



2017 PH-EITI National Conference

Extracting Value in Transparency: Towards Sustained Disclosure and Dialogue for Development (3Ds)

11 May 2017, Thursday
Pandango-Polkabal Hall, Fiesta Pavilion, Manila Hotel

CONCEPT NOTE

Background

The Extractive Industries Transparency Initiative (EITI) is an international initiative that promotes a global standard of transparency in the extractive industries. The Government of the Philippines committed to implement EITI by virtue of Executive Order No. 79 (2012) and operationalized this commitment in Executive Order No. 147 (2013), formally establishing the **Philippine Extractive Industries Transparency Initiative (PH-EITI)** and creating the Multi-stakeholder Group (MSG) that steers the implementation of EITI in the country.

The PH-EITI MSG is a tripartite body chaired by the Department of Finance (DOF) and composed of representatives from the national and local governments (DOF, DENR, DOE, DILG, ULAP), the extractive industries (Chamber of Mines of the Philippines, Petroleum Association of the Philippines), and civil society organizations (CSO) (Bantay Kita Philippines - Publish What You Pay Philippines).

The Philippines was admitted as an EITI candidate country in May 2013 and has officially been implementing EITI since then. Essential to EITI implementation is the publication of annual Country Reports containing independently reconciled data on revenues/payments from extractive companies as well as comprehensive contextual information about the country's extractive sector. To date, PH-EITI has produced and published three Country Reports (available at the PH-EITI website www.ph-eiti.org).

As the ones before it, the latest report, *Extracting value in transparency: The Third PH-EITI Report (FY 2014)*,¹ will be launched in a **National Conference** on **11 May 2017**.

With the theme, *Extracting Value in Transparency: Towards Sustained Disclosure and Dialogue for Development (3Ds)*, the **2017 PH-EITI National Conference** highlights the 3rd Report while emphasizing the means by which EITI intends to better the governance of natural resources – *disclosure* and *dialogue* – the very manifestation of transparency. At the same time, it draws attention to the importance of *sustaining*, if not accelerating, the efforts of key players and stakeholders in order to secure the ultimate goal of achieving national *development* through open and accountable natural resource governance. The Conference also comes at a special time in PH-EITI's history, as the Philippines undergoes validation in its bid to be declared an EITI-compliant country by the International Board this year. As the PH-EITI community awaits the validation results expected by June 2017, the Conference is likewise seen as a venue to showcase PH-EITI's accomplishments, discuss its present, and reflect on its future.

The National Conference will bring together stakeholders from the national and local governments, extractive companies, and civil society organizations (CSO) across the

¹The 3rd Report comprises considerable data from **seven (7) government agencies**, **63 local government units** hosting extractive operations, **31 large-scale metallic mining companies**, and **five (5) oil and gas companies**, covering over **PHP53 billion in revenues**.

country, as well as development institutions and the media. To optimize the gathering, the Conference will have exhibit booths for PH-EITI's main constituencies (government, industry, CSO), and two side activities – one for the CSO and one for the industry constituencies – will be held back-to-back the main event.

Objectives

The National Conference has the following objectives:

1. To communicate the findings of the 3rd PH-EITI Report to stakeholders
2. To inform stakeholders of the progress and status of government agency actions on the recommendations of the PH-EITI MSG from previous Reports
3. To provide a venue for continuing multi-stakeholder dialogue on the issues surrounding the extractive industries and natural resource governance with a view to addressing gaps and improving EITI implementation in the country.
4. To present current initiatives to promote transparency in the extractives

Participants

Target participants for the PH-EITI National Conference include the following:

- Members of the PH-EITI Multi-Stakeholder Group (MSG) and Technical Working Group (TWG)
- Officials from national and regional government agencies:
 - Department of Finance
 - Bureau of Local Government Finance
 - Bureau of Internal Revenue
 - Bureau of Customs
 - Department of Environment and Natural Resources
 - Mines and Geosciences Bureau
 - Department of Energy
 - Department of the Interior and Local Government
 - Department of Budget and Management
 - National Economic Development Authority
 - National Commission on Indigenous Peoples
 - Commission on Audit
 - Securities and Exchange Commission
 - Philippine Ports Authority
- Local chief executives and other officials of local government units (LGUs) hosting extractive operations
- Civil society organizations and the academe
- Extractive companies (mining, oil and gas, coal)
- Representatives from the Senate and House of Representatives
- Development partners and international guests
- Members of the media

2017 PH-EITI NATIONAL CONFERENCE

Extracting Value in Transparency: Towards Sustained Disclosure and Dialogue for Development (3Ds)

11 May 2017 | Pandanggo-Polkabal Hall, Fiesta Pavilion, Manila Hotel

PROGRAMME

	7:30 – 9:00	Registration
	9:00 – 9:05	Invocation <i>CSO Representative</i> National Anthem
	9:05 – 9:20	Opening Remarks <i>Hon. Carlos G. Dominguez</i> <i>Secretary of Finance</i>
	9:20 – 9:35	Acknowledgment of Guests and Participants Presentation of Conference Objectives
	9:35 – 9:40	AV Presentation: <i>Transparency and Accountability in the Philippine Extractive Industries</i>
	9:40 – 9:55	Key Findings of the 3 rd Country Report <i>Department of Finance</i>
	9:55 – 10:10	Trends: The First Three Country Reports <i>Department of Finance</i>
	10:10 – 10:35	Updates on Agency Actions on PH-EITI Recommendations <ul style="list-style-type: none">▪ Department of Budget and Management (DBM)▪ DOF – Bureau of Local Government Finance (BLGF)▪ Department of Environment and Natural Resources (DENR) – Mines and Geosciences Bureau(MGB)▪ National Commission on Indigenous Peoples (NCIP)▪ Department of Energy (DOE)
	10:35 – 11:30	Panel Discussion <i>Moderator: PH-EITI National Coordinator</i> <i>Panelists: Government, Industry and Civil Society Representatives of the PH-EITI Multi-Stakeholder Group</i>
	11:30 – 12:25	Open Forum
	12:25 – 12:30	Group Photo
	12:30 – 2:00	LUNCH Venue: Plenary Hall
		PRESS CONFERENCE Venue: Mabuhay Palace

Message from the International Partners

2:00 – 2:10 *EITI International Secretariat*

2:10 – 2:20 *The World Bank*

Current Initiatives to Promote Transparency

2:20 – 2:35 ▪ Beneficial Ownership Disclosure

2:35 – 2:50 ▪ Environment and Natural Resources Data Management Tool

2:50 – 3:20 Open Forum

3:20 – 3:30 PH-EITI Work Plan for 2017
PH-EITI National Coordinator

3:30 – 3:50 2nd PH-EITI Transparency Awards

3:50 – 4:00 Transparency Pledge Ceremony

4:00 – 4:15 Special Production Number

4:15 – 4:30 Closing Remarks
Union of Local Authorities of the Philippines

2017 PH-EITI National Conference

Extracting Value in Transparency: Towards Sustained Disclosure and Dialogue
for Development (3Ds)

11 May 2017 | The Manila Hotel, Manila

On May 11, 2017, PH-EITI held its National Conference at the Manila Hotel with the theme: Extracting Value in Transparency: Towards Sustained Disclosure and Dialogue for Development (3Ds). The conference aimed at providing avenue to discuss the results and highlights of the 3rdPH-EITI Country Report.

The specific objectives of the activity were:

- *To present the findings of the second PH-EITI report to relevant stakeholders;*
- *To have a national dialogue on policy gaps and systemic issues pertaining to regulation and governance of the sector, as surfaced by the PH-EITI report; and*
- *To collectively produce a set of recommendations to address the above gaps and issues and improve EITI implementation in the Philippines.*
- *To offer a platform for capacity building on EITI and other aspects on extractive governance (national and subnational)*

An estimate of about 650 people participated in the event. The biggest delegation was from the national government which comprised more than a third of the total population of attendees. These government agencies include MGB-DENR, DBM, DILG, DOE, BLGF, BIR, BOC, PPA, NCIP. Another big group was from the private sector (35%) who were mostly from the business and mining companies. The local government units were also very well represented by 40 delegates, 12 of whom are top local executives from municipal up to provincial levels. Representatives from the legislative branch of government (Senate and Congress) were also in attendance, as with representatives from the international development partners such as the World Bank, USAID, DAI, ADB and Australian embassy. There was also representation from the civil society organizations.

Opening Remarks, Hon. Carlos G. Dominguez, Secretary of Finance

Secretary Dominguez began his speech highlighting the significance of gathering together representatives of various sectors, government, NGOs and industry, with mutual concern for the environment, to hear each other and to arrive at common ground. He said it has not always been this way. Businesses engaged in extractive industries were once vilified by environmental zealots. Instead of dialogue and broad agreement on the standard of governance, there was recrimination. There were times when governance of extractive

industries was weak. This resulted to massive destruction of the environment, and in calamities involving poorly regulated mines.

According to the Secretary, the solution is not to arbitrarily ban whatever contractual obligation the government has with investors, but rather to improve governance in order to get the best of both worlds, i.e. ensuring the sustainability of the environment and creating wealth for the people from the country's natural endowments. Good governance should attract investments yet at the same time ensure sustainable forestry and mining. Strong governance will make certain that companies will mediate the mining site. Good governance will enable communities to create wealth that benefits all and allow to draw from the environment without diminishing it.

The Duterte administration will be firm but fair and will be committed to bring strong but not arbitrary government. It will abide by global standards in ensuring sustainable development. All of these become possible because of transparency in the existing processes. Never again will suspension be meted out on the basis of unseen audits and without legal basis. One can be environment friendly and business friendly at the same time. They are not mutually exclusive.

