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## **PH-EITI NATIONAL CONFERENCE 2018**

### ***Moving Beyond Transparency: Galvanizing Open ENR Governance for Development***

18 April 2018 | Philippine International Convention Center (PICC)

The Philippine Extractive Industry Transparency Initiative (PH-EITI) National Conference for 2018 was held on April 18, 2018 at the Philippine International Convention Center with the theme: *Moving Beyond Transparency: Galvanizing Open ENR Governance for Development*.

The objectives of the conference were: i) to communicate the findings of the 4<sup>th</sup> Country Report; ii) to provide a multi-sectoral venue for showcasing and sharing experiences and insights of government, industry, CSO, and other stakeholders on transparency in action; iii) to report progress and status of agency actions on PH-EITI recommendations; and iv) to collaborate with partners to broaden the constituency of extractives transparency advocacy as well as to synergize and support parallel efforts and activities.

The event was attended by an estimate of 390 representatives from various national government agencies and its regional offices, local government units hosting extractive operations, civil society organizations including academe, extractive companies, Senate and House of Representatives, development partners, media and studentry.

The conference officially started at 9:30 am with the facilitator, Mr. Ariel Sebellino, giving a brief of what EITI is, for the benefit of those new to PH EITI.

EITI is an international initiative that promotes a global standard of transparency, openness and accountability in governance and management of natural resources, particularly minerals, oil and gas. When implemented by a country, EITI ensures transparency and accountability on how a country's natural resources are governed. It does this by requiring the disclosure, reconciliation, and publication of data and information about the extractive industries, from how licenses are issued, to how the resources are monetized through revenues, to how they benefit the economy and the citizens of the country.

At present, the Philippines is one of 51 countries implementing EITI. Its official beginnings trace back in 2012 when the government, in a bid to further institutionalize and implement reforms in the extractive sector, issued Executive Order No. 79 signifying its commitment to implement EITI in the country. The following year, 2013, Executive Order No. 147 was signed, formally creating Philippine EITI.

1 EITI implementation in the Philippines has come a long way since 2012. In just five years,  
2 PH-EITI has consolidated the key government, industry and civil society stakeholders of the  
3 extractive sector through the Multi-stakeholder Group or MSG.

4 In October 2017, after undergoing validation, PH-EITI was declared by the EITI International  
5 Board as the first EITI implementing country to have ever achieved satisfactory progress in  
6 the 2016 EITI Standard. But even with the said achievement, PH-EITI recognizes that more  
7 work still needs to be done.

8 Through the national conference, the PH-EITI expressed hope that more can be  
9 accomplished to bring to fruition the benefits and impacts of the transparency initiative in  
10 the country.

11

## 12 **OPENING REMARKS**

13

14 Atty. Bayani H. Agabin, Undersecretary at the Department of Finance and Focal Person and  
15 Chair of PH-EITI delivered the message on behalf of the Secretary of Finance. He  
16 acknowledged the presence of distinguished guests from various national government  
17 agencies, local chief executives and officers from the different provincial and municipal  
18 government units, and development partners from the World Bank and USAID.  
19 Undersecretary Agabin also cited the presence of esteemed members of the PH-EITI Multi-  
20 stakeholder Group (MSG) which included executives from the Chamber of Mines of the  
21 Philippines, Petroleum Association of the Philippines and of their member companies,  
22 Bantay Kita and other partner civil society organizations; Philippine Press Institute and other  
23 members of the media and civil servants from different government offices.

24

25 According to Undersecretary Agabin, every year since 2015, PH-EITI has gathered  
26 stakeholders of the extractives industries to launch its flagship product, the PH-EITI Country  
27 Report.

28

29 The 4<sup>th</sup> Report happens to be the most comprehensive report to date, covering two fiscal  
30 years, 2015 and 2016, and features a pilot reporting on the non-metallic mining industry. It  
31 also presents the results of deploying the Environment and Natural Resources Data  
32 Management Tool (ENRDMT) that was created to facilitate EITI reporting of local  
33 government units (LGUs) hosting extractive operations.

34

35 The 4<sup>th</sup> Report had the participation of 36 extractive companies, 8 national government  
36 agencies and 61 LGUs across the country, and reconciled about PHP 27 billion in revenues  
37 each for 2015 and 2016.

38

39 Beyond communicating the findings of the 4<sup>th</sup> Report, the 2018 national conference aimed  
40 to provide a multi-sectoral venue for showcasing how government, industry, CSO, and other  
41 stakeholders have experienced moving beyond transparency.

1 The PH-EITI Chair expressed hope that the program succeeds in elevating the discourse on  
2 extractives transparency from mere focus on data disclosure to how transparency has  
3 empowered the people to meaningfully participate in managing the country's natural  
4 wealth, to how transparency has spurred action from government and the people to ensure  
5 that resource use translates to progress and better lives.

6  
7 He likewise underscored the continuing and increasing relevance of EITI endeavor to ensure  
8 that the country's natural resources redound to the benefit of the people and contribute to  
9 the country's sustainable development.

10  
11 Undersecretary Agabin reiterated what the Finance Secretary has emphasized in another  
12 PH-EITI national forum, "Only full transparency can build an atmosphere of trust among  
13 stakeholders and will assure that businesses are run with integrity and regulations enforced  
14 with competence."

15  
16 As Chair of the MSG, he expressed DOF's pride in conveying what PH-EITI has achieved,  
17 particularly the recent success of the Philippines being validated and declared to be the first  
18 country to achieve 'satisfactory progress' in implementing the 2016 EITI Standard. He noted  
19 that this achievement should propel them to aim higher and endeavor to achieve full  
20 participation in EITI reporting, wider report coverage, especially on revenue utilization, and  
21 the institutionalization of EITI to establish a culture of open extractives governance.

22  
23 He reported that the institutionalization of EITI has been identified as a legislative priority  
24 for the fiscal sector in Philippine Development Plan 2017-2022. EITI implementation is also  
25 one of the Philippines' continuing commitments under the Philippine Open Government  
26 Partnership. Thus, they strongly welcome the firm enforcement of DENR Administrative  
27 Order (AO) No. 2017-07 mandating all mining contractors to participate in the PH-EITI  
28 process.

29  
30 Finally, he relayed DOF's gratitude and recognition of the people, agencies, and  
31 organizations behind the PH-EITI for their untiring efforts to meet EITI requirements and to  
32 contextualize and align EITI processes to the Philippines' situation, needs, and plans. He  
33 urged everyone to continue pushing the transparency agenda forward towards where they  
34 envision the Philippines to be.

### 35 36 **MESSAGE FROM THE DENR**

37  
38 The message from the Department of Environment and Natural Resources (DENR) was  
39 delivered by Atty. Analiza Rebuelta-Teh, Undersecretary for Climate Change Service and  
40 Mining Concerns.

1 Undersecretary Teh expressed honor and pride to be among the most dedicated and  
2 hardworking people who tirelessly champion the cause of transparency and accountability  
3 in the extractive industry. She highlighted the consistent and relentless efforts of PH-EITI in  
4 complying with all the requirements of EITI from its inception in 2012 to when the  
5 Philippines became a candidate-country in 2013. She particularly mentioned about the  
6 country's distinction of being the first, among more than 50 implementing countries, to  
7 have achieved satisfactory progress under a global standard of transparency in the  
8 extractive industries, as declared by the EITI Board in October 2017.

9  
10 She commended the body for the launching of the 4<sup>th</sup> Country Report which she noted as an  
11 enhanced version of the previous ones, with the inclusion of large-scale non-metallic mining  
12 projects. The report presents updates on developments that affect the mining, oil and gas,  
13 and coal industries in the Philippines, provides a broad picture of the legal framework and  
14 governance mechanisms for the sector, the contracts and licensing processes, including  
15 payments and revenue-sharing schemes at the national and local levels. It further discusses  
16 state-owned extractive enterprises and the concept of beneficial ownership.

17  
18 She lauded the efforts of PH-EITI in moving towards inclusivity, in taking the big step  
19 towards that direction by involving various stakeholders and empowering the people to  
20 meaningfully participate in managing the country's natural resources. DENR believes that by  
21 instilling transparency and openness in extractives governance, people will realize the  
22 benefits that could be derived from the development of natural resources, which could  
23 translate to better lives for the people and spur national development.

24  
25 She posted a challenge that to sustain the initiative and fully achieve the PH-EITI objectives,  
26 there is a need for greater participation by all stakeholders in the next report, to be able to  
27 gauge more accurately the benefits versus the costs of natural resource development. This  
28 will ensure the concrete valuation of resources, including environmental goods and services.  
29 Eventually, this will result to higher taxes, royalties and fees.

