaya, December 15, 2014	Improve public understanding of the management of natural resources and availability of data	15,273.22
Presentation of 1st EITI Report to CSOs, Davao, February 20-21, 2015	Improve public understanding of the management of natural resources and availability of data	224,798.93
Presentation of ComVal and Tboli Sub-national Initiatives in PH-EITI, February 27, 2015, DOF, Manila (EITI-MSG)	Strengthen national resource management / strengthen government systems	67,290.50
Forum on Environmental Rights and the EITI, March 3, 2015, Cantilan, Surigao del Sur	Improve public understanding of the management of natural resources and availability of data	49,961.20
NV CSO EITI Subnational Conference 1st Quarter Meeting & Capacity Building, March 3, 2015, NVSU Compound, Bayombong, Nueva Vizcaya	Create opportunities for dialogue and constructive engagement in natural resource management in order to build trust and reduce conflict among stakeholders	58,005.00
NV Launching of the Environment Code (which includes Subnational EITI), March 4, 2015, Capitol Compound, Bayombong, Nueva Vizcaya	Strengthen national resource management / strengthen government systems	95,131.75
Multi-stakeholders Forum on Small-scale Mining Production, Revenues and Community Benefits March 25, 2015, T'boli, South Cotabato	Create opportunities for dialogue and constructive engagement in natural resource management in order to build trust and reduce conflict among stakeholders Strengthen national resource management / strengthen government systems	40,468.50
Initial review of Provincial Ordinance Nos. 7 and 8 Integrating Amendments to Improve Revenue Generation and Transparency, General Santos City, March 27, 2015	Strengthen national resource management / strengthen government systems	12,316.00
Cebu EITI Report Assessment, March 30, 2015, Cebu City	Improve public understanding of the management of natural resources and availability of data	63,313.18
BLGU Diwalwal Orientation on T & A April 20, 2014, Diwalwal, Monkayo Compostela Valley	Strengthen national resource management / strengthen government systems	26,822.00
EITI Report Orientation in Lotopan, Toledo City, May 1, 2015	Improve public understanding of the management of natural resources and availability of data	24,065.50
Subanen Tribal Council (Pigsalabukan Gukom de Bayogor PGB) Transparency Training -Workshop on IP Royalty Shares from Mining , May 13-14, 2015 , Bayog Zamboanga del Sur	Improve public understanding of the management of natural resources and availability of data Strengthen national resource management / strengthen government systems	144,081.26
Tboli Tribal Council Transparency Training -Workshop on IP Royalty Shares from Mining - May 20-22, 2015 T'Boli, South Cotabato	Improve public understanding of the management of natural resources and availability of data Strengthen national resource management / strengthen government systems	120,605.42
Visayas Youth Summit (with EITI Report Assessment), May 29-31, 2015, Ormoc City, Leyte*	Improve public understanding of the management of natural resources and availability of data	80,000.00

* Contributed

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Assessment of performance against EITI requirements



On its second year of implementation, PH-EITI has attained significant progress in adhering to the EITI International Standards as shown below:

REQUIREMENTS	PROGRESS
Effective oversight by the multi-stakeholder group.	<p>As discussed above, regular MSG meetings are conducted where important decisions regarding all aspects of EITI implementation are made. Among the key decisions made by the MSG for the period covered by this report are the following:</p> <ol style="list-style-type: none"> 1. Approval of the first PH-EITI report 2. Formulation of key messages from the report 3. Disclosure of IP contracts 4. Recommendations to address the gaps surfaced by the first report 5. Memorandum on the recommendations to be presented to the MICC 6. Approval of 2015 work plan 7. Approval of the Terms of Reference of the Independent Administrator (IA) for the second report 8. Revisions on the reporting template for the second report 9. Inclusion of small-scale mining (two sites) and large scale mining (contextual information) in the second report 10. Institutional assessment of the MSG and the secretariat
Timely publication of EITI Reports.	The Philippines was able to meet the deadlines for submission of its Annual Activity Report (July 1, 2014) and its EITI country report (December 31, 2014)
EITI Reports that include contextual information about the extractive industries.	Volume 1 of the Philippines' EITI report contains a wealth of contextual information about extractive industries in the country including the following: Overview of the extractive sector and contribution of the industry to the economy (GDP, export data, labor data, production data, potential reserves), legal and regulatory framework, licensing processes, state-owned enterprises, subnational payments, special and mandatory payments, IP processes, overview of revenue management and budget processes, and ongoing reforms in the extractive sector.
The production of comprehensive EITI Reports that include full government disclosure of extractive industry revenues, and disclosure of all material payments to government by oil, gas and mining companies.	Volume 2 of the EITI report includes data on material payments of 30 large scale metallic mining companies and 6 oil and gas companies. 18 material revenue streams are in scope. 6 government agencies and 32 LGUs, covering 85.5% of total income of all mining, oil, gas and coal companies.
A credible assurance process applying international standards.	Philippine companies adhere to assurance processes that conform with international standards. Government data submitted to the IA were attested to by relevant government officials of the agencies concerned to ensure accuracy and reliability of data. All reporting templates were duly signed by appropriate government officials.

REQUIREMENTS	PROGRESS
EITI Reports that are comprehensible, actively promoted, publicly accessible, and contribute to public debate.	Since the publication of the EITI report, the key findings were widely disseminated to stakeholders through presentations conducted by the sectors, the MSG chair and the PH-EITI secretariat. Target audiences were the media, academe, legislators, government agencies, and organizations of local government officials. Popular and translated versions of the report are currently being drafted.
That the multi-stakeholder group takes steps to act on lessons learned and review the outcomes and impact of EITI implementation.	Acting on the findings of the IA, the MSG formulated recommendations for government agencies, legislators, and companies to strengthen EITI implementation. A summary of such recommendations is provided in this report.