The Secretary expressed delight that the country is participating in the international initiative to promote transparency in the extractive industries. The EITI brings together all stakeholders to a forum to set standards of honesty and openness as well as benchmark of responsibility to the community. If there is full disclosure of what is taken and what is earned, then there will be full accounting of what needs to be remediated and how much the commons deserve. Only through transparency that trust can be built among stakeholders and ensure that businesses are run with integrity and competency.

He congratulated the public agencies, the CSOs and the LGUs involved in PH EITI, acknowledging the works done in encouraging all stakeholders to adopt global best practice in governing extractive industries. He noted that with close collaboration between all stakeholders, tapping the country's natural endowments with consideration to sustainability and remediation will be possible. EITI provides a forum for achieving mutually beneficial collaboration.

Secretary Dominguez encouraged everyone to support and not suppress the extractive industries. They are necessary to help in developing the country's economy, to bring revenues the government needs, and to make opportunities for communities hosting these industries. With a proper and good governance framework in place, the whole society will benefit.

These industries are not necessarily evil. They may do what they do without causing harm. As we shift the pattern of our development to ensure truly inclusive growth, I trust that initiatives

such as this one that contribute to modernizing our governance will multiply. This will enable our society to build sufficient accountability and enterprises that are better able to serve the common good. Continue your work with the same passion that you have when you began. A society with superior structure of governance will progress better over time. They will create wealth equitably and bring forth an economy that trusts

(A video presentation of issues that have beset the mining sector was shown).

Acknowledgment of Guests and Participants

Ms. Lisa Antonio, the event facilitator, said that the EITI continues to be the avenue for strengthening natural resource management and governance through transparent reporting in the extractive industries. She said that the EITI process depends on the abilities of the stakeholders to work out on their differences. Furthermore, she emphasized the importance of the participatory and multi-stakeholder nature as said by Sec. Dominguez.

According to her, the steadily growing number of participants since the 1st national conference in 2015 is very good news. The number of participants grew from 258 in 2016 to 484 in 2017. She said that the mix in dialogue anticipated in the conference is vibrant and productive. She said that ensuring commitment to the EITI process, setting strategic directions, and removing barriers rests on the representatives of each sector who comprise the PH-EITI MSG.

Ms. Antonio then acknowledge the presence of the members of the MSG and the increasing trend of the participation of different sectors. She showed that representatives from national government agencies grew from 95 in 2016 to 127 in 2017. CSO representatives increased by 83 in 2016 to 127 in 2017. LGU representatives reached 55 in 2016, compared to 115 in 2017.

The following guests were acknowledged: members of the MSG, DOF, MGB, DOE, DILG, COMP, PAP, BK, USAID, World Bank, executive officers of oil, gas, and mining companies, and CSO organizations represented by BK Coalition, academe, and media associations.

Ms. Antonio further said that in the previous national conference, PH-EITI presented the findings of the first and second country reports which was audited by an independent administrator and overseen by the MSG. The members had dialogues during those conferences on policy gaps and issues pertaining to regulation and governance of the sector. They also discussed recommendations to address the gaps and issues and improve the implementation of EITI in the country.

Key Findings of the 3rd Country Report, Hon. Antonette C. Tionko, Undersecretary, Department of Finance (DOF), Focal Person, PH-EITI (ANNEX 1)

The main part of the conference was the presentation on the key findings of the 3rd country report which was delivered by PH EITI Focal Person and DOF Undersecretary Antonette C. Tionko. She started her speech by noting that the 3rd EITI report, which is the first one published under the Duterte administration, has been under much international scrutiny this year as the Philippines undergoes EITI Validation. Beating the deadline set by the EITI International Board, the 3rd country report was published and submitted on 31 Dec 2016.

The report has two (2) chapters. Chapter 1 is the Contextual Report which includes the legal and institutional framework governing the extractive sector including allocation of contract and licenses as well the state participation in extractive industries. The report also includes a summary of the extractive sector's contribution to the economy in terms of production, export, employment and revenue. It also presents the distribution of revenues from extractive industries including the process of release of the LGU's shares as well as the social and economic spending.

Chapter 2 is the Reconciliation report where the Independent administrator, Isla Lipana, reconciled the financial data from participating companies with fiscal data from government agencies. The chapter also presents the recommendations formulated by the MSG to address the gaps identified in the report.

Scope

- The report covered 2014 data for 13 revenue streams and 8 mandatory expenditures that mining companies established in their programs and activities related to social development, environmental protection and rehabilitation.

The 13 revenue streams include corporate income tax, customs duties, excise tax on minerals, government share from oil and gas production, withholding tax on foreign shareholder dividends, withholding tax on profit remittance to principal, withholding tax on royalties to claim owners, value added tax on importations, local business taxes, real property tax – basic, real property tax – Special Education Fund, royalty on mineral reservation, and royalty for Indigenous Peoples.

Meanwhile, the 8 mandatory expenditures and funds include annual environmental protection and enhancement program (EPEP), annual safety and health program, annual social development management program (SDMP), monitoring trust fund, environmental trust fund, mine waste and tailings fees reserve fund, final mine rehabilitation and decommissioning fund, and lastly the rehabilitation cash fund

- Similar to the two earlier country reports, there were 36 companies (31 large scale metallic mining and 5 oil and gas) who participated and submitted their reporting templates last year. 31 large-scale mining companies participated out of the 46 targeted companies (67%) while for the oil and gas, 5 companies participated out of the 11 targeted companies (45%).

Semirara Mining, the lone target coal company, once again declined to disclose their payments to the government.

At the national level, 7 government agencies participated which include BIR, MGB, DOE, NCIP, PPA, BOC and DBM. At the local level, 63 LGUs participated out of the 72 that were targeted registering an 88% participation rate, the highest since the first report in 2014.

Key Findings

- The report covered 93% of total revenues in the mining, oil and gas sectors in 2014. Excluding funds and mandatory expenditures, the total reconciled revenue amounts to P53,852,731,024 where P11.4 Billion (21%) is from mining and P42.4 Billion (79%) is from the oil and gas sector. The 2014 total represents an increase of 32% (PHP13.2 billion) from 2013.
- As in previous reports, DOE and BIR are still the highest collecting government agencies. Payments to DOE account for 50% of total reconciled revenues, while BIR collections account for 44%.
- Total unreconciled variance amounted to PHP518.4 million, which is only 1% of total reconciled revenue streams.
- Agencies with least amount of discrepancy are DOE and BOC which both had 0% of unexplained variance to total reported payment.
- Entities with the highest percentage of unexplained variance are NCIP and LGUs. NCIP: PHP 117,136,422 (38.6%) and LGUs: PHP 56,618,678 (17.7%). The discrepancies were mainly due to lack of supporting documents from either the government agencies or the participating companies. Thus, the Independent Administrator was not able to validate that the reported tax payment was actually received by the government and vice-versa.
- Proportion of revenue streams: For the mining sector, the most significant payments are for corporate income tax and royalty on mineral reservation, which covers 50% and 18% of total collections, respectively. For the oil and gas industry, government share accounts

for the highest percentage of revenue streams followed by corporate income tax. These two comprise 92% of the total reconciled revenues from oil and gas operations in 2014.

- Distribution of LGU receipts from the mining sectors:
 - Only 1% (PHP320.8 million) of the total reconciled collection was directly paid to LGUs hosting the mining operations.
 - Of the total LGU receipts, Region VII has the highest collection of local taxes at PHP79.7 million covering 25% of the total collections. This is followed by Regions XIII at P74.1 million (23.10% of collections) and Region V at P52.4 million (16.32% of collection).
 - Because most principal offices of participating companies are located in NCR, this region reported to have received PHP12.3 million or 4% of the total LGU collections.
- Total Collections and Discrepancies disaggregated per revenue per Agency: Usec Tionko noted that the late submission of Adnama and SR Metals hindered the conduct of full and comprehensive reconciliation procedures on their reporting templates. Thus factoring in the *exclusion* of the two companies in the variance analysis, the variance post-reconciliation amounted to PHP360.2 million.

Trends: The First Three Country Reports, Hon. Ma. Teresa S. Habitan, Assistant Secretary, DOF Alternate Focal Person, PH-EITI (ANNEX 2)

Philippines has been implementing EITI for more than 4 years now and has yielded 3 country reports that were published and communicated to stakeholders. According to Asec. Habitan, some may say that it's too early to say that the reports have translated to concrete reforms but she believes that the production and publication of these very thick reports by themselves constitute a significant change in the way the extractive industries are governed. She said that it is therefore worthwhile to look into the trends reflected in the PH-EITI reports to assess if the process have gained well and improved through the years

In terms of participating companies, Extractive companies have been steady at 36, specifically 31 large scale metallic mining and 5 oil and gas. She said that this is not a bad record for an initiative that runs in voluntary participation. The reporting government agencies have been constant at 7.

The LGU participation has been rising in the past 3 years spiking the increase of 84% in 2015. Asec. Habitan provided a comparative raw values of total reported company payments versus total government revenues, as indicator of 'upfront' variance before reconciliation. She explained that the payment-revenue variance or gap decreased from FY 2012 to FY 2013, but increased from 2013 to 2014.

- Total reconciled revenues for both mining and oil & gas sectors over the past three reports
There was a decrease for the two sectors from 2012 to 2013 on account of low commodity prices during the period. From 2013 to 2014, however, the revenues picked up, bringing the 2014 total for the two sectors higher than the 2012 total.
- Unreconciled variance: While we wanted to see the total variance fall progressively, this is not what the numbers showed. From 2012-2013, the variance decreased for both mining (74%) and oil and gas (0.08 decrease from an already-insignificant variance)

Variance for mining in 2014 was about 26 times higher than the variance in 2013 which was, according to the independent administrator, due to the late submission of waivers of four big companies, CitiNickel, Apex, Libjo, AAMPHIL, which hindered the IA from reconciling the variance with the BIR. Were the waivers submitted on time, the variance in 2014 would be approximately the same as the variance in 2013, which is still a significant drop from 2012.

