



Subnationalizing the Philippine Extractive Industries Transparency Initiative

EITI

What is EITI?

EITI is an international initiative that **promotes a global standard of transparency in the extractives** by requiring extractive companies to disclose what they pay to the government, and the government to publish what they collect from these companies, for the **open and accountable governance of natural resources**.

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More than 50 countries have committed to participate in the EITI.



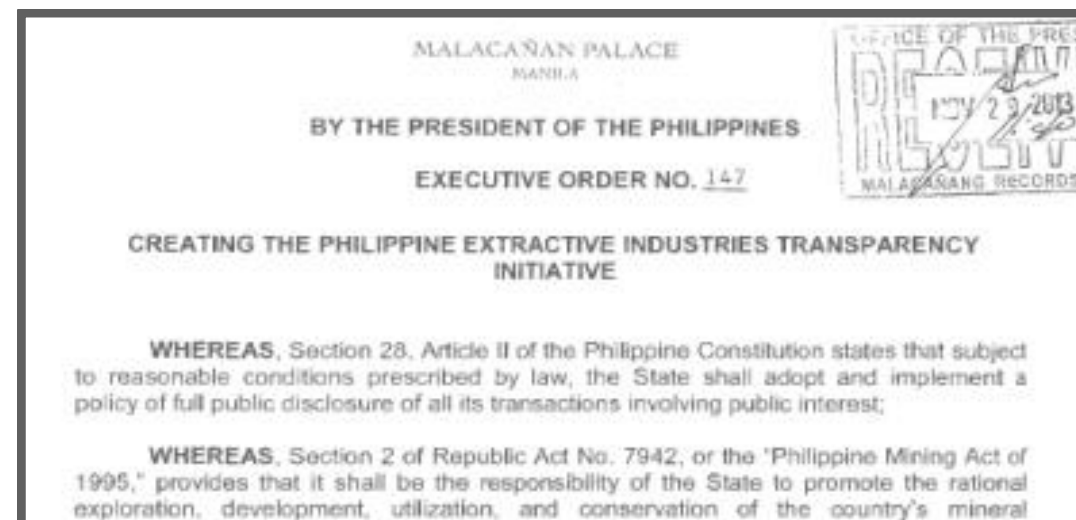
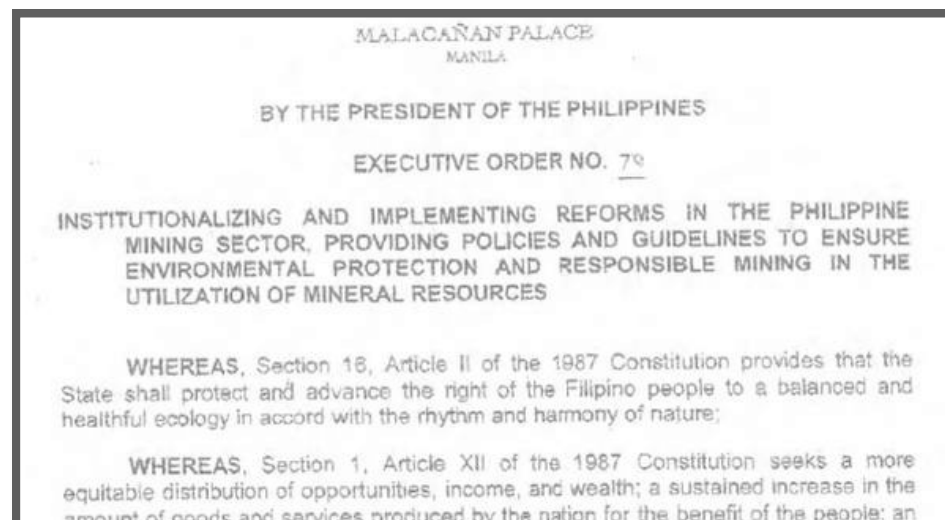
EITI countries commit to disclose information along the extractive industry value chain

EITI Implementation in the Philippines



Executive Order No. 79, s. 2012

Executive Order No. 147, s. 2013



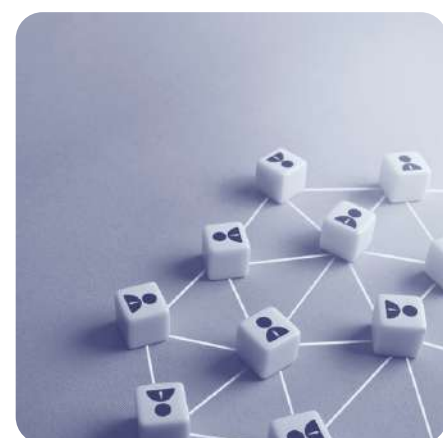
- The Philippines was admitted as an EITI candidate country on 22 May 2013.
- Participation in PH-EITI is **mandatory for mining contractors pursuant to the DENR DAO No. 2017-07**. Non-compliant contractors will be penalized with the suspension of pertinent Environmental Compliance Certificate and non-issuance of Ore Transport and Mineral Ore Export Permit.