30  
31 Likewise, to be fully comprehensive, there is the need to include the small scale mining  
32 sector (SSM) in future reports. Although small in scale, this sector comprises thousands of  
33 workers and their families therefore ultimately, they also contribute a sizeable share to the  
34 economy, especially in the local front.

35  
36 DENR gave assurance of their continued support and assistance, as they have been doing  
37 since the start of the transparency initiative. They committed to ensure strict compliance to  
38 DENR AO No. 2017-07 on the participation of mining contractors in the PH-EITI. This will  
39 guarantee that the companies that are not included in this report will now cooperate and  
40 participate fully in the next report. Failure of the mining contractor to comply with the  
41 disclosure requirements of PH-EITI shall cause the suspension of the pertinent

1 Environmental Compliance Certificate and non-issuance of Ore Transport and/or Mineral  
2 Export Permit.

3

4 DENR will continue to ensure that the development of the country’s natural resources  
5 redounds to the benefit of the people, especially in the impact areas. Towards this end,  
6 they will propose and support regulations that will increase the share of Local Government  
7 Units in mining taxes, including making certain its timely release, to enable the local  
8 government to implement projects that will improve the living conditions in mining  
9 communities.

10

11 The agency will also declare high-mineral potential areas as mineral reservations, and  
12 monitor strictly the payment of royalties by mining companies operating therein. Further,  
13 they will promote the establishment of mineral processing plants in the country.

14

15 Undersecretary Teh assured the resolve of DENR to push for greater transparency and  
16 accountability, not only among extractive industries, but especially in the conduct of their  
17 operations and in their dealings with stakeholders. DENR committed to be relentless in their  
18 efforts to ensure that the country’s natural resources benefit the people, the economy and  
19 the country in general.

20

21 **LAUNCHING OF THE 4<sup>th</sup> PH-EITI REPORT**

22

23 The presentation was delivered by Mr. Marco Zaplan, Technical Policy Specialist of PH-EITI.  
24 Mr. Zaplan noted that the Philippines, as an EITI implementing country, is bound to publish  
25 an annual report that comprehensively discloses revenues from the extractives and other  
26 information across the entire value chain of the sector. The report also reconciles company  
27 payments and government collections through an independent administrator. For PH-EITI  
28 reports, it has been Isla Lipana & Co. –Pricewaterhouse Coopers Philippines who served as  
29 the IA.

30

31 Since 2014, PH-EITI has produced and published four reports, the latest of which is to be  
32 launched today as the highlight of the national conference.

33 Mr. Zaplan presented a series of numbers in a manner which apparently was intended to  
34 challenge the audience to think deeper.

35

36 **1431 >>> 36 >>> 27.5 >>> 272 >>> 2.4 >>> 51**

37

38 According to Mr. Zaplan, there is so much information that one will find in every PH EITI  
39 country report. This is a result of strong and very good collaboration from among all  
40 stakeholders of the MSG.

41

1 Mr. Zaplan shared that in the last 2 years that he has worked around PH EITI reports/data,  
2 he realized that people are fortunate because there are so many data and information  
3 available, like how much money is being collected, how much of the country's natural  
4 resources are being extracted, how government is spending money, how much LGUs should  
5 be receiving from their share in natural resources. While people have so many questions,  
6 fortunately data and information are made available.

7

8 Mr. Zaplan then proceeded to disclose the meaning and value of the numbers he earlier  
9 presented:

- 10 • **1431** represents the number of the pages of the PH EITI 4<sup>th</sup> Country Report, touted to be  
11 one of the most voluminous report produced.
- 12 • **36** is the number of companies who participated in the latest reporting process  
13 comprising 5 oil and gas companies, 26 metallic and 5 non-metallic mining companies.
- 14 • The 4<sup>th</sup> country report reconciled about Php**27.5** billion in revenues, the biggest share of  
15 collection amounting to Php 12 billion was by DOE, followed by BIR with Php 12.3 billion  
16 collection. The rest were from MGB with Php 840 million collection, BOC with Php 549  
17 million, LGUs with Php 716 million and IP with Php 155 million.
- 18 • For 2016, shares from national wealth reached a total of Php**272** million.
- 19 • A total of Php**2.4** billion was spent for social and environmental related-concerns
- 20 • There are **51** contracts disclosed at the Ph-EITI's Contracts Portal

21

22 EITI report are not just numbers. But one may ask, *"So what if all these information are*  
23 *made available to us?"* After 5 years of implementing the EITI, the question is: *So what?*

24

25 All of the data will just be data, information will just be information, and documents will just  
26 be mere documents. It is what people make use of them that will spell the big difference, it  
27 is what will give significance and value to the numbers.

28

29 PH-EITI has raised transparency in extractive industry to the next level. But transparency  
30 alone will not answer all questions. It is how people move beyond transparency. Therefore,  
31 the more important question is, *who will define who to move beyond transparency?* The  
32 answer is: YOU.

33

34 Mr. Zaplan challenged the body that people are gathered together for a common reason,  
35 which is the aspiration to improve the way the country's resources are governed for the  
36 benefit of future generation.

37

38 In closing, he urged the body to use the report and maximize the information contained  
39 therein. After all, the report was made possible because of the people present in the  
40 gathering. How to move beyond transparency will be defined by the members of body

1 themselves and by their vision for the people. Mr. Zaplan committed that PH EITI will  
2 provide the needed guidance and support.

### 4 **T TALKS– PART 1**

6 In the first part of the transparency talks, three significant personalities delivered their  
7 personal sharing of how transparency shaped and transformed their lives and how it has  
8 impacted the community. They recounted their stories on the challenges and successes in  
9 their chosen paths and journeys.

10 • **Mr. Augusto S. Blanco, Jr. , Former Board Member, Compostela Valley Province**  
11 **Leader, Kaimunan Lumad Sang Compostela**

13 Mr. Blanco, a tribesman from the Mandaya indigenous group, was instrumental in bringing  
14 accord between tribal disputes in their province and facilitated the safe entry and  
15 implementation of government projects in their ancestral domains. He initiated programs  
16 and secured funds to facilitate the registration of pertinent government records. He also  
17 helped in preserving the culture and tradition of the indigenous peoples in the region.

18 Mr. Blanco is the second Indigenous People Representative in the country to become a  
19 member of a Sangguniang Panlalawigan and currently a member of the PH-EITI MSG.

20 He shared that when IPRA as enacted as a law, IPs were given thousands of hectares to  
21 manage, thus owning from 1 to 1000 to 90,000 hectares, it posed a very big challenge. Then  
22 came the extractive industry which by itself is also a challenge. This then resulted to two  
23 colossal challenges.

25 Mr. Blanco likened their experience in Compostela Valley to a horror movie, full of obstacles  
26 and apprehensions. Their biggest question then was if transparency in the extractive  
27 industry will be able to light the path towards the protection of IP Rights and ancestral  
28 domain.

30 The speaker recounted that it started with EO in 2012 with EITI organizing the multi sectoral  
31 group for extractive industry, transparency and accountability. The government, mining  
32 companies, CSOs collaborated and worked together within the MSG to pursuit of the  
33 transparency initiative.

35 In the end, Mr. Blanco attested that transparency has indeed brought immeasurable  
36 positive impact to the communities, LGUs and companies. Considering that without  
37 transparency, there would be lack of information, without correct information, IPs cannot  
38 rightfully decide on whether or not to give their consent, noting that a consent wrongfully  
39 secured or given is like a journey into the dark forest.

1 Mr. Blanco concluded by noting with conviction that transparency in the extractive industry  
2 has light the path towards the protection of IP rights and ancestral domain.

3  
4 • **Mr. Jose E. Dagala, Jr., Assistant Vice President for Social Commitments, Marcventures**  
5 **Mining and Development Corp.**

6  
7 Mr. Dagala has 11 years of field-based experience in the mining industry that specializes in  
8 community development and stakeholder engagements. He worked his way up from  
9 beginning as an Information Officer to being the current Assistant Vice-President for Social  
10 Commitments of the company.

11  
12 While he worked as the Site and Community Relations Manager for Silangan Mindanao  
13 Mining Company, he managed projects and community-based entrepreneurship while  
14 supervising community development and local media engagements. He worked as  
15 Community Relations Superintendent and Information, Education and Communications  
16 Officer in four other mining companies.

