



PH-EITI NATIONAL CONFERENCE 2021

Resiliency in Transparency
July 29, 2021

EVENT DOCUMENTATION



PH-EITI National Conference 2021 Resiliency in Transparency

OVERVIEW

The **Philippine Extractive Industries Transparency Initiative (PH-EITI)** was formally created in 2013 by Executive Order No. 147 (EO 147), pursuant to Executive Order No. 79, s. 2012 (EO 79), where the Philippine government committed to implement the **Extractive Industries Transparency Initiative (EITI) – the global standard for the open and good governance of oil, gas and mineral resources**. The PH-EITI is governed by the Multi-stakeholder Group (MSG)¹ that is chaired by the Department of Finance (DOF), and composed of representatives from government, industry, and civil society. The MSG oversees and sets the direction of the implementation of the EITI process, which flagship product is an annual, comprehensive country report (Country Report) containing information about the Philippine extractives sector as well as independently reconciled data on company payments to the government, and government revenues from the extraction of the country's natural resources.

In 2017, after a rigorous international Validation, the Philippines was declared by the EITI Board as the first among more than 50 countries implementing EITI worldwide to have achieved “satisfactory progress” in complying with the EITI Standard. Eight years into its implementation, and currently undergoing its second Validation process, the PH-EITI steers within and through the challenges brought about by the COVID-19 pandemic. Amidst these environments, PH-EITI is geared towards facilitating the implementation of innovative, systematic and transparent data management and reporting systems in most, if not all constituencies accountable for a transparent governance of extractives and natural resources.

¹ The **MSG** is composed of representatives from the government, the Department of Finance (**DOF**), who Chairs PH-EITI, the Department of Environment and Natural Resources (**DENR**), the Department of Energy (**DOE**), the Department of the Interior and Local Government (**DILG**), and Union of Local Authorities of the Philippines (**ULAP**). The extractive industries are represented by the Chamber of Mines of the Philippines (**COMP**), and the Petroleum Association of the Philippines (**PAP**). The civil society is mainly represented by **Bantay Kita** – Publish What You Pay Philippines, a coalition of civil society organizations advocating transparency and accountability.

To date, the PH-EITI has produced six Country Reports, with the publication of a Seventh PH-EITI Report already underway. The **7th Report** comprises data disclosed by 41 metallic mines, 29 nonmetallic mines, 3 oil and gas companies, 8 national agencies, and 116 local government units, covering **PHP 56.7 billion** in reconciled revenues for fiscal year 2019. Provisionally entitled, ***“Building Resiliency in Transparency: The Seventh PH-EITI Report”***, the 7th Report is aimed at informing stakeholders of the value of extractives transparency and accountability in pursuing inclusive and resilient economic growth and national development. The Report records the impact of the COVID-19 pandemic on mining, oil, gas, and coal industries, the consequent outlook for the sector, the sector’s response to the global health situation, and an assessment of the SDMP as a local development mechanism.

The PH-EITI National Conference 2021

To communicate the foregoing to a wide multi-sectoral audience, the 7th Report was presented at the **PH-EITI National Conference 2021** on **29 July 2021**. The program included a presentation of the key findings of the 7th Report, the outlook for the sector, a report on SDMP, and the launch of the EITI Mainstreaming² Action Plan, among other presentations. With the theme ***“Resiliency in Transparency”***, the National Conference brought together stakeholders from national and local governments, extractive companies, civil society, the academe, development partners, academia, and the media. The program will provide updates on government actions to address issues and concerns raised by stakeholders in previous stakeholder engagement activities.

OBJECTIVES

At the end of the conference, the participants should have:

1. Been informed of relevant and useful data and information on mining, oil, gas, and coal, industries, including ongoing and planned initiatives to address issues and concerns in the sector;
2. Provided feedback or articulated ideas and questions in response to the key findings of the Country Report, and the presentations of the MSG and updates of EITI implementing agencies;

²Mainstreaming or systematic disclosure is the desired end-state of EITI implementation where EITI data are readily and publicly accessible through government and corporate websites and portals, enabling timely and comprehensive disclosure of information for public analyses.

3. Raised recommendations and suggestions to improve EITI data management and analyses, making EITI reporting more relevant and useful for various stakeholders.

PARTICIPANTS

A total of **399 stakeholders** participated in the NatCon through different platforms. 353 people attended via Zoom, 28 via Facebook Live, and 18 via YouTube. The number of attendees was nearly three times more than the turnout during last year's conference (140).

Only those who attended via Zoom can be identified and categorized. Of the 353 Zoom participants, **72** are from the metallic sector, **28** from the nonmetallic mines, **5** from oil, gas, and coal, **165** from government, including representatives from LGUs and the legislative branch, and **19** are members of the civil society. **168** of the participants are men while **185** are women

Sector	Number of Participants
National Government Agencies (NGA)	106
Local Government Units (LGU)	59
Industry (metallic)	72
Industry (non-metallic)	28
Industry (oil and gas)	5
Civil Society Organization (CSO) / Non-Government Organization (NGO)	19
Academe	18
Media	4
PH-EITI Secretariat and Event Facilitators	24
Others	18
Total Number of Participants (via Zoom):	353

PROGRAM

I. OPENING REMARKS

Finance Secretary Carlos G. Dominguez formally opened and welcomed the attendees of the National Conference. Sec. Dominguez discussed the rationale behind the title of the Seventh PH-EITI Report and the theme for this year's conference which is "Resiliency in transparency". He tackled that risk mitigation and adaptation help develop environments, economies, and societies that can recover quickly from setbacks and calamities. He also highlighted that transparency allows the free flow of accurate, comprehensive, and comprehensible information that in turn enables, for stakeholders, better coordination, appropriate interventions, sharing of experiences and lessons learned, and greater agility and flexibility especially in times of crises.

Sec. Dominguez gave a glimpse on what will be discussed in the virtual event, which includes the usual contextual and reconciliation chapters of the EITI report, and the two new chapters of the seventh report - one that describes an **outlook for the industry** considering local and global developments as well as the impact of the pandemic, and another chapter that describes the efficacy of **social development and management program (SDMP)** funds as a development mechanism for mining communities. Addition to these is the unveiling of plans to **mainstream EITI implementation**, a process that we see would reduce the cost of producing reports, make data disclosures a routine feature in government systems and publicly accessible portals, and systematize transparency mechanisms for a more efficient flow of information.

Sec. Dominguez then acknowledged the partners and stakeholders, for their continuing support and efforts to make extractives transparency relevant, impactful, and helpful in the nation's recovery.

II. KEYNOTE SPEECH

Albay Representative Joey Sarte Salceda, who is the Chair of the House Committee on Ways and Means, joined the conference as the keynote speaker. He shared to the participants his thoughts on extractives transparency, economic resiliency, and better resource governance.

Rep. Salceda discussed that the Philippines is the fifth most mineral-rich country in the world for gold, nickel, copper, and chromite. It is also home to the largest copper-gold deposit in the world. Estimates suggest that up to 840 billion dollars of untapped mineral wealth is in Philippine soil. He pointed out that these resources, if extracted

and managed properly, could make the Philippines one of the richest countries in the world.

He then pointed out that there are deficiencies in our governance of natural wealth, and the most obvious one is the lack of a coherent fiscal regime for mining, particularly one that sets aside funds for rehabilitation and investment.

He pointed out that it is important to institutionalize the EITI which currently exists in the country merely by executive creation. The EITI is our country's continuing commitment under the Philippine Open Government Partnership (OGP) National Action Plan. EITI institutionalization is also part of the legislative agenda for the fiscal sector under the Philippine Development Plan 2017-2022. The EITI is only currently institutionalized under EO No. 147, s. of 2013, but not with the force of a Republic Act.