- PH-EITI MSG recommendations: The past 3 years has seen both improvements and lessons learned from shortcomings. It is still a good take-off point for greater achievement.

PH-EITI's short but robust history so far has only "warmed up" the initiative. Talking about aspirations, it is worthwhile to share what the PH-EITI MSG thinks the government should do to bring us closer to transparency and to an open and accountable natural resource governance.

The following are the MSG's recommendations from the 3rd Report, which take off and build on the recommendations from the previous reports.

- DBM and BTr
 - Should post in their website the certification of actual collections that were used as basis for the request of release for funds
 - Should issue a joint circular on enhanced guidelines and procedures on the release of LGU shares on national wealth which will require LGUs to also report their fund utilisation
 - BTr should also strictly monitor the compliance of LGUs with a joint circular especially the required submission of fund utilisation reports
 - DBM should request regional offices to submit all available information on the LGU share from earlier years from 2013 backwards to trace backlogs on the distribution of shares
- DENR-MGB
 - Issue a memorandum circular implementing the standardized procedures for monitoring environmental compliance of mining companies

- Amend DAO 2015-03 or the revised IRR of RA 7076 to include the provision of EITI participation and issue an Administrative Order requiring mining companies to participate in the EITI process
- Furnish the PH-EITI with electronic copies of SDMPs and monitoring reports submitted by regional offices
- NCIP
 - Issue an administrative order or a memorandum circular integrating the use of the tool for monitoring IP royalties in the current system of NCIP and require regional offices to utilize the code
 - Identify the training needs of IPs and conduct appropriate capacity building activities for monitoring royalties
- BLGF
 - Maintain regular coordination with PH-EITI and PPPI on possible enhancements and improvements on the national resource data management code
 - Continue active participation and consultation meetings and workshops with regard to the amendment of the local government code
- DOE
 - Provide updates on the implementation of their action plan addressing the recommendations of the MSG
- BOC
 - Provide information to identify capital equipment imported by entities and its corresponding rate of duty
- PPA
 - Issue a directive requiring mining companies to disclose the names of the subcontractors who transport their commodities to enable tracking of transportation fees

Updates on Agency Actions on PH-EITI Recommendations

1. Department of Budget and Management (DBM), **Atty. Leila Magda G. Rivera, Director, Public Expenditure Management Bureau (ANNEX 3)**
 - Disaggregation of LGUs' share in national wealth according to the different types and sources of payment on a per company basis.

Action/s Taken: Upon the request of and representation by the DBM, the revenue collecting agencies of the government already include in the certifications that they submit to the BTr all the information and details required by the PH-EITI.

- For LGUs to be informed about the names of the companies in their locality, place of extraction, collections from each company, type of revenue, date of payment, and the computation of LGU share.

Action/s Taken: DBM requested the BTr to reflect all the details required by the PH-EITI in the Notices of Authority to Debit Account Issued that they issue to the beneficiary's LGU. A system for the posting of reports on LGU shares is already being designated by the DBM – Information and Communications Technology System Group

- For data disaggregation to retroact to previous years to trace backlogs in the distribution of LGU shares.

Action/s Taken: We have already prepared reports covering the released shares of LGUs in the National Wealth for fiscal years 2014 and 2015. For shares of LGUs covering fiscal year 2013 and prior years, retrieval of records will be facilitated if these are made at the DBM regional office level

Updates on the draft Joint Circular (JC) institutionalizing the commitments of the revenue collecting agencies of the government (*i.e.*, DOF-BIR, DENR-CO and MGB, and DOE), BTr, and DBM has already been prepared.

The same draft JC will be forwarded by the DBM to the other agencies concerned for their final review, comments and/or recommendations before presenting the JC for approval by the Agency Heads concerned.

2. DOF – Bureau of Local Government Finance (BLGF), **Mr. Niño Raymond B. Alvina**, Executive Director (ANNEX 4)

Updates from Fiscal Year 2016

- Bureau participated in the PH-EITI roadshows from August to September 2016
- Held training for trainers on the ENRDMT on October 18, 2016
- Participated in the roll out of the ENR-DMT, a tool to monitor at the LGU level, on October 19, 2016
- Required the submission of FYs 2014-2015 ENRDMT reports – December 31, 2016

The speaker discussed about that the Environment and Natural Resources Data Management Tool (ENRDMT) which is a tool, a data management facility, in support to the PH-EITI agenda to serve as an additional module or interface in the electronic statements in the receipts and expenditures (eSRE) that are being maintained by all local government units through the local treasury offices. The ESRE is the official reporting and monitoring system on local government fiscal and financial operations. This tool will capture direct payments made by the extractive industries to the LGUs such as local taxes and fees. It will also detail the accounts of the shares of national wealth received by LGUs and the tagging of the expenditure items of such proceeds. This requirement is now a mandatory requirement under DO 049-21016. This is part of government initiatives towards transparency and accountability, and in upholding the highest standards of integrity and address the public's needs

Action Plans for FY 2017 based on PH EITI MSG recommendation

- Regular coordination with the EITI and PPEI on the enhancement of the ENRDMT

Action/s Taken: BLGF proposed activities to further strengthen transparency of ENR revenues at the sub-national level.

- a. ENRDMT enhancements.
- b. ENRDMT User's manual
- c. Refresher's training for the ENRDMT system.

Current Status: now doing review of budget proposal and finalization of TOR.

Since not all data and report requirements are being captured in the current ENRDMT System version, the following additional functionalities are being proposed to achieve a more comprehensive view of the industry's financial contribution:

ENRDMT Enhancements:

- a. Improvement in data capture
- b. Segregation of grant amount and donation amount
- c. Consolidation of management reports by LGU type
- d. Cross match the data encoded in ENRDMT System with the data encoded in eSRE System
- e. Provide uploading facility for six (6) transactions screens to allow users with slow internet connection to input their data in excel and upload the excel file into the system
- f. Dashboard for the frequently accessed reports in graphical format and improvement of user interface
- g. User interface enhancements for easy data encoding

ENRDMT User's Manual

- draft manual will be finalized after the ENRDMT enhancement:
- will include detailed legal basis, policies and guidelines, glossary, etc.
- there will be an Integrated Systems and ENR data Manual that will be produced
- Printing of manual for LGUs and stakeholders

Refresher Training on ENRDMT System

- Enhancement of training modules and presentation materials
- To conduct refresher training to the local treasurers for a more accurate and on time ENR data submission
- BLGF to continue active participation in consultation meetings/ workshops on LGC amendments, and provide the MSG with regular updates on this matter.

Actions/s Taken:

BLGF has been constantly monitoring updates/activities concerning LGUs Shares from National Wealth. Last 02 March 2017, the Bureau submitted to Sen. Angara (Chair of Committee on Local Government) the proposed amendments to LGC concerning local fiscal matters. Part of the proposal is to amend Section 294 (*Development and Livelihood Projects*). BLGF proposed that there should be a mechanism that will enable the LGU to use the proceeds for other purposes once the objectives of the funds have been met.

Current Status:

-Discussions on LGC Book II amendments is still on-going weekly, and this is part of the priority agenda of BLGF for 2017.

- Improving Data Quality: The BLGF coordinated with the Bureau of Treasury (BTr) to share the detailed list of LGUs that received shares from national wealth, particularly on: Forest charges, Royalties and mineral reservations, Energy Production Resources, and Mining Taxes

Status: BTr will regularly share the information to BLGF for monitoring purposes.

We hope that the implementation of this ENRDMT will:

1. Strengthen natural resource management and its contribution to the economy
 2. Result to regular coordination between the national and local governments on the payments received from natural resource utilization and the use of such proceeds for the actual purpose as mandated by laws
 3. Result to strict monitoring of the compliance of LGUs on the submission of timely and accurate environment and natural resources (ENR) data
 4. Provide timely and accurate publicly available data on natural resource revenue management
 5. Increase the transparency and accountability in reporting data on natural resources revenues and expenditures
3. DENR – Mines and Geosciences Bureau (MGB), **Engr. Romualdo Aguilos, Engineer IV**
Executive Director (ANNEX 5)

MGB Updates on Agency Actions on PH EITI Recommendation:

- On upgrading the Capacity of MGB's Regional Offices and Multi-partite Monitoring Teams.

Recommendation: The Memorandum Circular should be issued and implemented forthwith. I will give you some actions acted upon this recommendation.

MGB conducted a forum last March 2016 that includes standardization of integrated safety and health, environment, and social development monitoring. A standard format for monitoring have been adopted subject to the evaluation/approval of the MGB's policies technical working group. Once the standard format is approved, a memorandum circular for all MGB regional offices will be prepared to officially adopt the said standard. On MMT monitoring reports, standardization of MMT reports have been addressed by DAO 2015-02 and the Philippine Mining Act of 1995 and is being adopted by MMT throughout the country

- On making EITI a prerequisite for the issuance of small-scale mining permits.

Recommendation: Amend DAO 2015-03 (Revised Implementing Rules and Regulations of Republic Act No.7076) to include provision of EITI participation.

The mining technology division of the MGB have already drafted an amendment to the DAO 2015-03 and will be presented to the MGB policy technical working group

- On requiring all mining companies to participate in EITI.

Recommendation: Issue an Administrative Order requiring companies to participate in the EITI process

DAO 2017-07 dated March 10 mandating mining contractors to participate in the PH-EITI was already issued and disseminated to regional offices of the MGB through a memorandum dated April 25, 2017.

- On updates of MGB Activities.

Recommendation: Provide regular updates to the MSG regarding ongoing activities of MGB. Furnish the PH-EITI with electronic copies of SDMPs and monitoring reports submitted by MGB regional offices

The following are the MGB activities being monitored by the MSG:

- Activation of Provincial/City Mining Regulatory Boards (PMRB)
To date, a total of 85 PMRBs were actively functioning in 16 regional offices of the MGB. Out of 75 provinces, 73 PMRBS are already in place.
- Ensuring coordination between companies and local development councils with regard to formulation of SDMPs

With this, mining companies are required to submit evidence of consultation conducted with the cost and labouring communities for the identification of their PPA for its 5-year SDMP before the approval by the MGB regional office.