17  
18 Mr. Dagala shared how, from being a social science secondary teacher, he has made a way  
19 to making a dent in IEC and community relations work. He has been assigned in various  
20 places in the country, in Luzon, Visayas, Mindanao, and had the opportunity to meet people  
21 of all walks of life. The experiences he had on the ground made him understand all the good  
22 and the bad of the mining industry and arrived at the following conclusions:

- 23  
24 - The circumstances on the ground are the reasons why mining in the Philippines is  
25 problematic. But the mining sector is not without fault. He shared some stories on the  
26 ground that somehow directly or indirectly results to problems in the industry, like  
27 inconsistencies in the law, in government policies, lack of synergy which unfortunately  
28 render companies susceptible to corruption.
- 29  
30 - Land access and excesses- if negotiation fails, where does a mining company with a  
31 legitimate permit go? Does this mean money has to change hands? Based on  
32 experience, he shared few instances where some people asked to be paid P400,000 for  
33 one small drill, one asked that his family member be paid even without working.
- 34  
35 - Barricade and project stoppage - In the absence of a clear cut conflict  
36 resolution/mechanism, what should the mining company do? Does this mean money has  
37 to change hands?
- 38  
39 - Two IP groups or more, 1 CADT - If the company sides with one group, the other group  
40 will make alliances with rebels in the area. These rebels in turn, will cite injustices and  
41 proceed to burn the company structure and equipment.



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- Millions of IP royalty but zero accountability. If the royalty payment were not spent wisely and did not trickle all the way down to other members of the IP community, the company will be blamed saying it did not help uplift the economic status of its host communities.
- Overlap- LGU CLUP vs. MPSA - The LGU will make Comprehensive Land Used Plan (CLUP) and zoning ordinances. A portion of the MPSA will be declared as watershed, sanctuaries, protected areas. Inc.

According to Mr. Dagala, what he shares are actual stories in his 12 years of experience in the field which revealed to him it is not mining per se that is the problem. There are realities in the ground that breeds corruption. If there are governing laws and they are implemented well, mining companies will follow. He noted however that the country’s case is not a hopeless case. The industry is still moving forward. EITI has made big progress.

He made the following calls to action:

1. Improve synergy among government regulatory agencies and put up mechanisms that mining companies can resort to when things get ambiguous on the ground
2. Establish **TRANSPARENCY** and **ACCOUNTABILITY** among the IPs in managing their royalty. This is long overdue. Maybe forming an oversight committee or governing body could help.
3. The National Government should increase the budget of MGB and NCIP to address lack of adequate human and monetary resources to implement the law.
4. Put closure/address the interests of the local government particularly in the release of share on National Wealth and just share in the income generated by mining activities.
5. Resolve the issue regarding the power of the local government to pass ordinances that are in conflict with the Mining Act of 1995.
6. Strengthen inter-agency coordination in developing CLUP/Zoning Ordinance.

• **Ms. Beverly F. Besmanos, Subnational Coordinator for Mindanao, Bantay Kita**

Ms. Besmanos is a former program officer of the Alternate Forum for Research in Mindanao, who co-authored several articles and case studies on artisanal and small scale mining as well as the environmental health and the cultural impacts of the extractives in the communities. She is a skilled field researcher who has a vast work experience with communities, local and national governments, and industry which has given her exceptional understanding of mine-related regulations, policies, and programs, and the challenges of ground implementation.

1 According to Ms. Besmanos, when one goes to the ground, the question he asks himself is if  
2 it is really worth it. She shared that for a mother like her to go the ground for the purpose of  
3 promoting transparency is extremely risky. Ms. Besmanos, a wife and mother of 2 kids, goes  
4 from General Santos to any point in Mindanao. She revealed that while it is good to listen  
5 whenever she goes to the area, often she would ask if the thing she does is really worth it.

6  
7 Ms. Besmanos narrated that her work started when BK commissioned a scoping study in  
8 Mindanao, to look at how small scale mining (SSM) can be understood, and how it can be  
9 included in the transparency agenda.

10  
11 When DENR said that SSM can already be included in the transparency discussion, they  
12 found that it is not easy to do considering the many problems and issues surrounding SSM.  
13 True to what the speaker from Marcventures said, the real problem is in the ground, citing  
14 the lack of synergy, convergence, lack of capacity of communities to understand even  
15 mining, and how to utilize and maximize the benefits that can be derived from mining.

16  
17 The question for CSO is: How can CSOs empower communities, to demand and practice  
18 transparency?

19  
20 She went on to share that the 1<sup>st</sup> engagement of BK in Mindanao is to provide a venue for  
21 establishing multi sectoral group or MSG at the local level, to discuss issues of mining on the  
22 ground, within the area of ancestral domain.

23  
24 Some of the challenges encountered and lessons learned include:

- 25 - How to introduce transparency to an area/community who has no concept of  
26 transparency. It has been difficult to introduce transparency especially to the brothers  
27 from Lumad who lack of the basic capacity to even read or write.
- 28  
29 - Transparency is not even part of their dictionary or vocabulary. Cultural practice dictates  
30 that the order of the leader is strictly followed and never questioned. People are not  
31 allowed to question how the leaders spent money.

32  
33 Thus the challenge was how to promote transparency where promoting such may cause  
34 conflict within the community. It may disrupt or even cause negative effect to existing  
35 social relationships.

36  
37 It is very difficult when credibility of tribal leader is destroyed because it will destroy the  
38 whole leadership, the whole clan, and the whole generation.

- 39  
40 - People were non receptive or afraid of Bantay Kita, because of the name alone and of  
41 what it connotes. The misconception is that BK will meddle with what they are

1 receiving. The question then was what or where is the entry point of BK to introduce  
2 transparency.

- 3
- 4 - The establishment of wealth fund is a window of opportunity to enter IP. The idea was  
5 that since they demand transparency from government, then the concept of  
6 transparency can be introduced to them, not in the BK way, but in the IP way. Amidst  
7 issues on continuing minoritization of IP, BK made them (IP) realize their value.

8

9 BK introduced transparency to IP, by showing them how they should effectively manage  
10 the royalties they are receiving from companies, through the establishment of wealth  
11 fund

- 12
- 13 - Community leaders need to be united.
  - 14 - Community leaders must learn how to install systems of Transparency
  - 15 - BK proudly shared the story of CAMMPACAMM, who is the first of BK-assisted  
16 communities who allocated part of the royalty to a scholarship fund intended to  
17 educate children, the future generation. BK believes that this is the easiest and  
18 safest way to introduce transparency among IPs. This is one way they have  
19 empowered communities.

20

21 In closing, she posted a challenge to the body, “Do CSOs even have hope of moving beyond  
22 Transparency? Do they even know what is waiting for them beyond Transparency?”

23

24 **REACTIONS FROM PANEL**

- 25
- 26 • ***Ms. Ma. Teresa H. Habitan* - Assistant Secretary, Department of Finance and Alternate  
27 Focal Person of PH-EITI**

28

29 Assistant Secretary Habitan described the messages and stories shared in the first part of  
30 the Transparency Talk were truly heartfelt and moving. In reference to the line of the first  
31 speaker, Ms. Habitan said that she would like to look at this as journey into a dark forest,  
32 and they at the MSG are the spirit that guide. But transparency is there, though most see  
33 them as complicated. This is just true enough because life is really without complications.

34

35 She shared that having worked in government for a very long time already, she can attest  
36 that even in government agencies, despite the fact that people meet so many times, still  
37 there are many instances that people do not understand each other. People question why  
38 people do the things they do. It can be very confusing so many times. She made an analogy  
39 with how it is in government. How a COA findings and observations for instance, can  
40 paralyze even the Cabinet Secretary.

1 Indeed there are things which are not understood by those on the ground. This is the  
2 reason why they must go beyond their comfort zones. There are people who depend on  
3 how quickly government can act as one, because if not, the cycle of confusion and conflict  
4 will continue.

5  
6 Ms. Habitan concurred with the statement of one of the Transparency speakers, that  
7 transparency cannot be an end by itself. She noted that when the light is focused on you, all  
8 the flaws begin to come out and be seen, for this is how transparency really works. The  
9 challenge is how to move beyond that.

10  
11 The DOF official believes that one major solution is by being present in the EITI conference,  
12 and listening to what others say. She noted that in trying to find new ways to solve an old  
13 century problem, the day's gathering clearly offers an answer, with the presence of the  
14 young millennials who, Ms. Habitan said, can guide those who are at the autumn of their  
15 lives, of how to do the things that were thought to be already okay.

16  
17 • **Atty. Golda S. Benjamin - Lecturer, Silliman University**

18  
19 Atty. Benjamin introduced herself as both a lawyer and a teacher. She noted that she is  
20 ending this year, her term as one of PH-EITI MSG CSO representative.

21  
22 According to Atty. Benjamin, people ask her why she always disappear for some 2 or 3 days  
23 in Dumaguete where she is actually based. People ask her why she even participates in PH-  
24 EITI. The good lawyer said that the sharing of the three speakers in the Transparency Talk  
25 earlier today reaffirms her "Why".