Rep. Salceda emphasized the promise of the mining sector. He said that regardless of the grade of minerals we produce, demand is high across the board. However, he added that it won't be forever and that manufacturers will find ways to reduce metallic content when the metals get too expensive. When that happens, prices will inevitably fall. He said that we must be ready for it. Rep Salceda shared that he has frequently touted the mining industry as a potential job creator post-pandemic. But the opportunity would also be a great waste if we are unable to set revenues aside for the future.

III. KEY FINDINGS OF THE 7TH PH-EITI COUNTRY REPORT

Finance Undersecretary Bayani H. Agabin presented the Key Findings of the Seventh PH-EITI Report. Usec. Agabin shared that the production of the 7th Report is part of the continuing commitment to implement the EITI, the global standard for extractives transparency and accountability. He presented the data and information that can be found in the Contextual Information and Reconciliation chapters.

The Contextual Information chapter contains an overview of the extractive industries in the country, information on sectoral development, updates on the legal and institutional framework, and summary of the extractive sector's contribution to the economy. It gives information about environmental funds, beneficial ownership, and an overview of employment and gender data from the reporting companies.

According to the Contextual Information chapter, the legal, regulatory, and contractual frameworks governing the extractive industries, including laws and policies relating to state participation in the extractive sector as well as those pertaining to the social development and environmental management of affected communities, remain largely

the same as in previous years. There has not been any drastic changes except for a few legislative and administrative measures that took effect within the period.

The 7th Report's description of the relevant legal and regulatory updates provides context on the performance of the extractives sector for the period covered. Understanding these developments enables stakeholders to better appreciate the information presented in the report, specifically, data related to production, export, economic contribution, and revenue collection.

Usec. Agabin also presented the list of revenue streams covered in the 7th Report for the different extractives sector, the LGU collections, the reconciled revenues, and the mandatory environmental and social expenditures.

IV. INDUSTRY OUTLOOK

PH-EITI Alternate Chair and Focal Person Assistant Secretary Ma. Teresa S. Habitan presented the Industry Outlook Chapter of the Seventh PH-EITI Report.

Asec. Habitan shared that the PH-EITI engaged an economist who utilized historical quantitative data in predicting a post-pandemic outlook for the sector. A qualitative survey among EITI reporting companies was also implemented to complement analysis. Historical data and surveys with companies suggest that the extractive sector in the Philippines is somewhat resilient to economic disturbances such as commodity price shocks. She shared that in future instances, many of the mines would resort to cost-cutting in order to adapt to any substantial increase or decrease in the price of metals over a short period of time. For oil, gas, and coal, any jump or collapse in the price of one commodity directly affects the others. Causes of the price shocks of these commodities in the past were either transitory or permanent.

Asec. Habitan discussed that considering all other things being equal, the extractive industry in the Philippines is poised to grow in the long term at an annual rate of 10.3 percent from 2020. However, she shared that the projected growth rates of the extractive industry and its sectors were stymied by the onset of the COVID-19 pandemic. There was a huge slump in consumer demand and a consequent slowdown of the global economy. But despite its negative impacts, the pandemic offered a few silver linings for the extractives, which includes the lifting of the suspension of mining contracts; and the issuance of the DTI Memorandum Circular 20-22 that included the oil, gas, coal, and mining sectors in the list of establishments deemed essential and, hence, were allowed to continue operations even under ECQ.

Asec. Habitan shared the different measures that the government has initiated to maximize the industry's potential to propel the economy and reset the growth trajectory of the extractives back to positive territory. These include the Executive Order No. 130 that lifted the nine-year old moratorium on new mining projects; the passage of the new tax regime, and the implementation of the CREATE Act.

She also added that economic developments are also beneficial for metallic mines in terms of export revenues as importation needs of Hong Kong, China, and Japan will drive greater demand for extractive commodities from the Philippines. While in terms of electricity generation, the country has yet to maximize renewable sources of energy.

Asec. Habitan pointed out that the natural resources of a country can drive its growth, so the extractives is among the main economic drivers in many countries. The Philippines has yet to fully maximize this potential, and to do this, the sector should take advantage of its strengths. She emphasized that on top of some favorable government legislation and opportune changes in the global economy, the environment is rife for recent losses to be recouped, and pre-pandemic growth to resume, if not expand much more, post-pandemic.

V. SOCIAL DEVELOPMENT MANAGEMENT PROGRAM (SDMP)

Atty. Ronald Rex Recidoro, the Executive Director of the Chamber of Mines of the Philippines, presented a thematic report on Social Development and Management Program.

Atty. Recidoro discussed that in March 2020, the Mines and Geosciences Bureau issued a memorandum to allow mining companies to realign Social Development and Management Program funds for COVID-19 response. Keen on monitoring how these realignments will be utilized, the MSG agreed to include a thematic report on SDMP as one chapter of the 7th Report. Prior to this, the EITI Board has authorized a flexible approach in EITI reporting. This flexible approach is prescribed to have forward-looking elements, and any other information that the MSG deems relevant and useful in the context of the implementing country, and considering current circumstances.

Not wanting to limit the report into mere monitoring of realigned SDMP funds, the MSG further agreed to produce a report that assesses the effectiveness and efficacy of the SDMP as a development mechanism for communities that host mining operations.

Atty. Recidoro shared the SDMPs of more mature projects that were used as comparison to highlight best practices. He discussed some of the observed positive

practices in the SDMP of Philex Mining Corporation and OceanaGold Philippines which included:

- Involvement of the community leaders/members in planning and execution of projects developed a sense of ownership and accountability
- Capacity building and empowerment as part of sustainability measures for SDMP projects boosted the trust and confidence of the community members to manage the SDMP projects
- Participation of other stakeholders such as the local government units, national agencies, and other organizations harmonized with the local development agenda and prevented duplication of efforts

Atty. Recidoro emphasized that capacity building and empowerment of the community should be prioritized as part of sustainability measures for SDMP projects. While we long for participation of other stakeholders, it is important to note that participation and accountability of projects by the community themselves should be the priority, thus they need to build more capacities in community development.

And as we gear for more resilient communities, he added that there is a need to consider disasters and other emergencies in crafting community initiatives. Following the administrative orders to respond to disasters and health emergencies, implementation of community development projects should adopt a more proactive perspective in dealing with disasters and health emergencies.

VI. SLIDO QUESTIONS

To provide an ice breaker to the participants and to keep the program more lively and interactive, a pop quiz was conducted using slido.com. Several questions that were based from the presentations were asked to the participants via polls in the slido website.

VII. THE NATIONAL WEALTH SHARES PROGRAM

Mr. Rainier Diaz, the Chief Budget Management Specialist of the Department of Budget and Management (DBM), presented the National Wealth Shares Program. He introduced this portal as a new tool and initiative that makes extractives data more publicly accessible. This initiative was developed through years of consultation and follow-ups, and the EITI process has helped for this to materialize.

The National Wealth Shares Portal addresses one of the recurring issues in previous stakeholder engagement activities of the PH-EITI which was the lack of access to timely data on local government shares in national wealth. Mr. Diaz discussed that through this portal, the extractives stakeholders, especially the partners in the LGUs, can monitor the computation and release of their shares in national wealth.