4

Overview of the multi-stakeholder group's responses to the recommendations from reconciliation and Validation



Acting on the findings of the Independent Administrator as reflected in the first report, the following recommendations were formulated by the MSG and elevated to the MICC for appropriate action. The MICC has directed the agencies to develop action plans based on the MSG's recommendations:

Mines and Geosciences Bureau		
Gaps	Recommendation	Output
Monitoring of SDMP and environmental funds needs improvement	<p>Capacitate MGB regional offices and multipartite monitoring teams</p> <p>Create MMTs and PMRBs in areas where they do not yet exist</p> <p>Include EITI related information in the monitoring checklist that the MGB is currently doing</p> <p>LGUs should be represented in the monitoring of SDMP and environmental funds</p> <p>Implement a transparent mechanism in the selection of representatives to the MMTs and PMRBs</p> <p>Ensure that SDMPs are prepared in coordination with local development councils</p>	<p>A standardized SDMP monitoring checklist that includes EITI related information</p> <p>Functioning MMTs and PMRBs capacitated in monitoring payments</p>
Inadequate centralized and web based data	<p>MGB should implement a web- based submission of documents from regional to central office;</p> <p>MGB should develop a program /IT system to compile SDMP for analysis</p> <p>MGB should require companies to submit SDMP electronically</p>	A centralized database for all EITI related information from MGB that may be accessed electronically
Inclusion of small scale mining	<p>Data on small scale mining should be improved</p> <p>Creation of PMRBs</p> <p>Make EITI participation a prerequisite to issuance of SSM permits</p>	Functioning PMRBs
7 Companies did not participate in the EITI report (AAM Phil, CTP Construction, Ore Asia, Oriental synergy, Shenzhou, SR Languyan, Zambales Diversified)	Require companies to participate	100% participation of mining companies

Department of Energy		
Gaps	Recommendation	Output
DOE's monitoring of government shares is done on a per consortium/SC basis which makes reconciliation difficult	DOE to require reporting per company not per service contract	Monitoring reports on government shares disaggregated on a per company basis
DOE has no centralized monitoring method/ database for revenues/ collections	Centralize information on payments, develop an IT system for this purpose Designate an EITI point person from DOE's financial services	Special order officially appointing an EITI point person - IT system for centralization of data
Semirara and 5 oil companies failed to participate in the EITI report (Alcorn, Forum energy, Forum Pacific, Oriental Petroleum and Philodrill)	Require companies to participate	100% compliance of all oil,gas and coal companies

Bureau of Customs		
Gaps	Recommendation	Output
There is no disaggregation of reports to separate customs duties and VAT on capital equipment	Validate if all capital equipment are zero- rated Disaggregated data for VAT and customs duties	Revised reporting systems
Accounting systems could be customized to report duties and VAT in separate account codes	Revise current systems of recording data	Revised recording systems

Bureau of Internal Revenue		
Gaps	Recommendation	Output
Prohibition on disclosure of tax information under the NIRC is a legal impediment to full cooperation of companies in the EITI process	Propose amendments to the NIRC to make EITI reporting an exception to this rule	Proposed amendment to NIRC
Reporting of final withholding taxes is currently monitored in lump sum	Reporting of final withholding taxes should be disaggregated Revision of current recording systems and BIR forms	A revised reporting system or BIR form for final withholding taxes
9 Companies did not submit BIR waivers (Citinickel, CTP Construction, SR Languyan, Alcorn, Forum Energy, Forum Pacific, Oriental Petroleum, Philodirll, Semirara)	Require companies to submit BIR waiver	100% participation of all companies

Philippine Ports Authority

Gaps	Recommendation	Output
Wharfage fees paid by subcontractors are difficult to trace back to the companies that contracted them	PPA's system of reporting payments should be revised to indicate principals of subcontractors	Revised reporting system from PPA with regard to subcontractors

National Commission on Indigenous Peoples

Gaps	Recommendation	Output
Inadequate monitoring of IP royalties; NCIP merely relies on declarations of companies; no independent monitoring	Develop a system for monitoring IP royalties Require all companies to furnish NCIP with copies of deposits to the designated bank account for IP royalties	Monitoring tools/mechanisms for IP royalties

LOCAL GOVERNMENT UNITS/BUREAU OF LOCAL GOVERNMENT FINANCE

Gaps	Recommendation	Output
Recording of payments at the local level are not disaggregated per industry (e.g., mining, forestry, etc)	Improve system of collection to disaggregate payments per sector Forms should be revised to indicate disaggregated information Improve IT systems of BLGF	Revised forms, trainings with local treasurers
Grants and donations given to LGUs are not monitored by the DILG or BLGF	BLGF reports on grants and donations should be disaggregated in the ESRE to reflect donations from extractive industries	Documentation of receipt of grants/donations
Companies pay to 2 jurisdictions (head office and host of operations)—a system that is prone to inaccuracy of payments.	Review legislation on shares of head office and host/plant office; Companies should be required to copy furnish both head office and host LGU of proof of payments made to both	Recommendations on the proposed sharing of head office and host LGU in mining revenues
LGUs and MGB lack coordination with regard to computation and collection of occupation fees	MGB must inform LGUs as to the proper computation of Occupation Fees Improve formatting of order of payment to include details (i.e., hectarage, computation)	Revised Order of Payment

DEPARTMENT OF BUDGET AND MANAGEMENT

Gaps	Recommendation	Output
There is no disaggregation of data to indicate the mining industry's portion in the LGU's share from national wealth	Recording of LGU's share in national wealth should be revised to reflect which amounts came from which sectors (e.g. mining, oil, coal, etc) on a per company basis	Revised reporting and recording procedures
Lack of data on total collection of national wealth per revenue type and per LGU	DBM should revise reporting systems to capture information on total collection of national wealth per revenue type and per LGU	Revised reporting systems