26  
27 Transparency forms the ins and outs of the three speakers. This elevates the debate about  
28 the sector that is highly judged, the sector where there is apparent lack of trust in its data.

29  
30 In PH-EITI, members sit down together, agree on data, and then debate based on respective  
31 ideologies. For Atty. Benjamin, this is a win already. And if there are still 10 companies not  
32 participating, she encouraged that there should be continues pressure and encouragement  
33 for them to join.

34  
35 According to Atty. Benjamin, transparency is a breeding ground for creative solution to the  
36 many difficult problems in the extractive industry. The stories and messages shared by the  
37 speakers reveal the kind of challenges the industry is facing. But there are many creative  
38 solutions too. She shared one creative solution she heard from the CSO conference she  
39 attended the previous day, regarding plotting the areas where mining companies operate  
40 vis-à-vis the problems created. Also, the wealth/education fund as shared by speaker from  
41 CSO is partly driven by transparency data.

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41

Full transparency builds trust that everything that is currently being done will lead to the real and final goal which is the promotion and protection of the fundamental human rights of communities and businesses to operate in a legal system that is fair and predictable. She underscored that this is her call for the extractive industry.

She shared another concern she heard the previous day in the CSO conference about issues on terrorist tagging in communities where mining operates. Atty. Benjamin said that everyone is challenged to stand up and speak up because at the end of the day, businesses will not matter if human rights are ignored.

- **Atty. Ronald Rex S. Recidoro - Executive Director, Chamber of Mines of the Philippines (COMP)**

Atty. Recidoro has been in mining for the last 46 years. He openly declared that he is a true blue product of mining, born in a mining hospital, schooled by mining, worked and is still working for mining to this day.

According to the COMP Executive Director, the stories on the ground recounted by the speakers are not new issues, but rather are old stories. This just shows that mining is a very complex sector/business and there are no easy answers to the questions.

Atty. Recidoro noted that the 4<sup>th</sup> report covering 2 years is slated to be launched in the conference. To temper people’s expectations, he noted that the EITI report is not the answer to all the issues, rather the report will lead people to the answer. Nowadays, people already ask question/s like “So what if PH EITI has managed to publish four reports already, showing minimal variance/discrepancies between reports given by industry and company? It shows that companies pay the right amount to government. But so what?”

He raised if the question is still valid at present.

According to Atty. Recidoro who has been with PH-EITI since 2012, he has already seen the impact of what EITI can do for the communities. Before EITI, there was no venue for stakeholders to come together on equal terms, discuss on civil manner and move forward with a solution. Previously, fora would usually end with shouting, finger pointing with no issues getting resolved. With EITI, partners come to the table as equal which is something that never existed before. He encouraged everyone to embrace EITI fully, saying that while EITI is not the answer, it will somehow lead to the answer.

On the issue of IPs receiving large amount of money vis-à-vis their culture’s and system’s capacity to absorb such amount of money, he said that clearly, development in the context

1 of IP should not mean showering them with millions of money. With EITI report, IPs are  
2 given a tool to help them decide what is right for them. Somehow, they are capacitated so  
3 that they would not be easily influenced or dictated by anyone. No one cannot dictate what  
4 is right for them. They themselves have to decide what is right for them. EITI is the best  
5 tool right now.

6  
7 EITI is a platform. When it started 5 years ago, one of the objective is to create a platform  
8 for debate, and this has been achieved. Because today there exist a stable platform for  
9 debate and discussion. The challenge now is to build on this platform, to elevate it and to  
10 cover more grounds.

## 11 12 OPEN FORUM

13  
14 **Question/Comment:** One participant claimed that more than half of the 446 pages of the 4<sup>th</sup>  
15 EITI report is full of discrepancies, concluding that there is something wrong. He particularly  
16 cited that page 76 of the report indicated that the direct share of metallic mining in the  
17 country's GVA is less than .5%, while on page 84, it says that the direct contribution of  
18 employment in mining is barely .5%.

19  
20 The production volume in terms of money from industry on page 72 indicates that it had  
21 P102.73 billion. He queried on why the CSR of extractive industry for communities affected  
22 by the operations only had a meager P0.2 billion, based on figures on page 90 of the report.  
23 He noted that in other countries, the mining companies have this conscience such that all  
24 residents are made stockholders of the company and thus receive annual dividends.

25  
26 The main question he raised was that given the production of four EITI reports, with more  
27 than half of the document discussing about discrepancies, what actions have been done so  
28 far to minimize the discrepancies?

### 29 30 **Responses:**

31 1. *From Asst. Secretary Habitan:* In the PH-EITI report, when the topic is on discrepancies,  
32 IA has the responsibility to explain each and every figure that appears in the report.  
33 Discrepancies are usually presented as percentage of the volume, and the discrepancies  
34 reported in the EITI reports have always been less than 1%. It was mentioned earlier  
35 that when one talks of tax collection, it is comparing what is reported in the books of the  
36 companies against what is reflected in the reports of other agencies. Under this  
37 circumstance, this would already be considered as fully compliant because the  
38 discrepancy is less than 1%, which is relatively a very small percentage. But even how  
39 small the discrepancy is, it still needs to be reported and explained. This is the technical  
40 explanation/answer to the question raised. She reminded that when EITI started in the  
41 Philippines, the discrepancies were really the reason why they needed transparency.

- 1 2. *From Marco Zaplan:* A clarification was pointed out that only 20 pages of the 432 pages  
2 talked about discrepancies. He said that sometimes discrepancies happen for valid and  
3 legal reasons. However, the next question really is how to move forward. The issues and  
4 challenges raised were recognized but he centered in on the fact that there are chapters  
5 10 and 11 of the 1<sup>st</sup> volume that talks about recommendations on how to move forward.  
6
- 7 3. *From Atty. Recidoro:* The discrepancies found in the first four reports are all minimal,  
8 less than 1% compared to other countries. For the Philippines, this is something to be  
9 appreciated and be proud of because compared globally, the country has been reporting  
10 very minimal discrepancies. On the contribution of mining to economy, no one is  
11 disputing that mining contributes only minimal to the GDP. But Atty. Recidoro pointed  
12 out two things about the contribution to GDP issue: (i) there is no mining in Metro  
13 Manila, no mining in urban centers. Mining operates in the most remote areas of the  
14 country. He encouraged everyone to try to look at the mining contributions in the  
15 mining centers of the country, for instance in Caraga and Region IV, where mining's  
16 contribution to regional GDP ranges from 20% to 25%, a sizeable one-fifths to one-  
17 fourths of the regional economy; (ii) Do they want to increase mining contribution to  
18 national GDP from 1% to 5%? The solution to that, is to add more mines. But it is not  
19 that simple. There should be a balance. Government has to decide how much mining it  
20 wants to go.

21  
22 **Question/Comment:** *From Jon Morillo, a student from UP National Institute of Geological*  
23 *Sciences (NIGS).* Mr. Morillo suggested the inclusion of academe in the multi sector  
24 representation on resource governance. He shared his experience on a recent thesis in NIGS  
25 that was about studying rare earth element, particularly scandium. Apparently, the  
26 resources contain more than just nickel. To maximize the country's resources, may be  
27 academe can be included as they may be able to make significant contribution in these  
28 areas as well.

29  
30 **Response:** *From Atty. Golda Benjamin-* The MSG member agreed to the suggestion noting  
31 that there are indeed many members of the academe currently and this should be call to  
32 them. She shared what she always teach her students--- that every academic community  
33 should be an advocate and should not wait to be invited. She shared her own experiences  
34 and encouraged everyone to be as aggressive and proactive. According to her, it is the same  
35 with law-making. If one sees that the Congress or the Senate is writing a law and they feel it  
36 is not supported by science, and they think they can contribute, then they should go out,  
37 speak up or submit a position paper.

38  
39 **Question/Comment:** *From a lady from CSO Northern Luzon Coalition for Good Governance,*  
40 *Benguet.* The lady asked about the non-fiscal aspect of the report. She queried on how  
41 gender sensitive the mining companies are, if there are policies on protection of women, on  
42 sexual harassment, if there are provisions for housing and accommodation and if there are

1 adequate water supply. She asked about child labor and the role of women. She said these  
2 are some information that are missing as she was not able to see these matters in the  
3 report.

4  
5 **Responses:**

6 1. *From Undersecretary Habitan:* The Undersecretary noted that the points raised are well  
7 taken. They will look at those data/information in future data gathering.