VIII. MAINSTREAMING ACTION PLAN

Mr. Vincent Lazatin, the National Coordinator of Bantay Kita - Publish What You Pay Philippines, discussed the PH-EITI Mainstreaming Action Plan. Mr. Lazatin discussed that the mainstreaming or the systematic disclosure of extractives data in the next 3 years is governed by the following PH-EITI strategies and approaches:

Partnership and collaboration. The Action Plan supports an open and inclusive process, a tool to engage various stakeholders to come together to find solutions to address specific issues. The plan will provide opportunities for stakeholders to work together to address complex issues that require better coordination among multiple stakeholders, improve performance in order to achieve common goals and greater results

Holistic Approach. The Action Plan puts a conscious effort to place emphasis on the functional relationships among the parts and the whole or overall framework of systematic disclosure. Instead of thinking about each element by itself, each key result area of the action plan is envisioned in the overall context of systematic disclosure.

Enabling Policy Environment. The Action Plan seeks to strengthen the creation of an enabling environment that is needed to facilitate the smooth implementation of systematic disclosure in the extractive sector. The enabling environment is determined by national, provincial and local policies and legislation that constitute the “rules of the game” and facilitates all stakeholders to play their respective roles in the disclosure and management of EITI data. The purpose for such an enabling environment is to provide a set of solid foundations that establishes the priorities and best ways which can help pave the way for systematic disclosure of EITI data.

Institutional strengthening of capacities. The Action Plan provides training and learning as an integral part of a comprehensive program addressing capacity issues. Capacity development intervention focuses not only on disclosure of data but will put emphasis on building capacities on the utilization of these data to improve natural resource governance and ensure sustainable development for affected communities.

Tracking of progress through results-based monitoring, evaluation and learning. The Action Plan employs a results-based approach to tracking results

and performance, based on a transparent and reflective logical and results framework approach, and to measure impact through evaluation. The implementation of the action plan commits to monitoring and evaluating the success of its efforts in managing the systematic disclosure of EITI data to deliver expected outputs and meet intended outcomes and impact. Recognizing success and learning from it, as well as identifying areas for improvement to address gaps, are key steps to ensure the effective implementation of the action plan.

Incremental achievement of systematic disclosure. The plan supports the incremental achievement of systematic disclosure that employs an iterative and cumulative development approach to achieve the objective of full systematic disclosure as envisioned by EITI. This means that outputs and outcomes will serve as the building blocks to achieve full systematic disclosure of data with due consideration on the existing country context and based on mutually agreed pace and phases.

Mr. Lazatin pointed out that to ensure the effective implementation of the Action Plan, program administration and management tools by way of established processes and working structures have also been identified and included in the action plan matrix.

IX. THE PH-EITI WORK PLAN AND PROGRESS OF EITI IMPLEMENTATION

Mr. Eastword Manlises, the National Coordinator of the PH-EITI, gave a presentation on the PH-EITI Work Plan and the progress of EITI implementation.

Mr. Manlises discussed that the PH-EITI work plan for 2021 is founded on the medium-term (2020-2022) strategic objectives that the Multi-stakeholder Group (MSG) developed in October 2019. It has been developed after a thorough review of PH-EITI's progress in implementing its previous work plan, and with due consideration of the issues and concerns that stakeholders raised at PH-EITI's subnational engagements in 2020. The work plan is envisioned not only to be responsive to the EITI Standard, but also to the data and information needs of extractives stakeholders. In addition, the work plan is aligned with some of the strategic priorities of the EITI International Board, and includes deliverables related to the government's commitments to other international initiatives such as the Open Government Partnership, where the Philippines is a founding member. It has been guided by the MSG's thematic priorities, which put emphasis on sustaining transparency and accountability in the extractives sector by moving towards systematic data disclosures, expanding coverage, and making disclosures more relevant and meaningful.

The following are the thematic priorities adopted by the MSG for its work plan this year: 1. Systematic Disclosure; 2. Transparency and Accountability (BO and Contract Transparency); 3. Expanded Coverage of Nonmetallic Mines; 4. IP Royalties; 5. Gender Inclusion; 6. EITI Mainstreaming in the Small-scale Mining Sector in crafting the work plan, the PH-EITI used the Results-based Management (RBM) Framework in identifying desired outcomes, outputs, success indicators, and specific activities to allow better monitoring of progress and impact. The specific deliverables and activities have been divided into 10 subprograms, with each subprogram being handled by a member of the PH-EITI Secretariat. The following are the subprograms developed to efficiently manage the implementation of the 2021 work plan:

1. Validation; 2. Systematic Disclosure; 3. Transparency and Accountability; 4. Gender Inclusion; 5. Report Production; 6. Stakeholder Engagement; 7. Legislative Advocacy; 8. Communications; 9. Resource Mobilization; 10. Secretariat Management

In general, events and activities shall be held online in view of the ongoing COVID-19 situation. The plans and activities identified in the work plan shall be implemented with a total budget of PhP 13,346,000.00, and with the technical and administrative support of the PH-EITI Secretariat, including services of technical consultants. Following weeks of preparation and careful discussion, the MSG approved the current work plan in its 65th meeting on January 15, 2021.

Mr. Manlises then proceed with the updates on the progress in work plan implementation:

Validation

- Published and submitted Sixth PH-EITI Report to EITI International
- Pre-Validation meetings and workshops to complete the Validation templates
- 16 Validation stakeholder consultations
- Final Validation report has been released this July
- EITI Board will make a final decision on the progress of the Philippines within 10 weeks from the release of the Validation report

Systematic Disclosure

- Production of the Mainstreaming Feasibility Study
- Enhancement of the Online Reporting in the Extractives
- Accomplished deliverables under DOF's OGP commitment

Integrity

- Publication of oil, gas, and coal contracts on the PH-EITI Contracts Portal
- Publication of the extractive sector's beneficial ownership data via the PH-EITI Beneficial Ownership Registry
- Preliminary meetings with the NCIP to enhance transparency in IP royalty payments

Gender Inclusion

- Creation of the TWG on gender to follow through with the recommendations of the PH-EITI gender study
- Roundtable discussion on gender in June
- Analysis of employment and gender data submitted through ORE during the seventh reporting cycle

Report Production

- Completion of the Sixth PH-EITI Report
- Production and launch of the Seventh PH-EITI Report

Stakeholder Engagement

- Six MSG meetings in 2021, total of 70 meetings since the implementation of EITI in the Philippines
- Workshop to better understand the EITI Standard
- Partnered with BK for its Project DATA
- Preliminary meetings with members of the nonmetallic mining sector
- National Conference

Legislative Advocacy

- Development of the PH-EITI Legislative Advocacy Plan
- Preparation of position paper on pending EITI bills for submission to Congress
- Participation in the HOR Committee on Natural Resources Hearing

Communications

- Online publication of PH-EITI responses to recommendations, issues, and concerns raised by stakeholders

Mr. Manlises shared that moving forward, the PH-EITI targets to accomplish the following:

- Eight PH-EITI Reporting Cycle
- Small-scale Mining Report
- Online Learning on Extractives (online Roadshow)
- Anti-corruption Diagnostics
- Mainstreaming Action Plan implementation

X. SLIDO QUESTIONS

Another round of ice breaker was held to keep the participants engaged. More questions that were based from the presentations were asked to the participants via polls in the slido website.

XII. QUESTION AND ANSWER SESSION

To give the participants the opportunity to raise questions, comments, clarifications, if any, from the reports that were shared, some of the speakers stayed for the question and answer session. These include **Asec. Maria Teresa Habitan** (PH-EITI Alternate Chair and Focal Person), **Mr. Eastword Manlises** (PH-EITI National Coordinator), **Atty. Rex Recidoro** (Executive Director of the Chamber of Mines of the Philippines), **Mr. Rainier Diaz** (Chief Budget Management Specialist of DBM), **Atty. Wilfredo Moncano** (Director of Mines and Geosciences Bureau), and **Asst. Dir. Ric Dela Cruz** (Energy Resource Development Bureau of DOE).