- Standardization of SDMP monitoring checklist
It is already in place and the presentation to MGB policy technical working group is ongoing
- Electronic submission of SDMPs and reports to MGB by satellite offices
The mine safety, environment, and social development division of the MGB is continuously coordinating with the MGB regional office to include in their submission semestral accomplishment reports and sound electronic copies to comply with the requirements of the EITI. Also, a memorandum circular will be prepared directing MGB regional offices to submit scanned original copy of their semestral accomplishments reports. Currently, the MSESDD is completing the transfer of data information of financial accomplishment of all operating mines for CY 2015 and 2016
- Adoption of transparent mechanisms in the selection and formation of MMTs and Mine rehabilitation fund committees.

A draft guidelines in the selection and formation of MMTs and RFCs particularly civil society organizations had been forwarded to the MGB policy TWG for deliberation and evaluation.

- Improvement of MGB license register and maps of mining tenements.
The Mining tenement management division is upgrading its system to include online mineral rights management system. The project is expected to be completed by July 2017.
- Improvement of database to include SSM and EITI data.
Apart from the MGB website where EITI-related data are available, MGB has partially completed its database portal which features a web-based interface that allows data transparency, search, and filtering function and a one page access to all MGB database. Soft launch focus only on information on the mining tenement division, mine safety, environment, and social development division, geohazard data, and the mining industry statistics.

4. Department of Energy (DOE), **Atty. Rino E. Abad**, Director, Energy Resource Development Bureau (ANNEX 6)

Recommendations to the Department of Energy

- Require reporting per company, not per service contract
- The provisions of the Service Contract specifically require a designated operator who will act for and in behalf of the operations (including the preparation of reports) of the entire Service Contract.
- This system simplifies the coordination, data collation and reporting of the entire operation of the Service Contract and at the same time specifically designate the direct and primary responsibility and accountability of the Operator to the Department of Energy.
- To adopt a reporting system per company will be impractical, inefficient, complicated and without added value.

From the perspective of finance or accounting, the service contract is being looked up as the unit for revenue and expenses so you look at service contract as an entity who record for revenue and expenses. To separate them will be very complicated for us and will cause inefficiency and impracticality. This is, at this time, the position of the department.

- Centralize information on payments and develop an IT system for this Purpose

The accounting of the payment/collections of revenues derived from the upstream petroleum and coal operations are strictly governed by the established COA Accounting and Auditing rules including the relevant rules issued by the National Treasury and the Department of Budget and Management.

We have also a specific law for the treatment of the special accounting under general fund for the national wealth collected from oil and gas including coal. This contract is from the renewable energies. This is governed specifically by Presidential Decree 910 and the DBM issues similar rules including the local government code which tackles how the local government share is recorded and released to them.

Therefore, as an agency of the government, the DOE has to strictly follow the requirements of these established rules. Should the MSG have any requirements beyond what is required by these established rules, it is but proper that they should be formulated and adopted first as an additional rules duly issued by the proper jurisdiction. This is the position at this point in time of the DOE.

- Designate an EITI point person from DOE's financial services
 - The DOE has already transmitted a letter dated 26 October 2016 to Undersecretary Gil S. Beltran of the Department of Finance designating the Department's Focal Person both from the Energy Resource Development Bureau (technical) and the Financial Services:
 - Technical: Director Rino E. Abad *Energy Resource Development Bureau*
 - Financial: Director Araceli A. S. Soluta, *Financial Services*
- Maintain an online license register where all information on licenses and licensees are disclosed
 - The DOE has already complied with this recommendation by establishing the license register in the Philippine DOE Website.
 - Should there be a need for improvement in the details of our register, the DOE will need the assistance of the MSG to formulate the acceptable template for compliance.
- Require companies including Semirara Mining and Power Corporation to participate in the EITI process, through a directive or an administrative order
 - The DOE has already issued a directive to SMPC to fully participate in the EITI.
 - As for the rest of the companies in the oil and gas sector, it has always been pointed out that there is an issue in the BIR consent requirement for the release

of the revenue and expense information. This is something that we have to explore further. The Department would like to support the MSG's initiative in this matter but hopefully, we could also undertake to understand these concerns of the private sector in relation to this specific question with BIR consent.

5. National Commission on Indigenous People (NCIP), Atty. Gillian S. Dunuan, Director, Ancestral Domains Office (represented by Atty. Geroncio Aguio, Director for Region XI)
(ANNEX 7)

The actions of NCIP on the recommendations of EITI:

- Utilization of the tool/system developed by NCIP and PH-EITI for monitoring royalties to Indigenous Peoples (IP)

The monitoring tool was adopted by the Commission but this has yet to be pilot tested in the regional office and among IP communities to ensure that will be efficiently employed.

Based on its pilot testing, there are concerns and recommendations that need to be considered in improving the tool, to consider MOAs entered into prior to the 2012 FPIC Guidelines and existence of CRDPs, to provide additional options in the rating system. It also seems that the tool also monitors the FPIC process conducted--- which should not be as CP was already issued).

While the tool has not actually been rolled-out yet, a directive was issued by the Commission for all field offices to monitor activities of, and agreements with, companies issued CPs. Companies found to have not started operations or have not complied with their obligations in the MOA have been issued letters to explain why their CPs should not be canceled.

- Improvement of NCIP database.

The NCIP CO-ADO has database of companies that were issued CP (not only for mining activities) and has started the filing of royalties and benefits per project type (e.g. mining, hydropower and other renewable energy projects) per proponent/company.

NCIP is not a collecting agency; it is a monitoring agency of the royalty which is a private and community property of the IP community.

Copies of the MOAs are with the NCIP central office and hopefully can be digitalized.

- Build capacity of IPs to monitor their royalties through their own monitoring system.

Field offices encourage communities to include in their CRDPs and other plans training/capacity building (bookkeeping, auditing, identification of government agencies where they may get information regarding a company's financial reports) for community members, especially those tasked/authorized to manage royalties/funds

In the 2012 guidelines, there is already a provision for the CRDPs to be formulated by the community and be approved by the commission before the royalty can be released to the community.

Proposal (since 2016) to roll out the monitoring tool is being directed to NCIP but there is still need to improve the monitoring tool to include the experience of the regional offices for the efficient implementation of the tool. This shall be conducted once the tool is improved accordingly.

There is also a requirement to review the FPIC guidelines because there are difficulties to implement these guidelines especially on government implemented projects.

It is suggested that the CRDP be segregated from the FPIC guidelines.

- Latest recommendations
 - a. Issuance of an administrative order or a memorandum circular (which has already been planned after the consultation process) integrating the use of the monitoring tool in the current system of NCIP and requiring regional offices to utilize the tool
 - b. Development of a database of information collected using the monitoring tool (already being made by the NCIP)
 - c. NCIP to identify training needs of IPs and conduct appropriate capacity building activities for monitoring royalties. There are already training needs identified by regional offices for this purpose
 - d. Central office and regional offices of NCIP to provide assistance to IPs in developing mechanisms for monitoring royalties
- UPDATE
 - a. A consultation workshop for piloting the monitoring tool for IP royalties, co-organized with PH-EITI, was conducted on March 14, 2017. Target participants for

the activity are NCIP Central Office, NCIP Regional Offices in Regions 11 and 13 (Caraga), IP representatives in selected areas in the said regions, and compliance officers of selected mining companies in the selected areas.

- b. To coordinate with the PH-EITI on follow-through activities to improve the tool per the comments/ recommendations during the pilot testing activity

PANEL DISCUSSION, Moderators: **Atty. Maria Karla L. Espinosa and Ms. Lisa Inez Antonio**

Question 1: A question was asked regarding the thoughts of the MSG about the development and prospects of EITI implementation in the Philippines. Given that EITI has been implemented for more than 4 years now, they were asking whether they think PH EITI has done or achieved anything significant?

Government:

- **Hon. Ma. Teresa Habitan**, *Asst. Secretary, DOF, Focal Person, PH-EITI*

Asec. Habitan said that it was a tremendous responsibility when she first became the chair of the MSG. She said that she has been doing the job with a lot of help of other MSG members for the past 4 years. The biggest lesson for her is how they sat aside their own personal biases and opinions on very controversial issues in the Philippines and learned to listen to the person on the other side of the table. They MSG members have recognized that despite their differences, the special thing that ties them all together is really love of country.

- **Ms. Anna Liza F. Bonagua**, *Director, Department of the Interior and Local Government*

According to Ms. Bonagua, participation of different stakeholders in the MSG makes the discussions very interesting. As representative of DILG, she is proud of the accomplishment of the MSG considering that it reinforces the LGU's campaign to be more transparent in pursuit of local governance. Before EITI, DILG has been pursuing full disclosure policies for LGUs which made the LGUs clamor on why they are the only ones that are asked to disclose. EITI will not only cover LGUs but also the national government as well as other sectors, even the private sector partners that will disclose payment to government. Furthermore, she said that EITI has actually made a lot of impact already in terms of presenting to the country and global community that Philippines is on its way to transparency, accountability, and good governance.

- **Atty. Danilo U. Uykieng**, *Assistant Director, MGB*

Atty. Uykieng stated two major achievement of PH EITI in the past 4 years. First is bringing the MSG together in one forum where different interests of each sector are harmonized. Therefore, there is a balance for the common interest of having transparency and

accountability to achieve good governance for the good of the community. Second is making a system wherein different sectors can contribute into making better what is the present system, thus resulting to reforms that are now seen in the government and business. According to Atty. Uykieng, being transparent gives each sector the responsibility to handle its share of contributing to good governance. There are a lot more to improve on for the coming years as the country moves forward to achieve a full discourse and transparency.