BOI and PEZA

Gaps	Recommendation	Output
Incentives provided by the gov't to industry were not disclosed.	The Board of Investments and other agencies that grant incentives should disclose the incentives given to the extractive industries	<p>Memo from the MICC on disclosure of information/data/documents</p> <p>Actual data on incentives provided by BOI and relevant agencies to companies</p>

ALL AGENCIES

Gaps	Recommendation	Output
Limited disclosure of documents that will provide the context of the industry	<p>Timely release of government documents that should be used to provide the current context of the extractive industry</p> <p>Digitization of government documents</p>	Online portal for government documents
Not all companies participated in the EITI process	All agencies should issue a joint resolution requiring participation of all companies covered by the scope of the report	Joint resolution of all agencies involved in EITI

PH-EITI likewise revised its work plan to address the gaps specified in the report. The 2015 work plan includes the following activities intended to implement the IA's and the MSG's recommendations:

1. Address gaps in the first report:
 - a. Comprehensive assessment of auditing procedures of government and industry and evaluation of data quality
 - b. Tracking of distribution of LGU shares and reconciliation of LGU collections for inclusion in the EITI report
2. Improvement of monitoring procedures of government agencies
3. Engagement of COA regarding audit procedures
4. Improvement of EITI Open Data Dashboard (uploading of maps of mining tenements and oil, gas and coal operations, supporting documents from MGB and DOE, MOAS from NCIP)
5. Development of monitoring tools and systems for IP royalties, mandated funds and CSR projects
6. Scoping study on small-scale mining
7. Pilot subnational implementation in selected LGUs and capacity building of LGUs; strengthening of local monitoring teams
8. Operationalization of policy recommendations (revision of forms, creation of modules, establishment of MIS for government agencies)
9. Engagement of other mining affiliated organizations

5

Specific strengths or weaknesses identified in the EITI process



EFFORTS TO STRENGTHEN EITI IMPLEMENTATION

The following measures were implemented to strengthen EITI implementation:

1. Creation of working committees to focus on specific areas of concern--- Ad-hoc committees were created by the MSG to ensure a more detailed and thorough discussion of specific concerns. This was done for the purpose of drafting the EITI Bill and reviewing the provisions of the Local Government Code on revenue collection. A technical working group also serves as an advisory body to the MSG.
2. In addition to non-mandatory disclosures that the MSG agreed upon for the first report, it also demanded the disclosure of mining monitoring reports and supporting documents of contracts such as social development plans of mining companies, rehabilitation plans, and ancillary permits issued to companies in connection with their operations. The objective of this is to provide more information on the sector's current context, and to enable communities to evaluate and monitor the implementation of such plans.
3. This year, PH-EITI strengthened its collaboration with the Open Government Partnership by actively participating in OGP activities. The MSG discussed and approved the EITI component of the Philippine OGP's co-created plan with very specific targets for 2016 and 2017. In addition, PH-EITI has partnered with Open Data Philippines in creating an open contracts portal.
4. To respond to the clamor of stakeholders, PH-EITI will include small scale mining in its second report by evaluating data on SSM from two sites where subnational transparency initiatives are currently ongoing. Large-scale non-metallic mining will also be included in the contextual information of the second report.
5. The different sectors separately conducted parallel activities to disseminate the findings of the report and to engage their respective sectors in the EITI process.

WEAKNESSES:

1. The absence of an enabling law to compel all companies to participate in the process is one major challenge. This has been evident in the refusal of some companies to execute the BIR waiver and the difficulty in getting the Board of Investments to disclose incentives.
2. Uncertainty of funding poses problems in the continuous implementation of activities. The slow government processes for the issuance of the Special Allotment Release Order (SARO) and the tedious procurement processes have caused delays in the engagement of the Independent Administrator which is critical for the timely submission of the second report.
3. The operations of the secretariat have been severely hampered by the delays in financial processes. Services that should have been engaged at the start of 2015 were not engaged due to lack of funding, thus affecting the production of communications materials. Payment of the compensation of key staff from the secretariat has been delayed and/or irregular. The system for the approval and renewal of contracts of the secretariat should be improved.
4. The government should seriously look into the possible creation of permanent positions in the Department of Finance or other agencies for the national secretariat.

6

Total costs of implementation



ACTIVITY	WORKPLAN COST (BUDGET) (Php)	OUT TURN COST (Php)	CONTRIBUTOR
Engagement of Independent Administrator for the 1st report	4,000,000	3,879,590	Government Of the Philippines (GOP)
Commissioning of a study on the legal framework for EITI implementation	352,000	352,000	Embassy of Canada - DFATD
Commissioning of a study for subnational payments	1,039,500	1,039,500	Embassy of Canada - DFATD
Hiring of Communication Strategist	1,300,000	443,160	World Bank
Regular MSG meetings and other related meetings (budget for representation and meetings)			
• MSG and TWG meetings		68,510	GOP
		44,000	MDTF
• Press Conference (July 2014)		7,000	GOP
• NCR LGU Orientation and Walkthrough		13,300	GOP
• Financial/Budget Meeting (DOF and WB)	510,000	GOP	
	1,516,000	MDTF	
• Briefing with officials from the Municipality of Languyan, Tawi-Tawi and representatives from SR Languyan Mining Company		10,300	GOP
• Meeting with the Independent Administrator		630	GOP
• Coordination meeting for the report launch		6,000	GOP
Trainings and workshops under GOP			
• Mid-Year Assessment and Planning of the Secretariat	3,040,964	107,639	GOP
• Writeshop Activity (Finalization of EITI Report)		49,362	GOP
• MSG approval of the 1st EITI PH-EITI Report		47,750	GOP
• Press Conference to present the key findings of the 1st report		201,079	GOP
• Workshop on Analyzing EITI Data And Communicating the PH-EITI Report/ Report analysis workshop		331,530	GOP
Engagement of a report editor and graphic designer for the 1st report	432,000	432,000	GOP
The 1st PH-EITI Country Report Launch	5,477,600	4,968,271	GOP
Training on reporting template/ LGU roadshow	Included in the budget for IA	Included in the budget for IA	GOP
CSO and Media briefing	200,907	200,907	British Embassy
Revenue Management Forum	135,000	135,000	British Embassy
Activities under budget for regular forums and dialogues with stakeholders			
• Industry Forum	1,200,000	132,200	MDTF
• Student's Forum and Focused Group Discussion		7,200	MDTF
Secretariat Staff planning	Budget for trainings	258,000	MDTF
Pre-Validation Workshop	700,250	219,328	MDTF
Legislator's Forum	849,500	253,000	MDTF