Questions	Answers
<p>Question # 1: Why is there a delayed release of the 40% share of the LGU from metallic mining? The latest share we received was for the period from October to December 2019, released last December 23, 2020.</p> <p><i>(from PLGU Masbate and CSOs)</i></p>	<p>Mr. Diaz: Thank you for the question of PLGU Masbate and CSOs. Actually, our process is when it was collected, like in the case of 2019 and it was just released in 2020. Because our process is the collecting agencies need to have that reported first and reconciled with our BTR or Bureau of the Treasury and afterwards they will issue a Joint Certification. Usually, if the Joint Certification was collected in 2019, we will report it by the first quarter of 2020 and then once they reconcile it, we receive the papers, and if it was complete and in proper order, we immediately release it. Actually, within 15 calendar days, because that is in our citizen charter. So, our releasing of the funds is highly dependent on the submission of the Joint Certifications from the collecting agencies and BTR. That will be all, thank you.</p>
<p>Question # 2: PH-EITI legislation is part of the PDP and the country's commitment under the OGP,</p>	<p>Asec. Habitan: As far as PH-EITI is concerned, we would very much welcome the institutionalization of EITI. It is an institution already for two administrations and we hope that we will continue to function as such even</p>

<p>however, it is hampered by the following issues:</p> <ol style="list-style-type: none"> 1. The absence of legislation mandating its implementation - they can easily be amended or even set aside with changes in administration. 2. Difficulty of acquiring data and cooperation from the extractive industries. 3. Legal barriers which explains the difficulty of acquiring information pertains to Sec. 270 of the NIRC and Article 81 of the Omnibus Investment Act. <p>What are other issues and challenges faced by PH-EITI which could be addressed through legislation?</p> <p><i>(from HOR Policy and Budget Research Department)</i></p>	<p>after 2022 and legislation certainly will help us. It is really a major obstacle, the confidentiality clauses that now exist in the National Internal Revenue Code, certainly it's not just PH-EITI which would benefit if these confidentiality provisions are relaxed by Congress. Beneficial ownership is also something that would greatly help, translate into more transparent governance management in many of our government agencies, and also to help us towards more equitable development planning, so I think that's one of the institutionalizations of the EITI, the lifting of the confidentiality clauses for at least for tax payments and also for beneficial ownership. If congress can help us by crafting the laws to liquidate these concerns, it would be a great help for all of us.</p>
<p>Question # 3: With the issuance of Executive Order 130 (April 14, 2021) by President Duterte, lifting the nine (9) year moratorium on new mining contracts, is there a need for a new legislation to set the terms for taxes and royalties, among others, for the mining industry?</p> <p><i>(from HOR Policy and Budget Research Department)</i></p>	<p>Asec. Habitan: This would encompass all the extractive sector and would certainly help in making the extractive industry: metallic, non-metallic mining, as well the oil and gas contribute much more to the growth of economy to expanding the economic pie of the country. And certainly, proper and transparent tax framework, more equitable sharing between government and private sector investment would certainly help us in achieving this. We already have a framework proposal on this and Congressman Salceda also mentioned</p>

	<p>that. We certainly hope that this can move forward, this has already had several hearings in the house, it will help if it will be pushed forward as an important piece of legislation.</p> <p>Dir. Moncano: Actually, the drafting of the regulations of the Executive Order 130, we have a lot of discussions because we are aware that the fiscal regime cannot be included in an administrative folder, so that's why in the meeting, we removed that provision that's set the additional royalties to mining companies because I think the department do not have the jurisdiction in imposing those royalties. So, we would ask congress to help us pass the legislation to be pushed. Because the MGB needs support to impose additional royalties to those mining operations outside mineral reservations. Right now, the discrepancy is quite big. MGB would ask support from congress to pass the bill.</p>
<p>Question # 4: As to date, what available year is on the national wealth portal? When will the latest data be available?</p>	<p>Atty. Recidoro: We're planning to have it uploaded to the website within the next week. We're just finalizing the data that will be presented in the portal.</p>
<p>Question # 5: Is there a mechanism to monitor the royalty payments to indigenous peoples and how these funds are dispensed?</p>	<p>Mr. Manlises: PH-EITI actually has a monitoring tool for IP royalty payments and the NCIT in an unbuffered solution in 2015 unsupported the rollout of this monitoring tool but we encountered challenges in the implementation of the monitoring tool.</p> <p>In our presentation earlier, presentation of the work on 2021 they actually mentioned something about enhancing the monitoring of IP royalty payments. We already had</p>

	<p>preliminary meetings with the new management of the NCIT so we are working on training regional provincial and CIT offices in submitting their reports through the online reporting index tractors tool to improve our monitoring and reconciliation of NCIT data. The short answer to the question is yes we have a monitoring tool for NCIT.</p>
<p>Question # 6: On the COMP presentation and SDMP, all about programs and money spent but no indication of results and the impact on mining communities such as health, income, education, etc. Mining companies should undertake independent social economic surveys to measure their view of the impact of SDMP's on the progress to attain sustainability of mining communities.</p>	<p>Atty. Recidoro: I think that's the limitation of the report now because EITI just measures and records the payments made under the SDMP, however it's also not correct to say we're not monitoring results.</p> <p>I understand MGB's an ongoing program to monitor the long term impacts of SDMP and I think that really is needed right way to go it's not enough that we throw out this money every year, we have to be assured that they do make a difference the mining act has been in effect since 1995, so we really should really should be seeing long term sustainable impacts within those communities and I think MGB is already doing that and even to the point of tweaking social development and management programs where necessary.</p> <p>If you will notice SDMP requests communities are very heavy or infrastructure which we think may not be ideal because infrastructure like roads, street lighting, sewage, and water works is really more of a government function and if we delegate that to mining companies it creates a sort of dependence which is not really ideal. The SDMP should be a tool towards supporting government initiatives and ensuring that the community's capacity to survive after mining operations are completed is ensured.</p>

Dir. Moncano: The MGB 1 division of the Mines and Bureau Services Bureau, the Mining Safety and Social Environment Development Division is to be involved in monitoring of the programs for the SDB with the collaboration with the local coastal neighboring communities.

We have a record of how many thousand classrooms that have been built, how many thousand scholars have been graduated, how many livelihood programs have been created, but of-course there are some evolution in the programs because the earlier years, year 2000-2005 the programs were more on babuyan but then later on this appears as not sustainable. We're more sustainable now especially on secondary programs to our scholars because these are the long-term projects.

Asec. Habitan: An earlier question starting up the SDMP, Atty. Ron mentioned the mining act 1995 was active in 1995 so it's more than 20 years old almost 1430 years already and I believe it's high time that we really take a good look at how well we have or the institutions that are in charge of implementing. This act has fulfilled the intent, the spirit of the provisions and certainly the SDMP and how it's being implemented is considered to be very critical in how this has impacted the local communities in which we have the mining activities and future partnerships among communities. Government and industry will be benefited if we now take a good look at how well or how that well we have implemented SDMP so we might very well have new dimensions in which to plan the SDMP on how well we can capacitate LGUs in planning or it was mentioned before discerning between what they want and what they need