Industry:

- **Mr. Gerard H. Brimo**, *President and CEO, Nickel Asia Corporation, Board Director, Chamber of Mines of the Philippines*

Mr. Brimo said that the most significant contribution of EITI is opening the mining industry for the people to understand its very nature. He said that the mining industry can be considered as a black box which was once closed for many years but through EITI, the industry now has a venue wherein people may know more about the industry. According to him, people may understand the nature of the industry by looking at the amount of data and information available in the country reports.

- **Mr. Rolando J. Paulino, Jr.**, *Vice Chairman, Petroleum Association of the Phils. General Manager/ Managing Director, Shell Philippines Exploration B.V.*

Mr. Paulino said that being quite new to MSG, being at EITI is refreshing. The first impact he said is that EITI provided a venue to be transparent in what the industry do. According to him, the industry is sometime seen as a dirty industry, because people cannot see what is in there, without realizing the value that the industry has. However, EITI gave them a venue to discuss issues and be transparent to the public. The second impact is how EITI enabled the industry to be transparent show that they can do business with integrity. For him, it is not just about the company who is part of the MSG; it is about the company that really supports the MSG to have a cascading effect. He is hoping that as they continue to push for improvements, EITI is really the venue and pathway to direct the Philippines to what it is supposed to be.

Civil Society:

- **Atty. Jay L. Batongbacal**, *Associate Professor, College of Law, Director, IMLOS, UP Law Center, University of the Philippines*

For Atty. Batongbacal, EITI really has benefits. He agreed with the other speakers that the idea of having a forum where all three sectors can meet, opening the black box, and determination of accurate information - from an academic background, are keys to better understand the problem that the industry creates as well as identify the appropriate solutions. For CSOs, other than being able to openly talk with other sectors such as

government and industry, in a very calm and civil manner, the most important benefit is the various realizations that emerged. According to Atty. Batongbacal, they got a totally different perspective now on how a problem is created and how to work towards a better solution to address problems after seeing all the information brought by EITI. Some of the kinds of issues found during this entire process would not have been seen by CSOs if the other sectors had simply kept them to themselves and talk to themselves only.

- **Ms. Starjoan D. Villanueva**, Executive Director, Alternate Forum for Research in Mindanao, Inc.

Ms. Villanueva recognized the efforts of the industry and government to increase disclosure and the value of having a platform where all 3 key stakeholders can discuss a very sensitive topic which is on the extractives. According to her, there has been increase in disclosure and said that they will continue to dialogue.

She said that they were not so comfortable working with each other at first but they have now become a collegial body after meeting over the years. According to her, CSOs maintain their independence the way they nominate own representatives to the MSG. There are certain rules from government that were formulated by both CSOs and industry which are working for now. In terms of civic space, they are looking forward with mandatory requirement of IP representation in the MSG. For the CSOs, EITI is a very open and friendly organization.

Question 2: How is the EITI affected by the many issues and development in the extractives industry? What will be the biggest challenge in EITI implementation?

Atty. Jay L. Batongbacal :

According to Atty. Batongbacal, there are not many challenges in terms of communication and discussion within the MSG. The principal challenge is with respect to the implementation outside the MSG, especially if it is in the private sector. Working in EITI has been voluntarily, but sometimes, being voluntary has also has its limits because cannot force people to volunteer if they are raising issues like legal and/or criminal liability. However, a lot can be addressed by advocating EITI and doing all roadshows and information campaign.

Atty. Batongbacal said that an associated problem is the turn-over of knowledge and relationships from MSG members to their constituents. For the government, the constant change in administration is a problem. For the private sector, the slow turn-over is brought by retirement. For CSOs, the issue is the turn-over to the numerous people organizations.

On the national level, he said that the principal challenge will be continuity. Atty. Batongbacal hopes that the reports will have continuity which depends on the support of all three sectors again.

Ms. Starjoan D. Villanueva:

Ms. Villanueva shared a few things that can be improved in the next reports. First is the issue on civic space which is currently dangerous and very limited for CSOs to engage with the government and industry at the local level; they would like to see more subnational implementation. She also said that data contained in the report have yet to reach the far-flung communities.

According to her, another challenge is the high percentage of non-participation from cement, coal, and non-metallic mining companies which is because EITI is still voluntary. Lastly, she also mentioned that only 16% of the revenue share is going to the LGU's which has an impact on the local economic development.

Mr. Rolando J. Paulino, Jr:

Mr. Paulino shared 2 things that EITI has done. First was making doing business easier by making things transparent and making sure that private sector is held accountable for what they do. Second is by encouraging the LGU to be part of the scrutiny. The more transparent the industry is, the more people will get involved. Regulations will be more aligned to actually make business easier to run in the future.

Mr. Gerard H. Brimo:

According to Mr. Brimo, the biggest risk for EITI to be relevant is to make sure that there is an extractive industry. He said that we almost lost this industry if the ban on open pit mining pushes through, there is really no industry and no EITI to talk about. Furthermore, he said that the Philippines is highly endowed with mineral resources in the country and it is almost a crime not to utilize it for the development of the country.

He said that the contribution of mining in the national scale is small because it was not allowed to grow due to the moratorium on mining permits for the last 7 years. However, the contribution regionally is very big. He cited regions 13 and 7 who receives large percentage of their income from mining. According to him, the extractives industry can contribute significantly to the country if it is properly run. EITI can ensure that the country does not lose the industry because according to him, whole country is bound to lose.

Atty. Danilo U. Uykieng:

Atty. Uykieng gave 2 challenges from the DENR-MGB. First is that they have to learn to accept that there are laws being implemented and that they should comply. There are systems that

each industry has to follow. According to him, problems should be seen at the proper perspective to come up with the proper solutions.

The second challenge is sustainability up to the futures. The challenge is how can the reforms and gains already made can be maintained. Furthermore, he said that they have to continuously review what they have done and what still needs to be done in order to move forward.

Question 3: What are the things that threatens the sustainability and relevance?

Dir. Anna Liza F. Bonagua:

Dir. Bonagua presented 4 issues and areas of consideration that must be addressed in order to sustain not just EITI but entire the extractives industry in the Philippines. First is the variation in the reporting template of LGUs which resulted to the high discrepancy in terms of the report. This is being addressed by institutionalizing a system to use, so LGU can effectively report the data requirement of EITI.

Second, in terms of participation, all 200 plus LGUs receiving shares from national wealth participated in the EITI. LGUs are willing to be part of the EITI which, according to her, is a sign that the EITI can be sustained.

Third is the 40% of the Php 53 billion that is shared to the LGUs. She said that, despite the small amount and the fact that EI is just a small part of the local economy, this is substantive part of their local revenues. With the issue of closure, LGUs are faces with that threat/risk/loss.

Fourth is the to preparation and planning on the proper utilization of funds that LGUs receive to mitigate the effect that the extractives industry may be lost. These are the 4 issues and areas of consideration that must be looked at and address in order to sustain not just EITI but entire EI in the Philippines.

Asec. Ma. Teresa Habitan:

Asec. Habitan compared EITI to the challenges of a good marriage, one that needs passion to continue with the partnership. According to her, stakeholders are comfortable with each other right now but they should not allow good public relations to influence future direction. She challenged everyone to keep the passion still being objective and having their eyes open to the many problems that are still facing them.

Question 1: *Sinemato from the Subanon tribe has raised 3 questions directed to Asec. Habitan, MGB, and the COMP:*

Asec. Habitan was asked whether it is included in the mandate of EITI to investigate, especially in the mining industry, the area where the taxes come from because these areas are usually ancestral domains. If not, it was suggested that it must be part of the EITI so that its impact is transpired to all people and not only in the forum.

Asec. Habitan responded saying that EITI does not have the investigatory powers. Participation of companies are voluntary so if it is a participating company in EITI, it is compelled to submit the reports on the revenues, tax revenues, and all the payments they made to the government agencies. Furthermore, she said that all companies are required to submit their SDMPs and other environmental reports so that EITI can track whether they are doing what they are supposed to be doing under the law.

Next, Mr. Sinemato asked why was the MPSA of TVI approved during the election ban in 2016. He was also asked on why was the MPSA anonymously approved; is this MPSA approval exempted from television, newspaper, radio and local publication?

Atty. Uykieng responded stating the general rule that the approval of mining projects requires the posting of announcements in the radio, newspapers, and bulletin boards or national agencies involved. He said that he will take note and check on the issue of anonymous MPSA approval.

Lastly, Mr. Sinemato asked COMP if the tax holiday is undue advantage compared to other industries like oil and gas who does not have this.

Mr. Brimo said the only benefit that the company gets tax holiday on the income tax. The mining company still has to pay 1% royalty, the local business tax and excise tax. He added that Nickel companies will not need income tax holiday, as opposed to Copper and Gold mines which require a bigger investment.

Question 2: *It was asked on how can EITI make compliance with the recommendations more efficient in the various government agencies.*

According to MGB, they have already made a step forward by having issuances mandating all companies to participate and report as far as tax payments and revenue collection are concerned.

According to the BLGF, the department of finance exercises technical and administrative supervision among the treasuries. There is a policy in place signed by the DOF Secretary making the reporting requirement mandatory for around 200 LGUs. The LGUs have already submitted reports for 2014 and 2015 reports; the agency is now monitoring compliance for the 2016 report. In these efforts, the agency is trying to address the information gap by reconciling what the mining companies are reporting and what the local government units actually received.

For the industry, Mr. Brimo said that industry has already been petitioning the government to join EITI even before compliance. According to him, industry will also benefit once the country has participated in the EITI process. He said that there is only a handful of companies which have not yet participated and it is up to the government to look up on why they are not participating. He reiterated their stance that whether there is a law or not, large bulk of them in the metallic mining sector would definitely be in the EITI.