ACTIVITY	WORKPLAN COST (BUDGET) (Php)	OUT TURN COST (Php)	CONTRIBUTOR												
Clare Short's Visit: Meetings with DOF officials, PH-EITI MSG, development partners, MICC members and other government officials	Savings from pre-validation workshop	246,910	MDTF												
Asia Regional Data Visualization Bootcamp and Participation in the Regional MSG and National Coordinator's meeting	1,062,000	752,300	MDTF												
Program Management (salary of Secretariat)	<table border="1"> <tr> <td>5,017,803</td> <td>GOP</td> </tr> <tr> <td>806,000</td> <td>World Bank</td> </tr> <tr> <td>1,046,346</td> <td>MDTF</td> </tr> </table>	5,017,803	GOP	806,000	World Bank	1,046,346	MDTF	<table border="1"> <tr> <td>3,799,038</td> <td>GOP</td> </tr> <tr> <td>806,000</td> <td>World Bank</td> </tr> <tr> <td>697,564</td> <td>MDTF</td> </tr> </table>	3,799,038	GOP	806,000	World Bank	697,564	MDTF	GOP, MDTF and World Bank
5,017,803	GOP														
806,000	World Bank														
1,046,346	MDTF														
3,799,038	GOP														
806,000	World Bank														
697,564	MDTF														
TOTAL	28,685,870	19,516,068²													

² Total cost of implementation only covers disbursed amount and excludes expenses that have been incurred but are pending settlement as of the publication of this Activity Report.

Details of membership of the MSG during the period (including details of the number of meetings held and attendance record)

Name	Title	Organization	MSG MEETINGS													TOTAL
			14th	15th	16th	17th	18th	19th	20th	21st	22nd	23rd	Special Meeting			
GOVERNMENT																
Department of Finance (DOF)/ Undersecretary Jeremias N. Paul/ Assist. Sec. Ma. Teresa S. Habitan			✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	11	
Bureau of Internal Revenue (BIR)/ Asst. Comm. Nestor Valeroso/Atty. Teresita Angeles ³										✓	✓	✓	✓	✓	4	
Department of the Interior and Local Government (DILG)/ Undersecretary Austere A. Panadero / Dir. Anna Liza F. Bonagua			✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	10	
Department of Energy (DOE)/ Undersecretary Zenaida Y. Monsada/ Engr. Nento Jariel Jr.			✓		✓	✓	✓	✓	✓	✓	✓	✓			9	
Department of Environment and Natural Resources (DENR)- Mines and Geosciences Bureau (MGB)/ Dir. Leo J. Jasareno/ Engr. Romualdo D. Aguilos			✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	11	
Union of Local Authorities of the Philippines (ULAP)/ Gov. Alfonso Umali Jr./ Michael Joseph U. Juan			✓	✓		✓	✓	✓			✓		✓		7	
CIVIL SOCIETY ORGANIZATIONS																
<i>Full</i>																
Dr. Cielo D. Magno	National Coordinator	Bantay Kita		✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	9	
Prof. Jay L. Batongbacal	Professor	University of the Philippines (UP) Law		✓	✓	✓	✓	✓							4	
Prof. Maria Aurora Teresita W. Tabada	Director/ Associate Professor	Visayas State University	✓	✓	✓	✓	✓				✓		✓		9	
Ronald Allan A. Barracha	Chair Trustee	Philippine Rural Reconstruction Movement (PRRM)-Nueva Viscaya	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	11	
Roldan R. Gonzales	Executive Director	GITIB, INC.	✓	✓		✓		✓	✓	✓	✓	✓	✓		8	

³The BIR only became an official member of the MSG in February 2015

Name	Title	Organization	MSG MEETINGS												TOTAL
			14th	15th	16th	17th	18th	19th	20th	21st	22nd	23rd	Special Meeting		
CIVIL SOCIETY ORGANIZATIONS															
Alternate															
Filomeno Sta. Ana III	Coordinator/ President	Action for Economic Reforms (AER)/Bantay Kita	✓	✓	✓					✓		✓			5
Vince Lazatin	VP/Executive Director	Bantay Kita/Transparency & Accountability Network (TAN)			✓			✓		✓				✓	5
Agustin Docena/ Chadwick Go Llanos ⁴	Chair/ President Focal Person	Samar Island Bio-diversity Foundation (SIBF)/Eastern Visayas Network of NGOs and POS, Inc. (EVNET) Cebu Alliance for Safe and Sustainable Environment (CASSE)	✓								✓	✓	✓	✓	5
Dr. Merian C. Mani	Member/Research Coordinator	Romblon Ecumenical Forum Against Mining (REFAM)/ Romblon State University	✓	✓	✓				✓		✓		✓		7
Starjoan Villanueva	Executive Director	Alternate Forum for Research in Mindanao, (AFRIM) Inc.	✓	✓	✓			✓		✓				✓	6
BUSINESS															
Full															
Engr. Artemio F. Disini	Chairman	Chamber of Mines of the Philippines			✓	✓			✓					✓	4
Gerard Brimo	Board of Directors/ President	Chamber of Mines of the Philippines/ Nickel Asia Corporation	✓		✓	✓			✓				✓		6
Sebastian C. Quiniones, Jr.	General Manager/ Managing Director/ Vice President	Shell Philippines Exploration BV (SPEX)/ Petroleum Association of the Philippines		✓		✓		✓		✓			✓		4