8  
9 2. *From Mr. Marco Zaplan:* Mr. Zaplan noted that there are sections in the report which  
10 dealt about social and environmental expenditures. He recounted that when PH-EITI  
11 started, there was recognition that mining is not just all about money. Thus, since the  
12 first country report, they have included social and environmental expenditures and by  
13 the 2<sup>nd</sup> report, they have fairly disaggregated employment data already. He noted  
14 though that they cannot cover everything, hence as an alternative rich source of  
15 information, he mentioned about the environmental impact statement or EIS of  
16 companies which can be a good reference. He said that prospectively, as PH EITI moves  
17 forward in the next country report, the points raised by the participant shall be inputs  
18 that will be considered.

19  
20 **Question/Comments:** *From Mr. Chito Trillanes, Social Action Center in Tandag -*

21 According to Mr. Trillanes, transparency does not only speak about how much money is  
22 given to government and how government spend the money paid by companies. He raised  
23 two points: One is on the on the issuance of permits for contracts. He referred to a point  
24 raised by the presenter from Marcventures, on the apparent animosity between the  
25 industry and community in their area of operations. He said that the reason for this is  
26 because mining company entered the community to implement their project without the  
27 knowledge of the community living in the area. Mining Law requires that there should be  
28 social acceptance from the affected communities. Therefore, there should be meaningful  
29 consultation. According to him, this is not true in their area in Tandag.

30  
31 The second point is on the proper acquisition of the FPIC. He claimed that there is nothing  
32 happening in the community. This is also the reason why there is animosity between  
33 community and company.

34  
35 Mr. Trillanes alleged that Macrventures has deceived the community in Cantillan and  
36 adjoining municipalities. In their contract that was supposed to expire in July 1, 2018, the  
37 company was able to acquire extension up to 2027. The IPs elevated their complaint to the  
38 NCIP, claiming that the extension is invalid and illegal because the FPIC was not secured. He  
39 challenged the COMP to discipline their members, and asked MGB also to be transparent in  
40 all these matters.



1 **Response:** Mr. Dagala of Marcventures took note of the issues raised. Nonetheless, he  
2 informed that he was briefed about the issues and one thing he assured was that the  
3 company will follow the law. He explained that Marcventures got an extension order of their  
4 MPSA for another 10 years. The position of NCIP was that the new extension is tantamount  
5 to renewal. Thus, they were mandated to get the FPIC. He assured that their company will  
6 abide by whatever legal processes are required. He noted that FPIC is such a powerful tool  
7 and avenue to fix everything and to put some closure to the issues on the ground. He  
8 committed that they are doing something on it and that they will meet with NCIP to clarify  
9 things.

10  
11 Mr. Dagala shared that it is very stressful on the ground due to too many fighting between  
12 IP and the company. He believes that both parties can sit down and eventually settle their  
13 differences.

14  
15 **Question/Comment:** *From Mayor Art Virtucio of Aroroy Masbate.* The LGU chief from  
16 Masbate directed his query to BIR, DOF, Budget and Treasury. He shared that they have  
17 gold mining in their locality. The company operating the business was exempted from  
18 payment of VAT and being such, they accumulated many collectibles which were  
19 compounded over time. Then they realized they need to bill and collect from the  
20 government hence they applied for tax credit. However, it was difficult for government to  
21 find fund source to pay for those accumulated accounts. They saw the excise tax. So the  
22 company applied and the government approved the grant of tax credit which was offset  
23 against the excise tax. What happened was that the company no longer paid the (excise) tax  
24 due them. As a result, the LGU share was compromised for almost one and a half years.

25  
26 Mayor Virtucio said that they have approached all concerned government agencies, but  
27 they did not get result, hence they are appealing now. He noted that delays in the release of  
28 fund/share in national wealth is a common problem among many LGUs. These funds are  
29 needed to develop local resources. He lamented that their resources are already depleting  
30 yet they are not able to develop their locality due to lack of funds. Everyone knows that the  
31 downloading of shares/funds to LGU from the national government takes so long. Hence,  
32 they appeal thru the EITI to facilitate for the quick release and direct download of LGU share  
33 so they can implement projects immediately.

34  
35 **Response:** *From Atty. Karla Espinosa of EITI:* The PH-EITI National Coordinator took note of  
36 the concern. She informed that there would be an agency update in the afternoon and  
37 everyone will have opportunity to address their concerns and questions to the concerned  
38 agencies.

39  
40 **Question/Comment:** *From a lady representative from Tawi Civil Society Organization.* The  
41 participant addressed her question to MSG member Atty. Golda Benjamin. She said that the  
42 discussion is all about transparency in the extractives sector, yet the mining operators in

1 ARMM especially in Tawi are not included in the list of companies covered by PH-EITI report.  
2 She cited the information she gathered from the CSO Conference a day earlier that  
3 companies with production value of less than P1 billion are classified as non material and  
4 thus not included in the covered companies. However, these companies are extracting local  
5 resources so they should be made responsible. The people are also eager know what  
6 happened to the share, of not less than 1%.

7

8 They propose for a 5% royalty share from mining companies hoping that this would be a  
9 deterrent so there will be no more miners that will come to their land.

10

11 She asked as to when transparency in the extractive industry will be institutionalized so that  
12 each and every mining companies will be made responsible, even without any regulatory  
13 agency compelling them to report.

14

15 **Responses:**

16 1. *National Coordinator Atty. Karla Espinosa:* The matter of covering the extractive sector  
17 in ARMM has long been discussed in the PH-EITI MSG. There is, in fact, an existing  
18 scoping study in the ARMM that has been published in the 3<sup>rd</sup> report. Atty. Espinosa  
19 acknowledged that there may be frustration due to gaps in the data but she assured that  
20 PH-EITI and the MSG members have not seized efforts in taking steps for greater  
21 coverage.

22

23 As far as the ARMM is concerned, one of the initial barrier identified was that that area  
24 is not covered by the usual sources of data (like from DENR-MGB) because apparently  
25 ARMM has its own DENR. PH-EITI is trying to address this by coordinating with partners  
26 from the area. While this is not an easy task, the group is very open to talks. ARMM is  
27 very much represented in all PH-EITI fora.

28

29 2. *MSG Member Starjoan Villanueva:* She added that one of the initiatives that they want  
30 to push is to have an executive order (EO) that would compel SR Languyan to participate  
31 in the PH-EITI reporting. While currently, this is just a voluntary thing, she expressed  
32 confidence that with some support and partnership with PH-EITI, they can push through  
33 with the EO.

34

35 **Question/Comment:** *From a Priest and Social Action Director of Diocese of Dumaguete.*  
36 Prior to his questions, the priest opened with a statement: “What we do to mother earth  
37 will get back to us. If we take care of environment it will take care of us. If we destroy it, it  
38 will also destroy us.”

39

40 He then proceeded with asking: When do you say that extractive industry is already  
41 excessive and destructive? When do you say that it is still safe for the environment and the  
42 people in the communities? Are those happening in the ground still fair?

1 **Response:** From MSG Member Atty. Golda Benjamin- She agreed that, like many other  
2 processes, mining can be destructive. Thus, the challenge is for people to decide among  
3 themselves when and up to what extent can they take or tolerate.

4  
5 Atty. Benjamin also shared her personal desire to develop standards. Being a CSO member,  
6 she takes it as a challenge to try and see if there are verifiable standards that are going to be  
7 set for, she believes that this is a responsibility not just for those working in the community.  
8 Her answer to “when is EI excessive” is when people are already getting sick and are  
9 suffering.

10  
11 She noted that right now, people can see all the signs and what they need to do is to rise up.  
12 She expressed hope that there are scientists and engineers in the conference who can be  
13 advocates. If the standards for the industry cannot be communicated, there will always be  
14 the temptation to destroy the environment. The challenge really should be on the  
15 intelligent data gathering and in the setting of standards.

#### 16 **PRESENTATION OF PH-EITI – PHILIPPINE PRESS INSTITUTE MEDIA FELLOWSHIP PROGRAM**

17  
18  
19 In 2017, PH-EITI and the Philippine Press Institute (PPI) forged a partnership that aimed to  
20 educate members of the media on the roles of PH-EITI, its MSG and how transparency in the  
21 extractives can help in building a better nation.

22 Acknowledging the importance of media as the medium in bringing information to the  
23 public in its most basic form, PH-EITI and PPI embarked in a three-legged training where  
24 media practitioners from Luzon, Visayas and Mindanao were invited to a three-day  
25 workshop that included community and field visits in areas that hosts extractive activities.

26 They were then invited to write about their experiences in the hope of giving them a new  
27 and fresh perspectives about the extractive industry.

28 The training was then followed by a one-day writing fellowship program where journalists  
29 presented their literary pieces either for editorial critique or to inject more substance to  
30 their articles.

31 As an output of this “journey deep into the extractives”, the conference presented the three  
32 writing pieces done by media practitioners.