Atty. Batongbacal said that the compliance to EITI is not actually slow given the time frame. According to him, there was some immediate compliance already with recommendations of the MSG which is why PH-EIT was awarded in Peru in the past year. To have responses to recommendations on a voluntary basis by a MSG that does not have much power to order anyone and given that there was an intervening election during the time period is already exceptional.

Question 3: *Ronald Gonzales from a CSO asked DOE and MGB regarding compliance to recommendations. Engr. Aguilos of MGB was asked regarding the several items that are still currently in the policy TWG; he was asked if there is a timeframe for that.*

He responded by reassuring that everything has a timeline, but there are certain procedures that need to be followed. He cited various consultations and workshops that is part of the process that will go through the policy TWG. He said that the Policy TWG of MGB is a committee that is lined up with many things so they have to deal with a the numbers of policies lined up for review.

Mr. Rino Abad from DOE was asked regarding the corresponding actions concerning Semirara which is still not included in the 3rd report and the DOE's timeframe for it. He said that they will prepare for Semirara to be included in the 4th Country Report. Furthermore, they timeline is to settle all other concerns with the MSG and the independent administrator so that they could be fully compliant for the next country report.

Question 4: *Bobby Calanog, a mining engineer insisted DENR-MGB that DAO 2017:07 is a violation of the basic principle of the EITI which is voluntary in nature. He asked what is the relationship between EITI which is fiscal in nature and the environment?*

MGB responded by saying that all mining companies, under their contracts, are obligated to report to the government all its dealings and accomplishments in compliance with the rules and regulations. It was reminded that PH-EITI is executed through an executive order. For the relationship between the environment and the revenue, EITI is required to be transparent in all taxes and revenues received/paid by the mining companies.

Mr. Brimo reiterated that most of the big companies joined EITI voluntarily and said that there is no reason why any mining company would not want to join EITI.

Question 5: *Nora Socal, an IP representative from Tampakan asked if the mining company will still continue with their operations even without the approval of the IPs and What can the government agencies like DENR, NCIP, or PH-EITI do to help the IPs who are not in favor of mining?*

Mr. Brimo answered by saying that The Indigenous People's Rights Act (IPRA) law is very clear in saying that any company who wants to do a project in an ancestral land has to go through the FPIC process. However, there are situations wherein the NCIP get involved because some are in favor and some are not.

According to NCIP, they have processes and guidelines. If IPs are not in favor, permits will not be issued. However, it becomes complicated when there are mixed answers from the IP groups.

Question 6: *Golda Benjamin from Siliman University asked regarding the companies like Semirara who has refused to participate in the last 3 years Is the refusal based on lack of pressure/encouragement on the part of EITI or is it because of lack of understanding on the value of EITI?*

DOE responded by saying that, in the absence of the law making EITI participation mandatory, the only option is to just really enlighten the company that participation has no harm for them. It was said that the SEC requirements are much different compared to EITI. According to DOE, in the oil and gas sector, MSG should further discuss if it would be possible to have a clarification specifically on the waiver on the release of information given to the BIR.

Question 7: *One participant asked if the high difference between the revenue from oil and gas compared mining is because of the or efficiency in revenue collection. It was also asked if the PH EITI is considering environmental groups in the MSG?*

Asec. Habitan said that the low revenue from mining can be due to the falling commodity prices from 2012 to 2013 and the fact that there have been no new mining permits for the last 7 years. Thus, the tax base is limited to the ongoing projects only. Furthermore, she also said that there are already bills pending in congress to improve the transparency and governance of both oil & gas and mining. If it becomes mandatory, coverage can be increased including Semirara. EITI wants to push the boundaries further by including also small scale mines.

Question 8: *A tribal leader from Zamboanga Peninsula asked DENR-MGB, NCIP, and DOE to furnish them a copy of the directives and documents mentioned earlier such as the FPIC guidelines and the RA 7076 for them to know the safety nets of the tribal people.*

NCIP responded by saying that the guidelines can be obtained from their website or by going to their respective regional offices. Regarding protection from the mining industry, he added that the mining law came first before the IPRA law so the listing in the monitoring committees does not include NCIP and IPs. Thus, the NCIP is hoping that the MGB will revise the IRR to include the NCIP and IP communities in all committees and monitoring teams in the mining activities.

Question 9: *Rosie Bernido from the Municipality of Maco, Davao asked why the remittance of the collection of mining taxes from APEX Mining Corporation is weak. She said that the company has not paid since 2016. She also suggested to BLGF for them to have representation to DBM, BIR, and other appropriate agencies.*

The emcee suggested that, to be more relevant, EITI should bring down transparency to the subnational level through CSO representation on various regional local development councils. DBM responded by explaining the process of how funds are released to the LGUs. It was said that the bottleneck is in the reconciliation of the actual collections as reported by the collecting agencies vs what is remitted the Bureau of Treasury. The collecting agencies and BTr are also already adapting the discussed measures to address this bottleneck.

Question 10: *A provincial treasurer from Agusan del Sur raise a concern regarding the excise tax of the mining industry in their area which was a tax credit by the BIR. It was said that the BIR will not issue tax payment for them as it denied the rights of the provincial and municipal government for their share.*

Asec. Habitan urged to talk and clarify on the issue later with the BIR.

Message from International Partners

- **Mr. Jonas Moberg**, Head, EITI International Secretariat

Mr. Moberg congratulated everyone for the 3rd EITI report. PH_EITI has worked consistently well in the implementation of EITI for the last 4 years. Per Intl Secretariat, PH EITI has been referred for the many the innovations developed. Its report comes at an interesting times. It is quite clear to see the progress and how the various departments have been implementing a number of reforms you have identified and recommended. Interesting to see your programs last year and reforms have been done. Some companies may be wondering what's in it for us? Why are we doing this.

We may not agree with all the reforms. Not all may agree. But wherever you are in those arguments, it is clear for EITI implementation in any country that this kind of reform process always benefit from reliable information. It often becomes controversial what the facts and analysis are, but we believe the EITI can assist in providing irrefutable facts, information that is not fake, and that can be used for good conversation.

The 2nd main contribution of EITI: providing the forum, MSG meetings is an opportunity to engage across various sectors.

The conference theme is very much to the core of EITI. Extracting Value in Transparency towards Sustained Disclosure, Dialogue for Development. He then highlighted how EITI implementation contribute to the strategies and comply with many EITI international standards.

He mentioned a couple of things happening in the global EITI: Beneficial Ownership disclosure. All 51 EITI countries including Philippines agreed that ownership disclosure should be part of EITI so we know who the real owners are, the people behind the companies.

It sounds easy to reveal this. Putting the registries in place can be tricky and we must really now assist the government in doing this well. Another thing relates to project level. Take a step back for those of you who have not followed EITI so closely. Many countries early in EITI reporting only required an aggregated or summarized payment. Now it is required that this is reported by project. Many recognizes that if transparency is going to be meaningful, we need a bit of granularity, we need to see how each company makes money for each project. In a country like the Philippines, this will make sense, in particular host communities will eventually find this meaningful and relevant.

Another topic that there are lots to talk about relates to the “Mainstream or Integrate”. From the time EITI started, we are very much in it. We had that initiative, independent reports and so on. Those were all good, necessary to build credibility. Now we must lock it in, embed it, integrate it into other reforms that the implementing government are achieving. We believe that this is something you can benefit from. It will enable stakeholders to focus attention on other challenges rather than the reporting itself on how you use information, how you use the reporting, rather than the technicalities of getting the reporting done.

The last is: environmental reporting. EITI requirement is quite limited in this area. We need to do this better. This is important.

Lastly, you have gone through validation. It is more important that we inclusively use validation in trying to understand the impact. What is the purpose of EITI in the Philippines. To what extent are we having the impact. Does it matter? Are we contributing to achieving that understanding? We hope that there will be some lessons coming out of the validation process.

- **Mr. Nathaniel Adams**, *Senior Extractives Specialist, The World Bank*

On behalf of the World Bank, Mr. Adams commended the national PH-EITI MSG and national secretariat on the launch of an outstanding 3rdEITI report. Having worked in a number of EITI implementing countries over the years, he disclosed that Philippines and the country’s commitment to the EITI and constructive dialogue is increasingly viewed as an official model of EITI implementation all over the world.

Natural resources play a pivotal role in the social, economic and environmental well-being of every country. Hence, a substantive and inclusive dialogue on how the wealth they generate is managed for the benefit of everyone is of utmost importance. Filipinos know this better than most. It is no secret that natural resource governance in this country has been a source of friction in the past. Balancing the environmental and social risks associated with the industries against the growth and well-being that they can potentially generate. It is no easy task for anyone. Rest assured that your country is not alone in facing this challenge. In every country that I am aware of, what may seem to be an ideal consensus driven approach to natural resource governance, or regulating the industry or attracting investments or managing public revenue changes over time. This is not unique to the natural resources sector, but when we talk of exhaustible resources or when we talk of activities that takes place in some of the most vulnerable communities, the stakes are quite high.

EITI in the Philippines now with your 3rd report, has an established track record. But From the discussion this morning, it is clear that you are all clear-eyed and candid on what the actual value of EITI might be. All clichés aside, what can EITI contribute in the Philippines given the

persistent challenges that do not seem to be going away. By now, it is clear that an improved transparency and the management of national assets does not always lead directly to better policies. How many shared data does not naturally lead to consensus on proper governance. EITI is not necessarily the only answer to the needs of civil society for information, nor is it the only answer for companies to demonstrate their corporate citizenship, nor is it the only answer to the needs of government to demonstrate their stewardship over natural resources in the name of the people. The MSG knows and has demonstrated that simply sharing information does not automatically lead to progress.