	<p>and how government can be the more active partner because of partnership. Mining companies are not supposed to take over what the government is really supposed to provide for the communities.</p>
<p>Question #7: Would the evaluation of the results of the SDMP be more appropriate as a government function?</p>	<p>Atty. Ron Recidoro, COMP: The evaluation is indeed with the MGB which is part of government but as an enhancement we should look into involving experts or developmental experts at the planning stage because right now when we plan 5 SDMP's, primary parties involved are the mining companies and the community but sometimes we see what the communities want may not be necessarily what they need. So many of them are asking pigs for dispersal but if they are not yet capable of running a hog farm, they don't have the necessary inputs. We can be assured in a year or two years' time, all of the pigs are eaten and that's not sustainable. So maybe at the first instance we have experts from developmental experts saying the project that they want may not be a good fit for this community because they do not know how to run this kind of business. Maybe it's better if we spend the SDMP fund on training and capacity building in the first year before we embark on more complicated projects.</p>
<p>Question # 8: Can you use royalty fees to fund SDMP? Is there a legal basis to allow this? <i>(from Pilipina Inc. in Baguio-Benguet)</i></p>	<p>Atty. Recidoro: No, because the royalties are different from the SDMP fund. Royalties accrued to surface rights owners or indigenous peoples organizations by virtue of their rights as service rights owners. The payment is for use of the land but the SDMP is different. It's not a payment, it's not a tax, this is a fund</p>

	<p>taken from the pocket of the corporation to be spent on projects identified by the community, so money is not being given. In the case of the community, it comes in the form of projects or programs so the company cannot use royalty payments to fund the SDMP.</p>
<p>Question # 9: Can water utilities and timber industry be considered also as an extractive industry since they are also extracting natural resources from the environment?</p>	<p>Dir. Moncano: Yes I agree, but I think right now these are resources that are extracted from natural ground so I agree this can be considered as extractive industries but I don't know what is the scope of PH-EITI.</p> <p>Asec. Habitan: There's discussion including in the EITI initiative and other extractives like what you said timber, water, even fisheries can be considered as in a way non-renewable extracting resource of government over which governance we need to be very careful but right now the scope of PH-EITI is really only mineral mines, metallic and non-metallic mineral extraction, as well as oil, gas, and, coal. Who knows whether the coverage of EITI can be expanded but certainly legislation in the future can deal with this.</p>
<p>Question #10: Are copies of current SDMPs available online anywhere? In the interest of transparency this information should be available along with annual assessment of measurable results.</p>	<p>Mr. Manlises: The PH-EITI is actually working with the Mines and Geosciences to disclose additional documents aside from the contracts of the mining companies to disclose an excess or other relevant documents other useful documents via the contracts for them and one of this is the copies for the reports on SDMPs and we already have some SDMP reports uploaded in our contract's portal. Again you can check the contracts on pheiti.dof.gov.ph, there are some contracts there with associated documents related to SDMP but not all contracts have associated documents with</p>

	<p>SDMP. It's something that we're still working on but the PH-EITI reports actually have or actually collect data on the beneficiaries of these SDMPs not just the amount but we also collect information on the type of the nature of projects and also the beneficiaries and these information are available in the published copy of the report the printed copy report and also in our extractors data generator. So please visit our website. We have a lot of data there including information on SDMP.</p>
<p>Question #11: Can we be clarified on the total COVID assistance of 2.2 billion in Atty Recidoro's presentation? PNOC-EC contributed 2 billion, while the MGB website shows over 400 million contributions from mining companies.</p>	<p>Mr. Manlises: In terms of the data that the PH-EITI was always able to collect from or, we only cover companies. We only cover certain companies so it might be possible that the data does not tally with the MGB and OC is not under the, I don't know the correct term, there is diction of the MGP so that 2.2 billion will really not be reflected in the MGB data. Again, the question is MGB data might have covered more companies because in the PH-EITI report, we only cover operating mines including half of the non-metallic mines not all metallic mines so they really may be a difference so what's the difference of the data that the PH-EITI presents these are reconciled information, so they reconcile these data that the information we also got from both the government and companies.</p> <p>Asst: Dir. Dela Cruz: For ARDB; for our bureau, we also don't have any data regarding that contribution in particular. PNOC's all contracts they don't have any production right now and also with oil and gas they have a small portion in the Malampaya so probably in another bureau of the Department of Energy the finance Bureau but for the ARDB we cannot confirm that 2.2 billion.</p>

<p>Question #12: Ang expired MPSA po ba ay pweding i-amend para mapalawig ang kanilang MPSA? Ano po ang legality nito like in Palawan at ang iba po bang mag-expire na MPSA? Pwede rin ba silang mag-apply na i-amend ang kanilang MPSA habang sila ay nagre-renew kung sakali?</p>	<p>Atty. Moncano: Actually the important point of this statement is that it was better to file the renewal applications prior to the expiry date. Yun ang importante talaga because if the mining company they face was able to file the renewal application prior to the actual expiry date then that mining company will continue even if it has not been active. It will still exist. If the mining company files the supposedly renewal application after the expiry date, then that is a different story. What is critical here is whether they were able to file the renewal application prior to the expiry date. That MPSA will still be considered as existing because the government hasn't taken action yet.</p>
<p>Question #13: Do we have any update on the 2 EITI bills pending in Congress for institutionalizing PH-EITI?</p>	<p>Asec. Habitan: We only had that one hearing in February, it can be taken up against by the appropriate committee. During that hearing, it was in fact full of MSG, all the sectors were represented as resource persons during that year.</p>
<p>Question #14: The existing policy has no specific guidelines in terms of reconciliation of data between BIR and MGB in the collection of government royalty and taxes BIR based its collection in the applied volume while MGB based its collection on the actual volume of exported ore which provide a huge discrepancies in collection of taxes vis-a-vis royalty for 5% thus BIR should draft a clear policy on the basis of collection of excise tax.</p>	<p>Atty. Moncano: Actually the part that MGB collects is only the royalties still inside of my operations is the mineral reservation. Yun lang ang aming kinokolekta. All the excise taxes are collected by the BIR. That has been our policy based on these 14 items and it still needs to be followed if there is need to clarify that one then perhaps the agreement between and among the BIR, they have to be done.</p> <p>Asec. Habitan: Well that is correct MGB is in charge of collecting the royalties fees and BIR is in charge of the excise taxes and although seemingly the backspacing is the same there could be slight differences in timing for</p>

	example so I agree with the director MGB and perhaps needs to further refine this process and make it more transparent and review of the working guidelines between MGB and BIR is in order.
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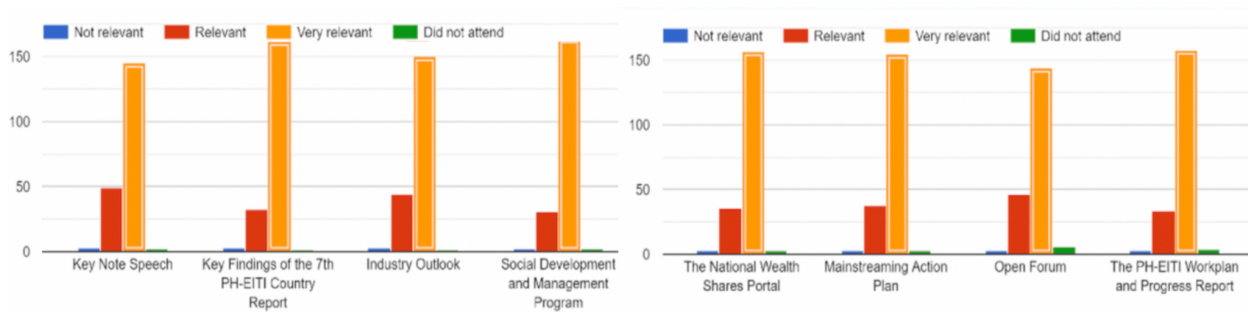
XII. CLOSING REMARKS

Quirino Governor Dakila Carlo E. Cua, who is also the President of the Union of Local Authorities of the Philippines (ULAP), delivered the closing remarks for the conference.