33  
34 There were three selected articles presented during the conference. These were introduced  
35 by Ms. Tess Bacala, Training Director of the Philippine Press Institute (PPI) who noted that  
36 the partnership between PH EITI and PPI was an opportunity to make untold stories be  
37 heard. It was an opportunity to tell stories that are oftentimes untold by big networks and  
38 kept from public. These stories need telling, and need to be brought to the attention of the  
39 public.

1 • **RapuRapu mine through Journalist Lens**

2 *By: Ms. Rhayds Barcia, respondent- RAPPLER/Manila Times/ Bicol Mail*

3  
4 Through her article, Ms. Barcia wanted to tell what is life after the decommissioning of a  
5 project.

6  
7 Rapu-Rapu is a 3<sup>rd</sup> class municipality in a lone island town of Albay province. It has a  
8 population of 32,642. The major economic activities are mining, fishing and farming. The  
9 island town is known to be rich in mineral deposits such as copper, zinc, gold and silver. It  
10 has a long history of mining activities believed to have started as early as the Spanish era

11  
12 Following the enactment of the Philippine Mining Act of 1995, one company has been  
13 allowed by the Philippine government to operate in the country. The firm has contracted a  
14 total area of 4,610.8 hectares or 28.5 percent of the municipality of Rapu-Rapu.

15  
16 On January 31, 2008, the Rapu-Rapu Project suspended its operations as it underwent  
17 financial constraints. The LG International (LGI) and Korean Resources Corporation (KORES)  
18 acquired the shares and debt of the then operating company and took over the  
19 management and operations in April 2008.

20  
21 The LG Kores subsequently invited Malaysia Smelting Corporation (MSC) to invest in 30  
22 percent of the Rapu-Rapu Project. The processing plant resumed operations under the new  
23 owners on October 23, 2008 after receiving the permits for waste water discharge and the  
24 operation of air pollution source and control installations.

25  
26 Based on the data researched and presented by Ms. Barcia:

- 27 - Mining investment is \$34 million or P1.72 billion (as of January 2018)  
28 - Gross output P21.50 billion  
29 - Export P22.44 billion since the mining started operation till 2013.  
30 - Economic contribution/Taxes Paid to government's coffer P2.40 billion from 2004 to  
31 2017 based on MGB Bicol data.

32  
33 Findings after decommissioning

- 34 - Rehabilitation is put on hold for over two years now  
35 - Fund for rehabilitation is withdrawn without authorization from Contingent Liability and  
36 Rehabilitation Fund Steering Committee (CLRFC)  
37 - Rehabilitation in unsuccessful  
38 - P125 million was withdrawn in 2014 and spent for rehabilitation work but the physical  
39 performance and accomplishment reached only 27%

1 Challenges:

- 2 - Bad weather
- 3 - Livelihood like fishing, was getting difficult. Corals were destroyed due to toxic incident
- 4 which destroyed the fishing ground
- 5 - Media practitioner was prevented by the person in charge to take pictures of the mine
- 6 sites
- 7 - People in Rapurapu is seeking government help to continue rehabilitation of their area

8

9 • **“Worries at the Quarries in Negros”**

10 *By: Mr. Mark Raymund Garcia of The Visayan Daily Star in Bacolod City*

11

12 The literary piece written by Mr. Garcia talked about quarrying in Negros Occidental. Based  
13 on his account, the construction boom brought billions of investment in Bacolod and Negros  
14 Occidental. Some of the major players identified in his presentation were Ayala Land,  
15 Megaworld, Filinvest, Cebu Land masters and other local commercial companies.

16

17 His presentation indicated some figures like P7.9 billion for tourism road infrastructure  
18 project (2018-2022), P200 million farm to road markets (2018) and \$2 billion eyed for the  
19 Panay-Guimaras-Negros Bridge. There is prediction that there will be construction boom in  
20 the area for at least 10 years. But, this would mean more diggings needed, and higher  
21 demand for construction materials primarily sand and gravel.

22

23 Based on data he gathered from the Provincial Environmental Management Office, in  
24 Negros Occidental, there are 190 small scale quarrying permit holders, 900 new applicants,  
25 10-15 average applicants per week, 12 Mineral Production Sharing Agreements for Large  
26 Scale (5 metallic, and 7 sand and gravel).

27

28 Mr. Garcia shared some of the challenges he encountered during his coverage:

- 29 - Access to communities (10 to 20 km)
- 30 - Time to gather data (dispersed areas and non-availability of people to ask)
- 31 - Acquiring more data (some interviewees would not want to tell their stories; they are
- 32 afraid that their landowners will kick them out)

33

34 Among his realizations after doing his coverage and coming up with his literary article were  
35 the following:

- 36 - There are more local resources needed in the area
- 37 - There exists tougher competition among operators
- 38 - Communities are worried of the following: illegal activities, irregularities, negative
- 39 environmental impacts in the area

40

1 Mr. Garcia's experience offered possible opportunities to dig deeper into stories on what  
2 happened to the large mining areas after they were closed and story on the areas where  
3 previous quarrying operations were made.

4  
5 • **Minimar Noah Buklas on my Mind**

6 *By: Lina Sagaral Reyes, a Palanca Awardee, respondent Manila Times/Mindanao*  
7 *Observer/Mindanao Daily*

8  
9 Ms. Reyes, a Palanca awardee, showed a short video clip in lieu of a powerpoint  
10 presentation. Her article was about the Manganwa, who are the IP group of Surigao del  
11 Norte. Aside from access to education, she wanted to know how much of the Social  
12 Development and Management Program (SDMP) funds has been genuinely for developing  
13 the potentials and improving the social condition of the IPs.

14  
15 Ms. Barcia shared that she got interested with the presentations of Atty. Recidoro of COMP  
16 and the MGB. However, when she looked at the EITI data, she found out that in the past 2  
17 cycles (2011 to 2015 and 2016 to 2020), the Manganwa has been excluded from the SDMP  
18 of Taganito, the company operating in the area. Mr. Reyes wanted to know why, what  
19 are the implications of this, and if the Manganwa group is aware of this.

20  
21 She went there and learned that there is no document why such things happened.  
22 According to the MGB, there is no policy to exclude IP.

23  
24 According to Ms. Reyes, Taganito Mining has invested CSR funds in providing access to  
25 education but there were little or no gains at all. There is a need for policy reforms to  
26 address issue of SDMP sustainability.

27  
28 Among the challenges she encountered are: i) distance of CDO Surigao del norte; and ii)  
29 gaps that need to be filled (local bgys and other townspeople, ncip)

30  
31 Rewards and Leanings:

- 32 - Deeper appreciation of Manganwa and the dynamics of the community  
33 - Keen appreciation of EITI data, of how these data can be translated into human stories  
34 into human faces  
35 - Need to have success stories out of the SDMP

36  
37 **OPEN FORUM**

38  
39 **Question/Comment:** Mr. Carlos Tulali of Facilitating Public Investment (FPI) Project directed  
40 his concern to Mr. Mark Garcia who presented on some of the challenges in the conduct of  
41 his study in Negros Occidental.

1 Mr. Tulali informed that they are currently funding one local CSO in Caranglan who happens  
2 to do a scoping study not only on sand and gravel quarrying but also SSM gold. The results  
3 of the scoping study of this CSO will now be presented. Now, FPI is quite apprehensive of  
4 the CSO presentation considering that they have invited the LGU who would most likely be  
5 unreceptive to hear the findings that some of them may be involved. Mr. Tulali asked the  
6 media practitioner if he would be able to attend the event in Bacolod to share inputs.

7  
8 Mr. Garcia responded in the affirmative. He further noted that he has contacted the state  
9 university (local CSO) that has conducted the scoping study.

10  
11 **Question/Comment:** The query was directed to the presenter of Rapu Rapu Mining project.  
12 It was mentioned in the presentation that the funds were withdrawn without authorization.  
13 Please give details.

14  
15 **Response:** The funds were withdrawn without authorization. There is an ongoing  
16 investigation on the matter. According to Ms. Barcia, there is no transparency because  
17 there is no media member in the monitoring committee. She asked MGB if media can be  
18 allowed to be a member of the monitoring committee.

19  
20 **Questions/Comments:** How can accountability be exacted? Somebody has to be  
21 accountable.

22  
23 **Response:** From PPI Training Director Ms. Tess Bacala – There may or may not be  
24 corruption. But what needs to be found out is what is exactly going on. The communities  
25 should be informed of what is happening and on regular basis, the stories being put out is  
26 not necessarily investigative, at times narrative only. They vary from one story to another.

27  
28 People need to know what is going on so that people would not think they are being  
29 excluded.