But Asec Habitan raised a point earlier hitting the nail on the head. At the end of the day, it is better for us to continue engaging around this issues than not. It is better to debate over the meaning of data and attempt to access the perspective diff from our own, than to retreat into our safe spaces. Whether we are talking about effective tax rates or environmental accounting or treatment of government of state owned enterprises, or any number of other debates, it is better to have debate 10x over and reach the same disagreement if there is a chance to find a common perspective on the 11thtime.

The title of the 3rdreport, Extracting Value from Transparency was chosen for a reason. For this to be realized, everyone has a part to play. First, as the government demands greater transparency from all contributors to natural resource wealth, the greater the value this initiative is to provide. I am happy to see this commitment on the part of the government reflected in the recommendations made by the MSG in the 3rd report. Secondly, few other national EITI initiatives that I am aware of, match the passion that CSO stakeholders bring to the table here in the Philippines. As long as these elements continue to approach the EITI in the spirit of good faith and open communications with all stakeholders, and patience with the sometimes slow turning of bureaucratic wheels, the greater value this initiative will have.

Finally, the sustained commitment of industry to EITI remains absolutely critical for this initiative. I find it heartening that the industry representatives have endorsed the recommendation for making EITI reporting even stronger and more thorough. This is not a common thing. This is particularly noteworthy given the pressure that mining industry is faced over the past years. So in closing, the WB will continue to support EITI in the Philippines because this country's considerable natural resources should contribute to sustainable and equitable growth. WB will continue to support EITI because it has been demonstrated time and again that this initiative has been taken seriously here. This success is built on the commitment of the MSG, and just as importantly built on the tireless efforts of the PH EITI national secretariat and the DOF. In particular, he acknowledged the exceptional leadership of PH EITI National Coordinator Atty. Karla Espinosa who has demonstrated that she will continue EITI's tradition of excellence. He acknowledged as well the entire composition of the national secretariat.

Current Initiatives to Promote Transparency

- Beneficial Ownership Disclosure, **Mr. Jelson Garcia**, *Asia Pacific Director, Natural Resource Governance Institute*

The speaker took off from the positive things pointed out in the earlier speech of World Bank's Mr. Adams. He introduced his organization, the Natural Resource Governance Institute (NRGI) by noting that it has active staff presence and programming in 41 countries rich in oil, gas and mineral resources. Among the things that it does is to establish we do is we have strategic collaboration with government ministries. It provides technical advice to parliaments and has strategic partnerships too with CSO, in the academe, all around supporting reform efforts in the entire value chain or decision chain of the extractive industry.

What you see is the guiding framework in the governance of the EI. It is a much broader way of doing things when it comes to analyzing, improving, and instituting innovations in the oil, gas, and mining industries. Our over-all goal is to help citizens in realizing the long term benefits in fair share of the citizens from their natural resource endowments.

The Panama Paper

This is about a sea of leaked documents that detail financial and attorney-client information for more than 214 offshore entities that belong to a Panama law firm and corporate service provider Mossack Fonseca. They were then posted by the international consortium on investigative journalists and there are many of these journalists that belong to media organization in Indonesia and some of them are even from the Philippines. The leak information contained personal and financial information about wealthy individuals and public officials that have been kept secret. What the reporters found was that some of these offshore entities were used for illegal purposes such as fraud, tax evasion and evading international companies. This very issue last year has resurfaced a very important issue which, in many years have been put into margins, is called Beneficial Ownership. Some call it Company Anonymity.

Beneficial Ownership is one of the key reporting requirements of the EITI which will be reported in 2020. This is where the PH-EITI, particularly members of the MSG, have worked to consider options for the disclosure of Beneficial Ownership and that is going to be the topic. We can consider this as one of the tools that, hopefully, is going to elevate the level of transparency to a new height.

When we're talking about beneficial ownership in a broad sense, we are talking about non-legal owners. The beneficial owners are the persons who influence significant influence over and receive profits from a company who are not the legal owners. They come in many different forms. Beneficial ownership can trigger tax evasion, smuggling, armed conflict, and

drug trade. We have documented a number of cases where beneficial ownership in Nigeria and Latin America manifest this illegal/unacceptable practices.

Companies hide beneficial ownership through aliases, the shell companies (companies that may be offshore), family members, and associates.

Why is BO disclosure important?

1. Secret ownership structure enables some extractive companies to evade tax payments or hide improper relationships. Publishing information about company's beneficial owners
2. Publishing information about companies' "beneficial owners"—that is, the individuals that ultimately control or profit from a company—can help to deter such practices.

How is Beneficial Ownership Disclosure tackled in various countries?

1. Indonesia: revenues from oil, gas and mining contributes to around 15% of its GDP and contribution to annual budget is about 33%. That alone signifies the criticality of identifying how much is still lost. Looking at the dynamics of beneficial owners in Indonesia is tricky. One of the recent examples last year of why beneficial ownership was triggered was the investigation conducted by anti-corruption commission, Commission on the Eradication of Corruption, where it has been found that a former house speaker demanded four billion dollars in the country's biggest mine which is Freeport, Indonesia's largest mining operation. To cut the story short, he resigned after public pressure but then again, what it meant was there is really need to clarify and also institutionalize a much robust beneficial ownership. Following the Panama Papers in April, the Indonesian government has also responded the tax office, in particular, where they decided to name 78 Indonesian public officials because they were mentioned in the Panama papers to correct tax reports.
2. Azerbaijan: The story is the so called "the family tree." Based on the report by Radio Free Asia and others, there are 3 companies that own 11% of one of the largest gold fields in the country. Looking at the governance structure of these 3 companies, the president of that company is the president's daughter; the treasurer of another company is another president's daughter; the secretary of another company is the president's daughter. So it all goes up to the highest level, the president. Now you see how difficult it is to control this when you have political persons hiding behind other people, their aliases, or other companies. Some of you may know, this is one of the reasons why CSOs in Azerbaijan demanded greater public participation in the EITI because they want to see disclosure of these payments but there was huge resistance in the Azerbaijan government. To cut the story short, there used to be 51 EITI countries but recently, in April, they decided to pull out from the EITI.

Another reason why beneficial ownership is important is tax avoidance. By looking at the share of financial wealth that is held offshore, that contributes 8% of the world's financial wealth costing at least 200 billion dollars. From Asia alone, the tax revenue users from offshore accounts is 35% and there has been investigation that 60% has been lost through offshore companies. There are several resistance or excuses from mining companies from greater disclosure; I will not touch that but let me focus on the positive side, what are benefits and do we gain from it? If you look at Nigeria, Africa's largest oil and gas producer, they have stated in their EITI plan that beneficial ownership information can enable Nigerians to expose corruption and nepotism.

Disclosure means

- improving investment climate
- preventing corruption
- improving rule of law
- increasing trust and accountability
- increasing revenue collection

Tackling disclosure can be a bit tricky. Some governments really want to disclose it but they don't know where to start. EITI standard provide those guidance. Complementary to that, what we have identified is that there are 4 options that they may want to take.

Key Considerations:

- **Creation of a publicly accessible register** of beneficial owners tied to a country's corporate registry.
- **Legislation** that forces companies to name their beneficial owners to government when incorporating.
- **Roll-out of a law or other policy** that companies must name their beneficial owners to government when doing business with the state—for instance, signing a license or contract.
- **Maintenance of a restricted database** of beneficial ownership data that only law enforcement or other government personnel may view.

The good things is that Philippines is committed to BO disclosure and this has been indicated by the BO roadmap. It's a 2 page roadmap, a straightforward articulation of what it is that they want to do. The key message here is that there is an effort, a MSG decision to help elevate Philippine's transparency to a new height

Key considerations to move forward:

1. Links between BO and national reform priorities
2. BO definition
3. Reporting obligations for PEP
4. The institutional framework for BO disclosure
5. Level of detail to be disclosed
6. Data collection
7. Assuring the accuracy of the data
8. Data timeliness
9. Data accessibility

In Indonesia, the beneficial ownership has really been taken into a new height. Under the new priority of the government, they understood the importance of reducing corruption. For them, beneficial ownership disclosure is a key entry point for that. Interestingly, BO definition is not yet well defined. It only applies in certain bank transactions. So what they have done is they created an interagency mechanism where the national planning ministry has been working with the central bank as well as the anti-corruption commission and several other ministry. The idea there is to harmonize existing laws in regards with beneficial ownership and just come up with one. How did they want to go about it? The good news is they started to see the BO standards and guidelines from EITI from which they can build up on that. The other good news is that this regulation will cover not just extractive industries; they also want to cover other economic sectors such as forestry. This has been reflected in their roadmap as well. Basically, it's very much connected in government reform priorities and anti-corruption agreement.

The same thing goes with Ukraine. The point here is that they have just passed a law in identifying ultimate beneficiaries of legal entities in public figures.

I also understand that linking this beneficial ownership to reform priorities is similarly touched upon by the recent research study by BK where among others, they raised questions on layers of corporate ownership and some breaches in the 60-40 ownership. They also highlighted the challenges of data availability and also the cost entailed with it. Thus, preventing free access. Some of their recommendations point to some regulatory review including corporate and beneficial ownership in the FOI EO and also in the pending FOI Bill. Some of the recommendations also suggest to make data accessible through an open format.

Importance of a clear definition BO:

- Lack of BO definition was a key challenge in obtaining useful BO data
- No country had an existing BO definition that was considered appropriate by the MSG

- Many MSGs agreed a minimum threshold ownership/control necessary to be considered a BO, ranging from 5-25% of shares, voting rights, or other means
- May MSGs used the definition in the 4th EU Anti-Money Laundering Act

How do we define Politically Exposed Persons?

“Individuals who are, or have been, entrusted with prominent public functions, and their family members and close associates” –UN Convention Against Corruption

An example is the prime minister in Iceland and his wife.