The **gist** of subnationalization



1

An effort to decentralize the implementation of the Philippine Extractive Industries Transparency Initiative (PH-EITI)



2

It seeks to achieve four things:

- Improve the **capacity for reporting** extractives data
- Strengthen stakeholder **support for EITI processes**
- Reinforce **impact of EITI on extractives governance**
- Establish a **system for monitoring and reporting**



3

Subnationalization was first introduced in the 2023 EITI Global Conference, and plans for it were further developed once it became a commitment to the PH-OGP 6th National Action Plan (NAP)



4

Its theoretical framework was approved in the 87th Multi-Stakeholder Group meeting last December, and the NAP commitment was considered a “living document”





What will subnationalization look like?



Subnationalization has **12 expected outputs**:

- A user-friendly mainstreaming platform
- Oriented and capacitated subnational bodies
- Trained industry and CSO stakeholders navigating the Central Mainstreaming Platform
- Enhanced Beneficial Ownership (BO) compliance and utilization
- Developed JMC across NGAs to harmonize reporting guidelines
- Trained local authorities on participatory budgeting using EITI data



What will subnationalization look like?



- Developed policy recommendations using EITI insights
- Featured success cases of subnational PH-EITI actions in the annual report
- Routinely monitoring the implementation of subnationalization
- Established feedback and grievance mechanisms
- Developed a tool that can be used to assess the effectiveness of multi-stakeholder participation in EITI
- Included provisions on subnational councils through PH-EITI institutionalization and updating the TOR and Internal Rules



A user-friendly mainstreaming platform



The mainstreaming platform seeks to **reduce the lag between data availability and accessibility**

- Some data only becomes accessible to the public when the report is published
 - Unilateral disclosures
 - Agency-side receipts
 - Company-side receipts
 - Production data
- Public can easily access the data when companies and agencies take the initiative of uploading them
- Pre-reconciliation variance is quickly generated
- Post-reconciliation data still comes after



Enhanced Beneficial Ownership (BO) compliance and utilization

- BO is about **disclosing pertinent information of who ultimately benefits from the operations** of extractive companies

PH-EITI has a BO registry that includes details such as:

- 1 Company
- 2 Sector (Large scale metallic and non-metallic, oil and gas)
- 3 Name of beneficial owner
- 4 BO disclosure participation
- 5 Nationality
- 6 Country of residence
- 7 Category of beneficial ownership
- 8 Indicator of Politically Exposed Person (PEP)
- 9 % Ownership / % Voting Rights



Enhanced Beneficial Ownership (BO) compliance and utilization

Subnationalization plans to:

Incorporate artisanal and small-scale mining operations

Conduct outreach initiatives aimed at promoting awareness and comprehension of BO

Establish a mechanism for validating BO information



Developed **policy recommendations** using EITI insights

- Data-informed policymaking is promoted at the subnational (i.e. local) level
- Public can easily know whether the local government is getting the right amount of funds, holding companies accountable

Inefficiencies in policy implementation can be eliminated

Tax rates and fees can be adjusted



The way funds are collected can be changed





Established feedback and grievance mechanisms



- **Feedback mechanism**

- A system where stakeholders can give constructive ideas on how to **make EITI implementation better and more efficient**
- Grievances can also be sent through this mechanism, which can be forwarded to competent authorities. CSOs can hold competent authorities accountable directly in the multi-stakeholder group
- The currently existing feedback mechanism can be modified for concerns to first be redirected to subnational councils (i.e. local versions of MSGs)
- Currently, EITI is only being implemented in the national level
- Limitation: Concerns under the feedback mechanism are left for the national MSG to discuss
- Opportunity: Concerns can be addressed at the subnational MSG instead



Subnationalization: What can we do now?

- **Set a strategic direction** among agencies, companies, and civil society groups to determine how we can localize EITI implementation.
- For local MSGs, such as P/CMRBs, LDCs: Coordinate with PH-EITI and **look into how EITI functions can be integrated** in the agenda.
- **Determine key areas** where we can do pilot implementation in Luzon.

Maraming salamat!

Thank you
for listening!