⁴Replaced Mr. Docena starting March 2015

Name	Title	Organization	MSG MEETINGS											TOTAL	
			14th	15th	16th	17th	18th	19th	20th	21st	22nd	23rd	Special Meeting		
BUSINESS															
Full															
Francisco J. Arañes Jr.	Resident Manager	CAMBAYAS Mining Corporation									✓	✓	✓		3
Adrian Ramos	VP and Director	Atlas Consolidated Mining and Development Corp.													0
Alternate															
Nelia C. Halcon	Executive Vice President	Chamber of Mines of the Philippines		✓		✓	✓	✓	✓	✓					6
Emmanuel L. Samson	Senior Vice President- Chief Financial Officer	Nickel Asia Corporation/ Chamber of Mines of the Philippines													0
James Ong	President	Ore Asia Mining and Development Corporation													0
Sabino Santos	Asset Manager	Chevron Malmampaya LLC/ Petroleum Association of the Philippines	✓	✓					✓	✓			✓		5
Renato N. Migriño	Chief Financial Officer & Senior Vice President for Finance	PHILLEX Mining Corporation/ Chamber of Mines of the Philippines												✓	0

An assessment of EITI implementation for 2014-2015 was conducted during the National Conference in February 2015 where stakeholders from all over the country gave recommendations on how to improve EITI implementation in the country. Their evaluation and recommendations are reflected in this report.

Approved by the MSG:

Date: June 30, 2015

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ANNEX

1

**DOCUMENTATION OF PH-EITI'S
EFFORTS TO REQUIRE COMPANIES
TO EXECUTE THE BIR WAIVER**

March-September 2013

Consultations were conducted by the MSG with the Bureau of Internal Revenue and extractive companies on the execution of the BIR waiver.

October 11, 2013

PH-EITI MSG approved the final version of the BIR waiver.

October – November 2013

Waivers were distributed to companies by the Secretariat with the assistance of the Chamber of Mines and SPEX. Constant follow-ups ensued.

December 12, 2013

A briefing on the BIR waiver was conducted with mining companies. Chamber of Mines and non-chamber members responded to queries of companies. 10 companies attended.

March 6, 2014

A briefing with extractive companies on the BIR waiver was conducted at the Department of Energy. Assistant Secretary Dan Ariaso of the DOE, Asst. Sec. Ma. Teresa Habitan, and Dir. Stela Montejo of the Department of Finance, as well as members of the Petroleum Association of the Philippines responded to queries of companies. 20 companies attended.

March 10, 2014

DOE Asst. Sec. Dan Ariaso and DOF Asst. Sec. Teresa Habitan met with Semirara Mining Company to brief them on EITI and explain the necessity and importance of executing the waiver.

May 16, 2014

Companies that have not signed the waiver were invited to the National Conference of PH-EITI. Secretary Purisima stressed in his closing remarks the importance of executing the BIR waiver and urged the companies to execute the same.

May 26, 2014

Sec. Bebet Gozun elevated the issue of BIR waiver to Sec. Ramon Paje and Sec. Jericho Petilla to seek their intervention.

May 2014 onwards

Intensive and constant follow-ups were made by the Secretariat and the Chamber of Mines with non-signatories.

June 2014 onwards

Upon the orders of Sec. Paje, the Mines and Geosciences Bureau, through Dir. Jasareno talked to non-signatories one by one to require them to sign the BIR waiver.

July 22, 2014

The MSG conducted a press conference at the Department of Finance to urge companies to execute the BIR waiver. Press releases were published in major newspapers.

August 19, 2014

The Department of Energy led by Undersecretary Zenayda Monsada, together with DOF Asst. Sec. Teresa Habitan conducted an outreach to the remaining companies who have not signed the waiver to reiterate and stress its importance. Twelve companies attended.

August 22, 2014

The issue of the execution of the BIR waiver was elevated to the Mining Industry Coordinating Council (MICC) during its 18th MICC meeting. Secretary Purisima sent letters to all companies urging them to execute the BIR waiver.

August 26, 2014

Sec. Bebet Gozun invited Semirara Mining Company to a dialogue in order to clarify their apprehensions regarding the BIR waiver and the EITI process. Semirara expressed its decision not to participate in EITI.

September 4, 2014

PH-EITI held a briefing with the media where the list of companies without waivers was publicized.

September – October 2014

Constant follow-ups were made by MGB, DOE and the PH-EITI Secretariat. Six additional companies executed waivers.

The complete list of companies with waivers and their corresponding dates of transmittal to the BIR is as follows:

February 19:

1. Cagdianao Mining Corporation
2. Hinatuan Mining Corporation
3. Rio Tuba Nickel Mining Corporation
4. Taganito Mining Corporation
5. Filminera Resources Corporation
6. Lepanto Consolidated Mining Company
7. OceanaGold (Philippines), Incorporated
8. Philex Mining Corporation
9. Philsaga Mining Corporation
10. Platinum Group Metals Corporation
11. TVI Resource Development
12. Zambales Diversified Metals Corporation
13. Cambayas Mining Corporation
14. Shell Philippines Exploration B.V (SPEX)
15. Chevron Malampaya LLC
16. Philippine National Oil Company (PNOC) - Exploration Corporation

June 13:

1. Apex Mining Co., Inc.
2. Berong Nickel Corp.
3. Eramen Minerals, Inc.
4. Johson Gold Mining Corporation
5. Leyte Iron Sand Mining Corporation
6. Marcventures Mining and Development Corp.
7. SinoSteel Philippines H.Y. Mining Corp.
8. Nido Production (Galoc) Pty. Ltd.