Looking at the performance of EITI countries:

- If you are an EITI member country, you commit to groundbreaking BO reporting
- By early Feb 2017, 45 EITI countries have published their BO roadmaps
- 20 countries are now working on establishing public registers

Beyond EITI

- The World Bank has committed to examine BO information for entities participating in the World Bank finance-procurements. This is relevant because Philippines is an active member of the World Bank. We also represent countries in Latin America into a cluster and many of them are EITI member countries.
- The Asian Development Bank has also been recently doing much work in BO as part of its international tax transparency initiative. Philippines is an active member there and we represent a number of Southeast Asian countries; some of the are EITI member countries.
- In April 2016, a new law in UK came into effect that requires all companies to keep publicly accessible register of their beneficial owners; starting in June, the UK government will launch a free public register of companies’ beneficial ownership information
- In April, Open Contracting Partnership and Open Corporates announced a launch of global beneficial ownership register (GBOR)
- Global BO workshop in October

Environment and Natural Resources Data Management Tool, Mr. Niño Raymond B. Alvina, Executive Director, BLGF (presented by Jose Arnold Tan, Acting Deputy ED

Last year, during an EITI roadshow, NBLGF participated and provided a concrete solution on how to have a validated and transparent data on resources coming from national wealth. This is the ENRDMT.

Why BLGF? Because DOF Sec appoints the local treasurers. Why not local accountant? Because they are appointed by local chief executives. Why not local chief executives? Because

they are elected by their electorates. Getting data from this LGU level will be difficult and the only solution is for the DOF Sec to instruct all the local treasurers to submit the reports on time. The issue then is some stakeholder re saying the LGUs are not spending their shares form national wealth on the intended purpose. LGUs are saying that the mining company are not getting their rightful share form national wealth.

This came about so that we can have validated data submitted by LGUs validated by reports given by other government entities and the mining company. Last year, the BLGF was given an award for having a concrete solution on the transparency on the share of national wealth. It is very important to note the importance of LGUs play in subnational implementation of transparency initiative in natural resource revenue because they host the mining sites, oil and gas, and principal offices of extractive industries. LGUs receive revenues form extractive industries through direct and indirect payments. They should also be consulted on any project that impact on the environment and ecological balance on communities including extraction of natural resources.

With the support of PPEI, in coordination with the PH-EITI, the Environment and Natural Resources Data Management Tool (ENRDMT) was developed.

Objectives:

- Disclosure on receipts relating to shares in national wealth;
- Segregation of receipts attributed to LGU code and those considered sub-national payments;
- Enumeration of LGU expenses funded by industry collections; and
- Enumerations of grants and donations received.

Last year, in 2016, we instructed all our local treasurers to submit all the data on extractive industries received by all LGUs hosting extractive industries.

Benefits of the Tool:

- Online, web-based features makes reporting time-bound and efficient, and data consolidation will be easier and more timely
- Availability of data will provide critical support to steer investment decisions, policy development and budget priorities: ability to properly estimate/project allocations of revenue shares from the national wealth
- Provides information on how LGUs spend their shares from national wealth and if expenditures were properly used based on the actual purpose as mandated by laws
- Ability to track expenditures and sectoral priorities

With all the submitted data submitted by the local treasurers, we will be able to get such information wherein we can get a feature on the different sources of revenues of LGUs

hosting extractive industries such as coal, fisheries, geothermal, etc. We will get a clear picture on what source of revenue this LGUs is getting from. In this case, you will note that the share from national wealth received by LGUs mostly come from the metallic mining industry. It also shows the type of payment LGUs charge to these extractive industries such as local business tax, real property tax, tax on mining operations, environmental fees, mayor's permit fees, etc. We have the data from 2014 to 2016.

With the submitted data, we will be able to show how much the regional distribution of the shares from national wealth collected by LGUs. The municipality gets a big chunk from national wealth.

We can also show the sources of revenues from national wealth that is from the forest charges, mining tax, royalties, income, etc. The pie chart will show you that 72% of all shares coming from the national wealth comes from the metallic mining industry.

It can also show you information on the shares of national wealth by region from 2014 to 2016. The municipality get 60% of shares from this national wealth.

The system also captures the grants and donations given by the extractive industries. The issue is how these revenues from national wealth is being spent by LGUs because the system also captures the expenditures funded from revenues of these shares. We were also able to capture the sectoral distribution of the expenditures made by all LGUs. The sectoral distribution is composed of debt service, economic services, education, health and nutrition, housing, labor, and others. Most of the expenditures from the share from national wealth came from general public services as reported by our LGUs wherein I think some shares of LGUs should be devoted on a specific project. It appears that 44% is spent on general public services and right now, we have to continue the enhancement of the system. We are now in coordination with PPEI being implemented by DILG. We enrolled with the ADB project to enhance the ENRDMT tools to incorporate some of the recommendations provided by the participants in order to get the necessary information in the extractive industries.

OPEN FORUM

Question: *Are you going to post data from earlier than 2014? Is it possible for BLGF to do that?*

Answer: Probably. Right now, our local treasurers are submitting quarterly report on the ESRE. We have the data on LGU financial transactions since 2006, but the data on EI is not disaggregated in the reporting system. To answer the question whether we can go back some more years, I think in due time probably, little by little, we will be asking our local treasurers to back track some few years back to be able to have at least a 5-year historical data on the

EI. Right now, our goal is to have timely and accurate information submitted by local treasurers.

If you will note, during the representation of Usec. Tionko, she mentioned that the accuracy of data submitted by LGUs is off by at least 16% or 17%; that's a big number. Right now, our immediate concern is lessen the gap; to minimize the incorrect submission. This is probably attributed to reclassification of receipts from the industry. Probably, some of the grants to local governments were not reported as receipt by the LGU from the extractive industries. There are a lot of things to be done in order for this to be timely and accurate and after that, we could probably go back already for 2 or 3 more years.

Question: (IP from Region V) This is about the utilization national wealth being downloaded to LGU. For us in region V, IPS are not benefited from these revenues considering that the mining site is not within the ancestral domain but they need some assistance during the issuance of the CP. My request is if it is possible for concerned agencies to give instruction to the LGU that IP should be given a separate project. Usually, if the project is general, IPs are not benefited. They are always left behind.

Q: (Sinomato) In our community, the mineral resources after it was extracted by mining, it will be brought to London for processing and refinery. Do you have a way for us to know what the actual value is after it has been processed there? I believe not only copper and zinc was extracted the, but also gold and silver. Finally, after the shipment – it was about 39 shipments– the gold and silver came out in the report that we have share but from shipment 1 to shipment 38, we did not actually have a share?

Answer: Since we can't currently answer that, we will take note. We will need to consult with experts.

PH-EITI Work Plan for 2017, Atty. Maria Karla L. Espinosa, National Coordinator, PH-EITI

Our engagement will not be finished in this National Conference. EITI has a work plan for the entire year wherein the National Conference is part of it. Every year, the MSG approves the activities for the whole year that is in line with the 5 objectives of the MSG and all of these are available in our website. I want to announce that PH-EITI, every year, will go to LGUs that host extractive operations through our roadshows and this will be held sometime in July, August, or September so you will hear about PH-EITI again.

2nd PH-EITI Transparency Awards

The PH-EITI Transparency Awards are given by the PH-EITI to reporting entities for their outstanding performance in the area of transparency, openness and accountability in the extractives and natural resource governance.

For 2017, awards were given for excellence in reporting. The citation were given to companies, national government, and local government units that submitted the best reporting template and posted the least discrepancy after the reporting and reconciliation process of the PH-EITI as conveyed by the independent administrator and approved by the MSG.

The criteria used for excellence in reporting:

- Timeliness of template submission
- Quality, comprehensiveness, and completeness of information in the template
- Least discrepancy in figures

Mechanics for selection of the winners:

- There will be four winners; 1 from each of the sectors that submitted data for the country report: mining company, oil and gas, national government agency, and local government unit.
- The independent administrator nominates the top 3 reporting entities or organizations for each of the criteria for each sector.
- The nominated entities are scored based on the assigned points or weights for each criteria.
- The entities with the highest scores will be conferred the award

The following were the recipients of the PH-EITI Transparency Awards:

- National Government Agency Category: Bureau of Customs
- Local Government Unit: Municipality of Aroroy, Masbate
- Company Category for Mining Category: Taganito Mining Corporation.
- Company Category for Oil and Gas Category: tie between
 - 1) Shell Philippines Exploration BV
 - 2) Chevron Malamapaya LLC

Closing Remarks, Atty. Golda S. Benjamin, Lecturer, Silliman University

According to Atty. Benjamin, no matter how difficult life becomes in this country, Filipinos can always optimistically break into a song and dance number. The final message is meant to

optimistically close the conference and open another year in the PH EITI journey which she said, is a year of seizing opportunities and also addressing challenges.

Atty. Benjamin said that her job is to remind everyone of their “WHYS”. On why they should continue with the transparency initiative. It is because transparency is important in governance and it is important in the lives and livelihood of the people. More importantly, transparency is not difficult. When EITI was still voluntary, despite the absence of any mandating law or policies, PH-EITI was doing well, with 36 companies, 63 LGUs and 7 government agencies voluntarily participating.

People must remind themselves that transparency is not the end, it is not the goal, rather it is simply one of the more powerful tools that they have as a nation to achieve their collective goals. She expressed hope that everyone in the conference share a collective goal. For government to have verifiable and accurate data to drive fair and just policies for the good of the entire nation, for businesses that follow their moral and legal obligations, for them to operate within a regulatory framework that is both predictable and fair. More importantly, for everyone in the community, for Transparency to drive the protection and promotion of basic human rights. The right to development that is sustainable, the right to a healthy environment, the right to be free from physical, economical, and social violence in the communities where businesses operate.

In closing she said, transparency is not difficult. It has been done for so many years already and is still being done up to present. In the years to come, PH-EITI will push and work hard for great transparency not only because it is mandated by law, but because it is the right thing to do for the country and for the people. She reminded and encouraged everyone to continue to love the country, and to love each and every Filipino.