30  
31 **Questions/Comment:** Mr. Allan Barnacha, a member of PH-EITI MSG, shared his observation  
32 that the story of Mark Garcia reminds him of what the MSG must look into in the next MSG  
33 meetings. The extraction of sand and gravel vis a vis the governments “Build- Build-Build”  
34 program is something that must be given some serious attention. Excluding the malls, the  
35 flyovers and other major infrastructures being constructed, where are the materials and  
36 resources being extracted?

37  
38 **Response:** According to Ms. Bacala the stories and articles made by media practitioners in  
39 the program are not “sexy” but these are stories that need to be told. They expressed hope  
40 that the different aspects of the policy would be looked into. On their part, they will come  
41 up with story that would be interesting enough to encourage people to take part.

## 1 UPDATES FROM IMPLEMENTING AGENCIES

### 3 *National Commission on Indigenous Peoples (NCIP) Updates*

5 The NCIP has been on board the EITI implementation in the Philippines since the production  
6 of the first country report.

8 In the first two reports released in 2014 and 2015, high percentages of discrepancies on  
9 royalty payments have been recorded based on the data submitted by the mining  
10 companies and the NCIP.

12 To address the problem, both country reports recommended the establishment of a  
13 monitoring system for IP royalty payments, and memorandum of agreement or MOA  
14 implementation. The reports also urged NCIP to require companies to submit copies of  
15 proofs of deposits to designated bank accounts for IP royalties. In addition, the second  
16 country report recommended the regular monitoring of the list of mining companies  
17 operating within ancestral domains.

19 In response, PH-EITI in coordination with the NCIP developed a tool for monitoring IP royalty  
20 payments and MOA implementation. The monitoring tool was launched in a forum in  
21 October 2015. The forum was attended by representatives from NCIP Central and Regional  
22 Offices.

24 To further improve the tool and make it more responsive to the needs of the users, pilot  
25 testing and consultation workshops have been organized in 2017 in strategic locations  
26 nationwide. These workshops have been attended by NCIP field officers and staff, IP leaders  
27 and MOA signatories, community relations officers of mining companies, and members of  
28 the PH-EITI secretariat.

30 The pilot testing was also aimed at improving the management of natural resources within  
31 ancestral domains, enhancing the exercise of NCIP's monitoring powers under the IPRA, and  
32 equipping and enabling concerned IPs and ICCs to monitor the royalties due them.

34 While awaiting the refinement of the monitoring tool and its roll-out to the regional and  
35 provincial offices, the NCIP issued a directive to all field offices to monitor the activities of,  
36 and compliance with the provisions of the MOA entered into by mining companies issued  
37 with Certificate of Precondition.



1 ***DENR-Mines and Geosciences Bureau (MGB) Updates***  
2

- 3 • As a result of the Mine Safety, Environment, and Social Development Division (MSESD)  
4 Forum in March 2016, the DENR-MGB has produced a standard format for Integrated  
5 Safety and Health Environment and Social Development (ISHES) monitoring. The new  
6 format is currently being evaluated and once approved, a Memorandum Circular will be  
7 issued for the regional offices to officially adopt the reporting standard. It will then be  
8 pilot-tested in Caraga Region in the last two quarters of 2018.  
9
- 10 • The MGB has also begun improving its database to include small scale mining and EITI  
11 data.  
12

13 The Mining Technology Division of MGB has drafted an amendment to the Department  
14 Administrative Order or DAO 2015-03 or the revised implementing rules and regulations  
15 of RA 7076 or the Small Scale Mining Act to include provision on EITI participation.  
16

17 The final draft has been submitted to the MGB Policy Technical Working Group for  
18 deliberation. The draft amendment, however, has been temporarily set aside as another  
19 draft was crafted to focus only on the streamlining of process. The initial draft will be  
20 revisited once the proposed streamlining scheme is approved.  
21

22 In the meantime, the MGB has issued a memorandum directing its regional offices to  
23 submit quarterly inventories of small scale mining and quarry permits released by LGUs  
24 and provincial monitoring regulatory boards or PMRBs.  
25

- 26 • On May 12, 2017, MGB also launched its new database portal which can be accessed  
27 through [databaseportal.mgb.gov.ph](http://databaseportal.mgb.gov.ph). The new portal contains updated mining  
28 tenements data such as MPSA, FTA, EP, MPP, DMPF, mining applications, tenement  
29 maps, and industry statistics, among others. It features a web-based interface that  
30 allows data transparency, search and filtering function, and a one-page access to all  
31 MGB databases. The portal is being updated in a timely manner.  
32
- 33 • Concurrently, MGB's Mining Tenement Management Division or MTMD has upgraded its  
34 system to incorporate the Online Mineral Rights Management System (OMRMS). The  
35 project was completed in the first week of July 2017. After a period of testing,  
36 debugging, and data population, OMRMS is now hosted online. The system was  
37 demonstrated to the MGB regional offices staff in a three-day mining tenement  
38 workshop in November 2017.  
39

40 Issues identified during the workshop will be addressed through an enhancement  
41 project programmed in 2019. MTMD also proposed a development of an interactive

1 map in the MGB website to address previous recommendations of PH-EITI. To date,  
2 testing and debugging of the system continues until the expiration of its warranty period  
3 in July 2018.

- 4
- 5 • On the monitoring of Social Development Management Programs or SDMP, the MGB  
6 requires mining companies to submit proof of consultation conducted with the host and  
7 neighboring communities. The consultation is necessary for the identification of the  
8 contractor's PPAs for its five-year SDMP, and annual SDMP for approval by the MGB  
9 Regional Office.

10

11 The monitoring of SDMPs has been standardized by coming up with a Safety and Health,  
12 Environment, and Social Development and Management checklist. The checklist was  
13 presented in MGB's management conference in June, and was pilot-tested in September  
14 during the quarterly monitoring of operating mines in Caraga.

15

16 Meanwhile, the MSESDD is continuously coordinating with MGB regional offices to push  
17 them to include in their submission of semestral accomplishment reports a scanned or  
18 electronic copy of the reports in compliance with the requirements of PH-EITI.

- 19
- 20 • A total of 85 provincial and city mining regulatory boards across MGB's 16 regional  
21 offices have been activated: 73 PMRB (out of 75 provinces); 12 CMRB (out of 23  
22 independent component cities). These boards are being monitored by the Mining  
23 Technology Division through quarterly reports coursed through the regional offices and  
24 submitted to the central office.
- 25
- 26 • In March 2017, DENR issued the DAO 2017-07 which mandates mining contractors to  
27 participate in PH-EITI.

28

29 After the 4th PH-EITI country report was released in December 2017, the MGB sent  
30 show cause letters to a total of 14 companies that have been found noncompliant with  
31 the DAO. These companies were asked to explain their non-participation. After receiving  
32 the show cause letters, four of these companies immediately submitted reporting  
33 templates and BIR waivers.

34

35 Failing to respond to the show cause orders, the remaining 10 companies will be  
36 subjected to the penalty provision of the DAO until they have fully complied with the  
37 disclosure requirement of PH-EITI.

38

39 In relation to this, there had been a recommendation to craft a set of implementing  
40 rules and regulations prescribing a process for determining which companies did not  
41 participate and their reasons for non-participation. The MGB believes however that

1 there is no need to issue an IRR as the order took effect immediately after its publication  
2 in April 2017. Hence, the DAO is self-executory.

- 3  
4 • To enhance data accuracy, MGB regional offices validate volumes of ore and grade  
5 shipments of mining companies. On-ship sampling and assay of ore is being done by a  
6 third party contractor in the presence of an MGB personnel. Other companies submit  
7 samples to MGB regional offices with laboratories. The third party is agreed both by the  
8 seller and the buyer. Currently, MGB is acquiring technical equipment for on the spot  
9 assay of ore, and real time determination of volume of stockpile.

### 10 11 ***Bureau of Local Government Finance (BLGF) Updates***

- 12  
13 • An online reporting system for LGUs, the Environment and Natural Resources Data  
14 Management Tool (ENR-DMT) has been in operation since 2016 by virtue of DOF  
15 Department Order (DO) 049-2016. It directs the inclusion of ENR Data in the Electronic  
16 Statement of Receipts and Expenditures (ESRE) System for Local Treasurers.

17  
18 To institutionalize the reporting requirement, DOF issued DO No. 078-2017 last  
19 December 15, 2017. It mandates local treasurers to be accountable for and compliant  
20 with the reportorial requirements on the submission of ENR Data through the ENR-DMT.

21  
22 Since then, local treasurers have been utilizing the web based tool in reporting  
23 payments made by extractive industries, and the detailed account of LGU shares in  
24 national wealth.