July 22:

1. Benguet Nickel Mines, Inc.
2. Carmen Copper Corp.
3. LNL Archipelago Minerals Incorporated
4. Philippine Mining Development Corporation (PMDC)
5. Galoc Production Company

August 13:

1. Oriental Synergy Mining Corporation
2. Krominco, Inc.
3. Rapu-Rapu Minerals, Incorporated
4. Shuley Mine Incorporated
5. Carrascal Nickel Corporation

August 22:

1. Ore Asia Mining and Development Corporation
2. SR Metals, Inc.

September 25:

1. Pacific Nickel Phils., Incorporated
2. Trans Asia Petroleum Corporation

October 20:

1. Adnama Mining Resources Incorporated
2. Greenstone Resources Corporation
3. Mt. Sinai Mining Exploration and Development Corporation

October 24:

1. AAM-PHIL Natural Resources Exploration and Development Corporation

ANNEX

2

PH-EITI ACTIVITIES

ACTIVITY	DATE CONDUCTED	OBJECTIVES
Capacity building activities for PH-EITI secretariat	June 9-11, 2014 Staff planning: April 15-18, 2015	Show direct and indirect contribution of extractives to the economy (through EITI process)
Briefing/meeting with companies on BIR waiver	August 19, 2014: briefing with oil, gas and coal companies August 26, 2014: Dialogue with Semirara Mining Company September 15, 2014: Briefing with officials from the Municipality of Languyan, Tawi-Tawi and representatives from SR Languyan Mining Company	Show direct and indirect contribution of extractives to the economy (through EITI process)
Training on reporting template/ LGU roadshow	August 12, 2014: ARMM August 19, 2014: Baguio August 26, 2014: NCR August 28, 2014: Butuan September 8, 2014: Cebu September 11, 2014: Palawan	Show direct and indirect contribution of extractives to the economy (through EITI process)
Revenue Management Forum	September 4, 2014	Show direct and indirect contribution of extractives to the economy (through EITI process)
Release of the draft PH-EITI report to the MSG (1st report)	17th MSG meeting: October 7, 2014	Show direct and indirect contribution of extractives to the economy (through EITI process)
Non-Comp Election for Non-Comp Alternate Representative for PH-EITI MSG	November 7, 2014	Show direct and indirect contribution of extractives to the economy (through EITI process)
Writeshop Activity (Finalization of EITI Report)	December 3-5, 2014	Show direct and indirect contribution of extractives to the economy (through EITI process)
MSG approval of the 1st EITI PH-EITI Report	19th MSG meeting: December 5, 2014	Show direct and indirect contribution of extractives to the economy (through EITI process)
World Bank and DOF meetings regarding the Multi Donor Trust Fund	August 5, 2014 September 23, 2014 June 4, 2015	Institutionalization of PH-EITI
Submission of the Withdrawal Application for the first tranche of the Multi-Donor Trust Fund	December 12, 2014	Institutionalization of PH-EITI
Drafting and approval of the 2015 work plan	January to March, 2015	Institutionalization of PH-EITI
Submission of work plan to the EITI International Secretariat	March 3, 2015	Institutionalization of PH-EITI
Hiring of additional technical staff for the Secretariat	April 2015	Institutionalization of PH-EITI
Workshop on Analyzing EITI Data And Communicating the PH-EITI Report/ Report analysis workshop	February 2, 2015	Show direct and indirect contribution of extractives to the economy (through EITI process)
The 1st PH-EITI Country Report Launch	February 3, 2015	Show direct and indirect contribution of extractives to the economy (through EITI process)
Engagement of Independent Administrator (for the second report)	February to June 2015	Show direct and indirect contribution of extractives to the economy (through EITI process)

ACTIVITY	DATE CONDUCTED	OBJECTIVES
Addressing gaps in the first report	April 2015 onwards	Show direct and indirect contribution of extractives to the economy (through EITI process)
Drafting of reporting template (for the 2nd report)	Ongoing	Show direct and indirect contribution of extractives to the economy (through EITI process)
MSG to agree on scope, level of disaggregation and materiality of reporting for the second report	On-going	Show direct and indirect contribution of extractives to the economy (through EITI process)
Production of summary report	April 14, 2015	Show direct and indirect contribution of extractives to the economy (through EITI process)
Clare Short's Visit: Meetings with DOF officials, PH-EITI MSG, development partners, MICC members and other government officials	June 1-2, 2015	Show direct and indirect contribution of extractives to the economy (through EITI process)/ Institutionalization of PH-EITI
Pre-Validation Workshop	June 3, 2015	Show direct and indirect contribution of extractives to the economy (through EITI process)
Asia Regional Data Visualization Bootcamp	June 8-9, 2015	Show direct and indirect contribution of extractives to the economy (through EITI process) Improve public understanding of the management of natural resources and availability of data
Participation in the Regional MSG and National Coordinator's meeting	June 8-10, 2015	Show direct and indirect contribution of extractives to the economy (through EITI process) Create opportunities for dialogue and constructive engagement in natural resource management in order to build trust and reduce conflict among stakeholders
Participate in international outreach and trainings	On-going	Improve public understanding of the management of natural resources and availability of data
Participation in related initiatives (PPEI, OGP, MICC, GGAC)	On-going	Strengthen national resource management / strengthen government systems
Hiring of Communication Strategist	June 2014	Improve public understanding of the management of natural resources and availability of data
Regular stream of communications to the public on the progress of EITI implementation	On-going Press conference: July 23, 2014 Media briefing: September 4, 2014 Press Conference to present the key findings of the 1st report: December 10, 2014	Improve public understanding of the management of natural resources and availability of data