Gov. Cua shared that ULAP, being the umbrella organization of local government units and local government officials, is taking the EITI principles a step further as underpinnings to the localization of the green agenda for development. He also added that as LGUs endeavor to boot local economy, ULAP capacitates LGUs with wider bandwidth for development by inspiring them to break away from the brick and mortar mindset that stunts the nurturing of open governance capitalize on innovative clean technologies, reject carbon-emitting ventures, and opt for environment-friendly pathways that promote inclusivity and resilience in the community and the ecosystem as well.

SUMMARY OF FEEDBACK FROM PARTICIPANTS

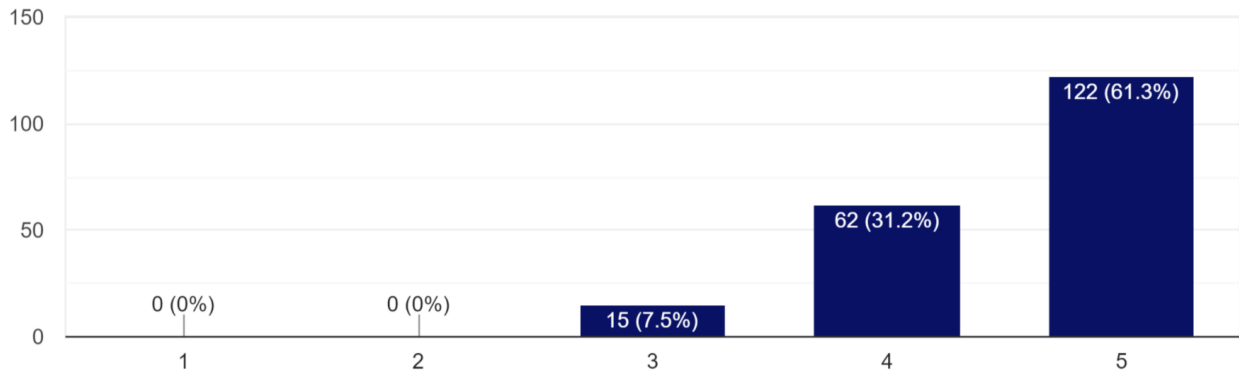
At the end of the program, we requested our participants to fill out an evaluation form. A total of **199 responses** have been recorded. Majority of the respondents gave the event and its contents an overall assessment of **"excellent"**. All segments received high relevance ratings (0-2, with 2 being the highest), with the presentation of the findings of the 7th Report's SDMP chapter rated as the most relevant (1.8223). It was followed by the presentation of the key findings of the contextual and reconciliation chapters (1.8030) and the presentation of the 2021 Work Plan (1.7948).



Response of 199 participants regarding the sessions they find most relevant.

The foregoing information can serve as a basis for determining which sessions or topics should be repeated, emphasized, or further elaborated in future forums. We further note that the presentation of the PH-EITI Work Plan including the MSG's progress in implementing activities caught the attention of potential funders, opening opportunities for possible collaboration in the future.

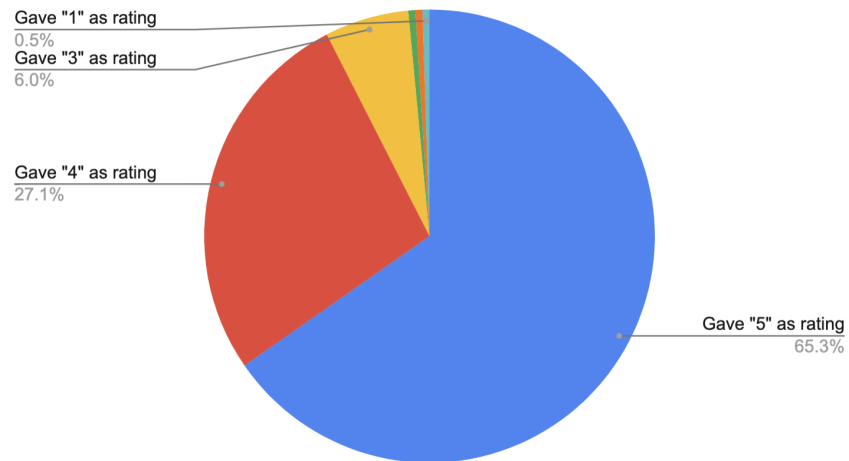
Meanwhile, 184 or 94.5% of the respondents said that the sets of information presented were highly relevant to their job.



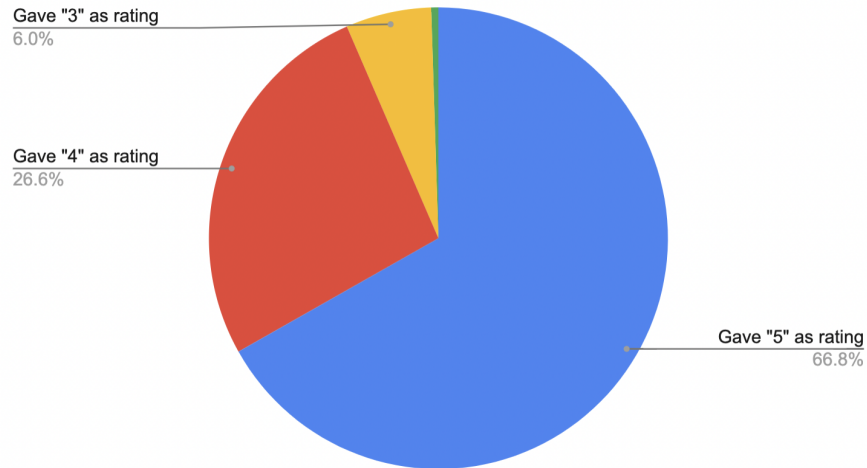
Response of 199 participants when asked about the relevance and helpfulness of the event to their job.

In terms of logistics, 84.42% to 93.47% of the respondents were highly satisfied with how invitations, registration, and responses to queries were handled.

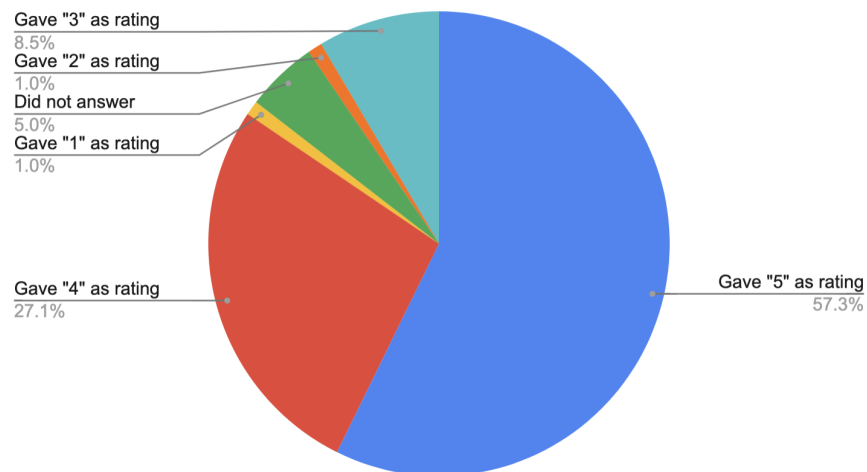
How satisfied were you with the logistics? [Sending of Invitations]



How satisfied were you with the logistics? [Registration Process]



How satisfied were you with the logistics? [Response to Queries]



Response of 199 participants when asked regarding the logistics of the event.

The following are some of the participants' key takeaways, which may inform how future events should be handled and which activities and extractives data and information should be prioritized by the MSG moving forward.

- [T]hat there is [an] existing PH EITI in the country.
- Need for legislation to institutionalize the EITI
- The mining industries make relevant contributions to the national economy despite the covid-19 crisis.
- As someone who's technically an outsider in this organization, the event is presented in a manner that can be easily understood and followed. The flow

from one speaker and topic to another is coherent, and additionally the speakers are well-prepared to present and to answer questions too. Despite intermittent connections, the event still continued as if there's no discrepancies. Ah, I also love how interactive is the event host! :))

- What I really like the most is that now I have an idea that there is a National wealth online portal which makes it easy to check and verify share from National Wealth of our LGU.
- We can't build an economy of extractives but we can build a better economy out of its revenues.
- Would love to see how [the] government expends collections made from extractive industries as well instead of just collections from the industry.
- Advance copies of materials should be sent to participants to improve active engagement in the activities.
- Invite and reach out [to] the representative of directly affected and neighboring communities where the minerals [are] being extracted.
- The extractive industry is a promising sector in the Philippines but we must know the proper management of these resources to be able to generate revenues as well as keep our environment safe from overusage [sic].
- I appreciate the presentation of the best practices on SDMP.
- Transparency in timely information particularly in the extractive industry is vital.
- Mining has costs and benefits. The challenge for policy and implementation is how to balance these to ultimately benefit our people.
- [A]bout the regulations, [these] must ensure the balance between economic and environmental concerns to realize the best outcomes for our people.
- Wider community participation results in better results and the mining industry is the only industry in the Phils. that mandatorily gives back to its host and neighboring communities.
- The Philippines' mining industry, with proper handling from the right people, is a force that can propel the country to prosperity.
- [M]ajor key takeaway points were the current state of the mining industry in its role in national development
- Data gathered from stakeholders should genuinely promote transparency and accountability in extractive industries while maintaining balance between the economy and the environment insuring [sic] to serve the best interest of the people.
- That the mining industry has a positive outlook in the next 6 years especially after we get to control the pandemic.
- Mainstreaming can be very useful to the reportorial requirements, but it has to be a faithful representation of the reported numbers and data.
- SDMP should really emancipate locals from poverty.

- That the [P]hilippines would have been a power country with proper use of its resources.
- If our resources are manage[d] properly it can make us one of the riches[t] country in the world.
- I agree and suggest that there should be a mandate for a 3rd party independent audit to the community esp after the implementation of the 5-yr SDMP plan.
- [T]ranslation in [T]agalog
- [H]ope this transparency will really translate into impacts at the barangay levels where the battlefield in the extraction [sic] industries are.

KEY TAKEAWAYS FROM THE PH-EITI NATIONAL CONFERENCE 2021

The PH-EITI Secretariat took notes on the major takeaways from the virtual event.

On the Keynote Speech

- Regulations must ensure the balance between economic and environmental concerns to realize the best outcomes for our people.
- Need to institutionalize EITI

On the Key Findings of the 7th Report

- Data gathered from stakeholders should genuinely promote transparency and accountability while maintaining balance between the economy and the environment, insuring to serve the best interest of the people
- The disclosures of taxes paid and development enjoyed by the country through the extraction of Philippine Wealth, were made known and available to the public through EITI.
- Vital factor for the government agencies to practice transparency in every progress to maintain the monitoring of the public.
- Very useful to the reportorial requirements, but it has to be a faithful representation of the reported numbers and data.

On the Industry Outlook

- The mining industry, with proper management, is a force that can propel the country to prosperity.
- Mining industry has a positive outlook in the next 6 years.

On the National Wealth Shares Portal

- The distribution of wealth generated from mining companies, and the economic outlook of mining in the Philippines.

On the Social Development and Management Program (SDMP)

- There is a need to monitor the impact of SDMP in host communities.
- Information is social engagement.
- Inclusivity: participation results in better accountability of community members.

On the Mainstreaming Action Plan

- Transparency is key to correct wrong perceptions about mining.

Other feedbacks

- It enlightened us about what's happening in our country, showed us how challenges of extractives affect our economy which have bad effects to achieve our goals and objectives, but it also brings us hope to have a bright future as we unite and participate in different activities.
- Wider community participation has better results, and the mining industry is the only industry in the Philippines that mandatorily gives back to its host and neighboring communities.
- PH-EITI's efforts are bearing fruits as shown in the latest sharing from the resource speakers in providing transparency in the extractives sector.

ANNEXES

Annex 1: Opening Remarks of Finance Secretary Carlos G. Dominguez

Honorable Representative Joey Salceda; fellow workers in government; members of the Philippine Extractive Industries Transparency Initiative Multi-stakeholder Group; members of the academe; development partners: good morning.

It is with great pleasure that I welcome all of you to this eighth national conference of the Philippine EITI or Extractive Industries Transparency Initiative.

This forum will also serve as the public launch of the seventh EITI Report. The report contains the results of our continuing efforts to promote transparency and accountability in the oil, gas, coal, and mining industries.

This is the second year that we are holding this meeting online. This underscores the exceptional circumstances under which we have to operate into the foreseeable future. Nevertheless, I congratulate the EITI for its efforts to come up with this annual report despite all the challenges.

Extractive industries are lightning rods for all sorts of controversies --- valid or contrived. A multi-sectoral forum such as this one enables productive exchange of information and positive dialogue. This clears the air of misinformation. This also encourages the extractive industries to be constantly mindful of their social responsibilities, and the advocacy groups to be always vigilant in checking facts.

By their nature, extractive industries involve multi-faceted and complex issues. It is easy to merely brand mining as harmful to the environment. We have to balance economic and environmental concerns to realize the best outcome for our people.

The EITI helps provide fair and accurate information for that balance to be achieved. It can guide our policymakers in crafting regulations that assure responsible and sustainable extractive practices.

The most important value we need to uphold at all times is transparency. Without this, there will be constant suspicion and all sorts of unfounded claims. With full transparency, we better assess the costs and benefits of extractive industries. This will serve both the sector's and the host communities' best interests.

Data transparency does not only build public trust, but also contributes to institutional and sectoral resilience. Transparency allows the free flow of accurate information. This, in turn, enables better coordination, appropriate interventions, and greater agility in

times of crises. It is an effective instrument that enables resilient economic growth and inclusive community development.

The Duterte administration recognizes the important contribution of extractive industries in our economic resiliency during this pandemic. We will continue to rely on this sector to provide much needed public revenues, create job opportunities for our people, and drive our economic growth.

I look forward to a productive meeting today. I thank our partners and stakeholders for their continuing support and efforts to make extractives transparency relevant, impactful, and helpful in our recovery.

Thank you.

Annex 2: Keynote Speech of Albay Rep. Joey Sarte Salceda

Secretary Dominguez, my partner in crafting meaningful tax reforms for this country's immediate recovery and long-term prosperity, members of civil society organizations, friends from the private and multilateral sectors, fellow workers in government, good morning.

I thank the Department of Finance and the Extractive Industries Transparency Initiative for this invitation.

Natural wealth, particularly non-renewable natural wealth, is not unalloyed blessing. Countries that have depended on natural wealth have experienced wild boom-and-bust cycles that correlate with the gyrations in commodity prices. Pair an economically indispensable extractives sector with bad policies and bad governance, and the results can be devastating.

We only need to look back to the 1970s to learn from our own country's experience of this. The international commodities boom during the Marcos administration led to then unprecedented levels of growth in 1974 and 1976. Times were euphoric.

However, we did not have the framework for reining in the excesses of an export boom, and tax and governance mechanisms to capture value created in the best of times. Thus, we were completely unprepared for the price slump that the laws of gravity dictate to be inevitable.

The results were catastrophic – a balance of payments crisis soon ensued by the 1980s. By 1983, things reached their boiling point, and by 1986, Marcos was out. They call this economic paradox the Dutch disease.