ACTIVITY	DATE CONDUCTED	OBJECTIVES
CSO briefing	September 3, 2014	<p>Improve public understanding of the management of natural resources and availability of data</p> <p>Create opportunities for dialogue and constructive engagement in natural resource management in order to build trust and reduce conflict among stakeholders</p>
Creation of EITI Open Data Dashboard	<p>Portal launch: December 10, 2014</p> <p>Uploading of supporting documents: on-going</p>	Improve public understanding of the management of natural resources and availability of data
Partners Forum with Development Partners	February 17, 2015	Institutionalization of EITI
Maintenance of EITI website and other social network accounts	On-going	Improve public understanding of the management of natural resources and availability of data
Student's Forum and Focused Group Discussion	April 27, 2015	<p>Improve public understanding of the management of natural resources and availability of data</p> <p>Create opportunities for dialogue and constructive engagement in natural resource management in order to build trust and reduce conflict among stakeholders</p>
Publication of reference materials and primer	2nd quarter 2015- onwards	Improve public understanding of the management of natural resources and availability of data
Legislator's Forum	June 2, 2015	Strengthen national resource management / strengthen government systems
Regular MSG meetings (including TWG meetings)	Monthly/ On-going	Create opportunities for dialogue and constructive engagement in natural resource management in order to build trust and reduce conflict among stakeholders
Industry Forum	April 24, 2015	<p>Create opportunities for dialogue and constructive engagement in natural resource management in order to build trust and reduce conflict among stakeholders</p> <p>Strengthen business environment and increase investments</p>

ANNEX

3

**ACTIVITIES IN THE WORK PLAN,
EXPECTED OUTCOMES AND STATUS**

ACTIVITIES IN THE WORKPLAN	EXPECTED OUTCOME	STATUS
Train PH-EITI MSG, PH-EITI TWG and Secretariat on EITI implementation Trainings to be conducted: 1. Training on the purpose of EITI validation, validation requirements, validation process, including the procurement of a validator, the role of the MSG, action planning for successful validation, revenue management and SDMP reporting 2. Capacity building activities for the secretariat 3. Participation of the Secretariat in external seminars	Implementation of PH-EITI	Nos. 1 and 2 Achieved; No. 3 Ongoing;
Partners Forum with Development Partners	Sustainable implementation of EITI	Achieved
Conduct briefing with oil, gas and mining companies regarding EITI implementation/ Dialogues with companies to ensure full participation in EITI	Increased awareness of non-MSG members from the industry on the EITI process	On-going
Seminar Workshop on the Taxes Paid by mining companies at the National and Local Levels in line with the preparation of a Tax Reporting Template for mining companies	Better and more reliable EITI report	Achieved
Conduct briefing on additional audit procedures for the MSG	Proper implementation of EITI	Achieved
Finalize reporting policies, mechanisms, and templates, address gaps in collection (for the 1st report)	Proper implementation of EITI	Achieved
Conduct training with government agencies on how to complete the reporting template (for the 1st report)	Better and more reliable EITI report	Achieved
Conduct training with local government units on how to complete the reporting template (for the 1st report)	Better and more reliable EITI report	Achieved
Conduct training with industry on how to complete the reporting template (for the 1st report)	Better and more reliable EITI report	Achieved
Technical briefing for company lawyers and accountants	Proper implementation of EITI	Achieved
Data gathering to complete the reporting template/ submission of completed reporting templates (for the 1st report)	Proper implementation of EITI	Achieved
Preparation of the 1st EITI Report	Proper implementation of EITI	Achieved
Release of the draft PH-EITI report to the MSG (for the 1st report)	Proper implementation of EITI	Achieved
MSG workshop on the approval of 1st EITI report	Proper implementation of EITI	Achieved
Publication of the 1st Philippine EITI report	Proper implementation of EITI	Achieved
Conduct a national conference to launch the 1st EITI report	Improved public debate on EI issues	Achieved
Release of statement and press briefings on PH-EITI activities including Workshop with media group on EITI implementation	Improved public debate on EI issues	On-going
Continuous outreach/dialogues/trainings with specific sectors: government regional offices, church, local officials, indigenous peoples' groups, academe and industries to give updates on EITI implementation	Improved public debate on EI issues	On-going
FGD on the Mining Industry's Externalities (good and bad)	Improved public debate on EI issues	Pending
Conduct training with CSOs to understand PH-EITI reporting (also includes media)	Improved public debate on EI issues	Achieved
Create and maintain an EITI website to make all information regarding PH-EITI accessible to the public and to engage the public on the plans and works of PH-EITI	Increased awareness and support for EITI implementation in the Philippines	On-going
Formulate and recommend policies to government agencies to address identified barriers	Improved policy framework for the management of natural resources	Achieved

ACTIVITIES IN THE WORKPLAN	EXPECTED OUTCOME	STATUS
Evaluate and recommend government policies in increasing participatory public finance at the local government level	Increased participation of communities in the management of revenues from EI in their localities	Pending
Evaluation of the collection process and inter-agency transfer of revenues	Increased transparency in government processes	Achieved
Recommend monitoring mechanisms for transfer of revenues	Improved government systems to ensure proper transfer of revenues	Pending
Recommend legislative measures to increase accountability of different sectors	More accountable stakeholders resulting to improved governance of the extractive sector	Pending
Participate in existing transparency initiatives in the country and region	Improved governance of the extractive sector resulting from awareness and application of best practices	On-going
Recommend policies for transparent licensing process	Improved governance of the extractive sector	Pending
Monitoring and strengthening the accountability of industries in reporting of payments	Improved governance of the extractive sector	Pending
MSG members should meet once a month or as frequently as possible depending on the demand of EITI	Increased confidence among stakeholders	On-going
Participate in international outreach and trainings	Well capacitated MSG members and secretariat	On-going
Wide dissemination of the PH-EITI report and positive outcome of EITI process through forums with business groups, media releases/ Report road shows	Sustained dialogue among stakeholders; Improved transparency in the extractive sector	On-going
Addressing gaps in the first report	Reliable data that ensures a credible, comprehensive and relevant EITI report	On-going
Production of summary report, popular version and translated version (first and second report)	A credible, comprehensive and relevant EITI report that is used by all stakeholders in policy formulation and decision making	On-going
Hiring of independent administrator to analyze the government and industry data for the second EITI report (for the 2nd report)	A credible, comprehensive and relevant EITI report that is used by all stakeholders in policy formulation and decision making	On-going
MSG to agree on scope, level of disaggregation and materiality of reporting for the second report	A credible, comprehensive and relevant EITI report that is used by all stakeholders in policy formulation and decision making	On-going
Drafting and finalization of reporting template based on the level of disaggregation and materiality as agreed upon by the MSG	A credible, comprehensive and relevant EITI report that is used by all stakeholders in policy formulation and decision making	On-going
Conduct reporting template workshop for all sectors per company, per industry, per LGU	A credible, comprehensive and relevant EITI report that is used by all stakeholders in policy formulation and decision making	Pending
Completion and submission of reporting template	A credible, comprehensive and relevant EITI report that is used by all stakeholders in policy formulation and decision making	Pending
Reconciliation process (for the 2nd report)	A credible, comprehensive and relevant EITI report that is used by all stakeholders in policy formulation and decision making.	Pending

ACTIVITIES IN THE WORKPLAN	EXPECTED OUTCOME	STATUS
Drafting of the 2nd PH-EITI report (covering 2013 and 2014 data)	A credible, comprehensive and relevant EITI report that is used by all stakeholders in policy formulation and decision making	Pending
Workshop / approval of the 2nd EITI report	A credible, comprehensive and relevant EITI report that is used by all stakeholders in policy formulation and decision making	Pending
Printing of the 2nd PH-EITI report	A credible, comprehensive and relevant EITI report that is used by all stakeholders in policy formulation and decision making	Pending
Report analysis workshop	Well capacitated MSG, TWG and secretariat that can cascade their learnings on EI issues and EI data to the broader public	Achieved
Communications trainings and dissemination of the report	Well capacitated MSG, TWG and secretariat that can cascade their learnings on EI issues and EI data to the broader public	On-going
Forums on fiscal regimes, management of EI revenues at the local and national level	Well capacitated MSG, TWG and secretariat that can cascade their learnings on EI issues and EI data to the broader public	Pending
Outreach activities and capacity building of local stakeholders (government, regional offices, communities and industry) on EITI implementation	Well capacitated MSG, TWG and secretariat that can cascade their learnings on EI issues and EI data to the broader public	Pending
Improvement of monitoring procedures of government agencies	Timely and complete data from government agencies	Pending
Engagement of COA regarding audit procedures	Improved audit of government data on extractive industries	On-going
Pre-validation workshop	Evaluation of the Philippines as an EITI compliant country	Achieved
Validation meetings and other related expenses	Evaluation of the Philippines as an EITI compliant country	Pending
Procurement of validator	Independent validation of EITI report	Pending
Validation of the progress of PH-EITI implementation	Validation of PH-EITI implementation	Pending
Preparation of EITI validation report	Validation of PH-EITI implementation	Pending
Respond to validator's assessment and recommendations through a post-validation workshop	Validation of PH-EITI implementation	Pending
Hiring of Communication Strategist	Improved public debate on EI issues	Achieved
Development of a communications plan and MSG/Secretariat workshop	Increased awareness on the need for transparency, and improved public debate on EI issues which leads to the introduction of reforms	On-going
Implementation of communication strategies	Increased awareness on the need for transparency, and improved public debate on EI issues which leads to the introduction of reforms	Pending

ACTIVITIES IN THE WORKPLAN	EXPECTED OUTCOME	STATUS
Hiring of consultants for EI related studies	Increased awareness on the need for transparency, and improved public debate on EI issues which leads to the introduction of reforms	Pending
Publication of reference materials and primer	Increased awareness on the need for transparency, and improved public debate on EI issues which leads to the introduction of reforms	On-going
Creation of EITI Open Data Dashboard (uploading of maps of mining tenements and oil, gas and coal operations, supporting documents from MGB and DOE, MOAS from NCIP)	Increased awareness improved public debate on EI issues which leads to the introduction of reforms	On-going
Lecture Series (Provincial and NCR) on EI issues , Mining 101	Increased awareness improved public debate on EI issues which leads to the introduction of reforms	Pending
Development of monitoring tools and systems for IP royalties, mandated funds and CSR projects	Regular monitoring of payments that promotes transparency and accountability	Pending
Conduct of scoping study on small-scale mining	Increased awareness improved public debate on EI issues which leads to the introduction of reforms	On-going
Formulation of new policies by the MSG to improve government systems based on the findings of the first report	Improved government systems that ensure transparency in all EI transactions ; Institutionalization of policies which results in sustainable reforms and programs	Ongoing
Engage the Legislative and the Executive branches of government; Draft EITI law and propose legislation/ amendment for full EITI implementation; Institutionalization of EITI through law	Improved government systems that ensure transparency in all EI transactions Institutionalization of policies through law which results in sustainable reforms and programs	On-going
Regular forums and dialogues with stakeholders	An enabling environment for sound policies as a result of sustained dialogue among stakeholders	On-going
Forums with industry members	Entry of more investments, higher ease of doing business rating in the EI sector	On-going
Engagement of other mining affiliated organizations	Entry of more investments, higher ease of doing business rating in the EI sector	Pending
Pilot subnational implementation in selected LGUs and capacity building of LGUs; strengthening of local monitoring teams	Increased transparency and improve EI governance at the local level as led by well capacitated LGUs and local monitoring teams equipped in implementing reforms	Pending
Operationalization of policy recommendations (revision of forms, creation of modules, establishment of MIS for government agencies)	Improved government systems that ensure transparency in all EI transactions; Institutionalization of policies which results in sustainable reforms and programs;	On-going
Management of the PH-EITI secretariat/ Operational expenses	Effective implementation of EITI	On-going
Hiring of additional technical staff for the Secretariat	Effective implementation of EITI	Achieved