That era shaped my consciousness both as an economist for the private sector, and later on as a policymaker.

When I was an investment banker, I had the privilege of presenting an investment proposal before the King of Norway, monarch of one of the world's most oil-rich countries. Norway is a model for an economy that has managed to avoid the curse of natural wealth by investing its revenues on its people and on diversifying their economy.

Today, the Government Pension Fund of Norway is the world's largest sovereign wealth

fund, owning 1.3 trillion dollars in assets and 1.4% of global equities. Beyond enriching the Norwegian economy, the fund has become a means for Norway to project soft power. By influencing corporate boardrooms towards more sustainable and more equitable governance, Norway was able to use oil as a force for good – something that does not happen very often.

The Philippines is capable of taking a similar path. It will be foolish not to learn from our history. The country is the fifth most mineral-rich country in the world for gold, nickel, copper, and chromite. It is also home to the largest copper-gold deposit in the world. Estimates suggest that up to 840 billion dollars of untapped mineral wealth is in Philippine soil.

This is not to mention the 17.1 billion barrels of oil deposits that China's Ministry of Geology and Mineral Resources estimates to be in the Spratlys, or the 190 trillion cubic feet of natural gas that the US Energy Information Administration believes to be in the area. These resources, if extracted and managed properly, could make the Philippines one of the richest countries in the world.

However, there are obvious deficiencies in our governance of natural wealth.

The most obvious one is the lack of a coherent fiscal regime for mining, particularly one that sets aside funds for rehabilitation and investment.

First, let us address the lack of a coherent fiscal regime.

Executive Order No. 79, s. 2012 imposed a ban on new mining agreements “until a legislation rationalizing existing revenue sharing schemes and mechanisms shall have taken effect.” The declared purpose of EO 79 was “to improve environmental mining standards and increase revenues to promote sustainable economic development and social growth, both at the national and local levels.”

To fulfill these objectives, and to maximize the economic benefits of the mining sector, Congress has attempted to pass a new fiscal regime for the mining industry.

In the 18th Congress, the House Committee on Ways and Means prioritized enacting a new fiscal regime for mining, approving House Bill No. 6135 in the Committee as early as January 30, 2020. The proposal mainly builds on the proposal of the DOF, including the crucial administrative provisions on ring fencing, institutionalization of the Extractive Industries Transparency Initiative, and mandatory registration of small-scale miners for tax purposes.

With the issuance of the issuance of Executive Order No. 130, amending Section 4 of Executive Order No. 79 s. 2012, the moratorium imposed by the latter on new mining agreements was lifted, and so was the pressure to enact a new fiscal regime on the industry.

The Executive Order has several areas for improvement. First, neither Congress nor the Department of Finance, the country's fiscal policymakers and fiscal administrators respectively, are given a specific role in this process by the new EO.

Second, I am uncertain whether the EO itself can be used as a basis for negotiating the revenue shares for mining agreements. Mineral wealth is a resource owned by State, according to Article XII, Section 2 of the 1987 Constitution. The Constitution furthermore provides that "the exploration, development, and utilization of natural resources shall be under the full control and supervision of the State." In other words, any negotiation of terms of mineral agreements, including revenue share, must have the full backing of law, and not merely the executive branch. Where the terms of revenue sharing are concerned, guidelines set in law must be in place to set the baseline share of government.

Third, it appears that the EO may have expected of the Department of Environment and Natural Resources a power they do not necessarily have by law. The basis for the revenue share of the government in mineral production sharing agreements is clarified in Section 151(a) of the National Internal Revenue Code, as affirmed in Republic Act No. 7729 and Republic Act No. 7942. The ability of the DENR to negotiate terms on the government's behalf is only explicitly authorized by law for co-production and joint-venture agreements.

Finally, the most obvious area for improvement is that financial negotiations should be delegated to the tax authority and not the resource protection agency. The DENR's technical expertise and experience is in resource management, not financial negotiation or tax policy. Absent the guidance of statute, its power to compel private parties to abide by certain terms, and the expertise of the DOF, the government is at a weaker negotiating position in such agreements.

In other words, we still need a fiscal regime for mining, as a baseline or downside protection for whatever negotiations entered into by the government.

Most relevantly for this forum, the proposed fiscal regime institutionalizes the EITI, which currently exists in the country merely by executive creation. The EITI is our country's continuing commitment under the Philippine Open Government Partnership

(OGP) National Action Plan. EITI institutionalization is also part of the legislative agenda for the fiscal sector under the Philippine Development Plan 2017-2022. The EITI is only currently institutionalized under EO No. 147, s. of 2013, but not with the force of a Republic Act.

The proposed fiscal regime also introduces corporate governance structures. Ring-fencing, for example, is a strong safeguard against tax avoidance. By preventing investors from obtaining a deduction against current income, governments speed up income tax collection. Only the force and effect of a tax law can institutionalize this arrangement.

The fiscal regime also proposes the creation of a natural resource trust fund. The DOF has expressed its reservations on this particular portion, due to the one-fund principle. I am firm in the belief, however, that extractives are an exceptional industry, and therefore merit an exception to this principle.

We have to remember that mining has its externalities for which we have to pay, one way or another. If we don't set aside anything from the mining revenues for those externalities, the cost will find their way back in some form, sometimes in tragedy. There has to be a dependable reserve of financial resources for timely rehabilitation of mines and for mining communities.

The second reason is behavioral. When your mining revenues feed into short-term government collections, we may be tempted to overextract in order to obtain more government revenues. Feeding the public spending machine and not balanced resource management could become the goal, at the peril of mining communities. Instant gratification is the root of all tragedies.

The third is cyclical. Commodities follow a boom-and-bust cycle. If there is no mechanism that captures value during high prices and sets it aside, there is only suffering to be had during periods of depressed prices. If revenues could be captured during high prices and invested in some form as a safety reserve during periods of low prices, we insulate ourselves from this boom-and-bust cycle.

The best international models for resource management tend to follow this direction. Norway, Scotland, even Saudi Arabia follow the model of using extractives revenues to diversify their economies and avoid the cyclicity of the commodities sector. The wildest success story in this area is Dubai, where oil now forms just 1% of the emirate's GDP. We can't build an economy off of extractives, but we can certainly build a better economy out of its revenues. This is why a tax regime for the sector, and a way of

setting aside funds for rainy days is crucial.

Allow me to end by emphasizing the promise of the mining sector. As the world shifts towards electric-powered transport, and as the digital economy continues its ascent, the global economy will require more minerals, especially nickel and copper, which we abound in. Nickel prices are once again in 5-year high levels. So is copper and cobalt, elements needed for e-vehicle batteries.

Regardless of the grade of minerals we produce, demand is high across the board. It can only mean well for our mining industry's bottomlines in the medium-term.

Of course, that's not forever. Manufacturers will find ways to reduce metallic content when the metals get too expensive. When that happens, prices will inevitably fall. We must be ready. The tax regime is not everything, but it's a necessary step we cannot skip.

I am not against the mining industry itself. Indeed, I have frequently touted it as a potential job creator post-pandemic. The value that we could create with the mineral price boom is too great to miss. But the opportunity would also be a great waste if we are unable to set revenues aside for the future.

The tax revenues are also crucial for economic recovery. The proposed regime will generate P7.2 billion in incremental revenues in the first year and P37.9 billion over the next 5 years. These are closed-group estimates. They are probably conservative, as more mining agreements are made and as mineral prices continue to boom. So, these revenues will play an important role in helping stabilize our fiscal situation.

I thank the Department of Finance for its leadership and support in this effort, and I thank the EITI for the opportunity to express my thoughts on this matter of great national importance. Thank you and may you have a fruitful day ahead.