25 Data submitted and gathered through ENR-DMT are vital inputs to PH-EITI's country  
26 report.

27  
28 Currently, there are 193 LGU users of ENR-DMT nationwide. 36% of these are covered  
29 by PH-EITI.

30  
31 From 2014 to 2016, the submission of reports is on an annual basis. In 2017, LGUs have  
32 begun submitting reports on a quarterly basis and hitting a submission rate of 90% for  
33 Q1-2017.

- 34  
35 - The ENR-DMT has a built-in facility that provides standard reporting requirements  
36 such as local collection by industry. In Q3-2017 report, it showed that metallic  
37 mining comprised 47% of the total collections; geothermal, 18%, and Others, which  
38 include fisheries, oil and gas, comprised 13%.

- 39  
40 - ENR-DMT generates report on the collection of LGUs from the extractives. In the Q3-  
41 2017 report, it showed that 46% came from payments of Real Property Taxes, which

1           amounted to P452 million. It is followed by Local Business Tax at 37%, while the  
2           remaining 17% are fees, permits, and other payments imposed by LGUs.

3  
4           - ENR-DMT also generates reports that show the regional totals of collection from the  
5           extractives. In the Q3-2017 report, it showed that Region 13 or Caraga continued to  
6           receive the highest local taxes from national wealth at 29% or about 540 Million  
7           Pesos, mainly due to the 13 mining sites located in the region. This is followed by  
8           Region 2 or Cagayan Valley at 248 Million Pesos, and Cordillera Administrative  
9           Region at 238 Million Pesos.

10  
11          - ENR-DMT also has the function to generate reports that show the share from  
12          National Wealth by receipt sources. In Q3-2017 report, it shows that 72% of share  
13          was obtained from mining tax.

14  
15          - ENR-DMT can also capture the shares from national wealth by region. In the Q3-  
16          2017 report, Caraga still had the largest amount received at about 777 Million Pesos,  
17          followed by Western Visayas at 471 Million Pesos, and Central Visayas at 146 Million  
18          Pesos.

19  
20          Moving forward, the BLGF has drafted a memorandum circular on the updated  
21          implementing guidelines of DO 078-2017.

22  
23          • BLGF has also participated in the drafting of a joint circular (JC) on the enhanced  
24          guidelines and procedures on the release of LGU shares in the proceeds from the  
25          Development and Utilization of the National Wealth. The draft JC which aims to  
26          enhance the level of transparency in the allocation and release of LGU shares in the  
27          national wealth, is now under review by key officials of DOF, DBM, DOE, DENR, MGB,  
28          DILG, BIR, and the Bureau of Treasury.

29  
30          Once issued, the JC will allow the creation of a special account for the shares of  
31          beneficiary LGUs that will fall under the LGUs' General Fund for programs and projects  
32          pursuant to relevant provisions of the Local Government Code.

33  
34          • To support Local Treasurers on the use of ENRDMT, the BLGF conducts trainings for the  
35          ENRDMT, in accomplishing and submitting ENRD reports. In addition, BLGF is also  
36          preparing a User's manual that will come in handy for Local treasurers in preparing  
37          ENRD reports

38  
39          • Finally, to improve data quality, BLGF already coordinated with the Bureau of Treasury  
40          to share the list of LGUs that receive shares from national wealth and their  
41          corresponding shares from: Forest charges, Royalties and mineral reservations, Energy

1 production resources and Mining taxes. The Bureau of Treasury agreed to regularly  
2 share the information with BLGF.

#### 3 4 ***Department of Energy (DOE) Updates***

- 5
- 6 • The DOE is developing a virtual storage facility for energy data and information involving  
7 energy exploration and development in the Philippines.

8  
9 The Energy Data Center of the Philippines or EDCP online inquiry site is a facility hosted  
10 by the DOE website. It provides information on DOE licenses and license holders and it  
11 has more than 120,000 analog, and about 15,000 digital data holdings.

12  
13 Aside from the EDCP, the following data are also available on the DOE website:

- 14 - List of petroleum service contracts including contract numbers, name of contractor,  
15 effectivity and expiration dates, and location.
- 16 - List of existing coal operating contract holders including the dates of COC award and  
17 expiration, location of COC area, and type of COC.

- 18
- 19 • On the recommendation to require joint venture (JV) companies to do per company  
20 reporting as opposed to per service contract so as to show the share of each joint  
21 venture partner in the revenues and expenditures, the DOE Financial Services maintains  
22 that all financial obligations are on a per service contract basis and not per consortium  
23 member. Hence, per company reporting is not possible as of the moment.

24  
25 Under the service contract regime, an operator is designated by the joint venture  
26 partners to manage the service contract operations. It is the operator who establishes  
27 and maintains the accounting records and has direct and primary responsibility and  
28 accountability in relation to DOE.

29  
30 The government share is remitted to DOE per service contract, and the corresponding  
31 official receipt is issued to the operator, not to all partners. As to expenditures, this  
32 system also simplifies coordination, data collation, and reporting for the entire  
33 petroleum operation of a certain service contract.

#### 34 35 ***Department of Budget and Management (DBM) Updates***

36 An inter-agency technical working group on environment and natural resources co-chaired  
37 by DILG and DOF, is deliberating on a recommendation to have certification of actual  
38 collections posted on the website of concerned collecting agencies or of the BTR so LGUs  
39 may know how much their respective shares are. The certification is a requirement for the  
40 release of LGU funds.

1 DBM has also acted upon the recommendation to disaggregate data on LGU shares in  
2 national wealth according to types and sources of payment per company.

3 DBM has also prepared a draft enhanced guidelines with the following features:

- 4 • Streamlined processes
- 5 • Compressed schedules
- 6 • Transparency in the allocation of the shares of LGU
- 7 • Posting and reporting requirements in the utilization of the shares of LGUs

8 The agency is still waiting for comments on and approval of the guidelines by concerned  
9 government agencies.

### 10 ***Department of Interior and Local Government (DILG) Updates***

11

12 The DILG has been largely involved in a campaign to make sure that the revenues from the  
13 extractive activities benefit the LGUs and the local communities.

14

- 15 • A major initiative is the ongoing review of the Local Government Code and a discussion  
16 of possible amendments, including direct remittance of LGU shares by extractive  
17 companies, as well as the proper utilization of these revenues for local Development and  
18 Livelihood Projects.

19

- 20 • While waiting for legislation, DILG is also pushing for administrative measures to  
21 facilitate timely release of LGU shares by national government which includes direct  
22 release from the Bureau of the Treasury, quarterly release of reconciled collections to  
23 LGUs and creation of a special account for LGU's national wealth shares.

24

- 25 • In partnership with DOF-BLGF and PH-EITI, the DILG thru the Philippine Poverty-  
26 Environment Initiative (PPEI) has contributed to the enhancement of the ENRDMT  
27 system, which can now capture: barangay shares from national wealth, advance and late  
28 payments from industry players, tax-exempt companies, corporate programs and  
29 projects implemented using trust fund and segregation of grant amount and donation  
30 amount, among other data.

31

- 32 • Lastly, in making sure that LGUs maximize the use of their shares in national wealth and  
33 to push the envelope on transparency reporting at the local level the ENRDMT shall be  
34 included in the reporting items under DILG's Full Disclosure Policy, where LGUs are  
35 required to disclose financial procurement and disbursement reports quarterly. This will  
36 be one of the criteria in the Seal of Good Local Governance.

37

38

## PANEL DISCUSSION/OPEN FORUM

Panelists:

Atty. Wilfredo G. Moncano, Director, DENR-MGB

Ms. Araceli S. Soluta, Director for Financial Services, DOE

Ms. Melita V. Obillo, Director for Resources Management, DOE

Ms. Ma. Pamela P. Quizon, Director, DOF-BLGF

Atty. Leila Magda G. Rivera, Director, DBM

Ms. Anna Liza F. Bonagua, Director, DILG

Representative of NCIP Chairperson Atty. Leonor T. Oralde-Quintayo

**Question/Comment:** From Mr. Voltaire, a writer fellow from Bukidnon. He expressed his observation about large industries in the renewable energy (RE) sector which are not included in the PH-EITI covered industries. He queried from DOE on what the plans are considering that at present, there are no mechanisms like PH-EITI coverage. In the absence of EITI reporting on these RE companies, he asked on how transparency in hydropower energy firms be checked.

### **Responses:**

1. From Director Soluta of DOE: PH EITI started initially with a compendium of energy resources first. We are not sure if they will cover RE sector in the future.

2. From Atty. Espinosa of PH-EITI: The MSG is the body in charge of setting the direction of PH-EITI implementation in the Philippines. At present, the matter on RE has not been included in the agenda yet. If that will be considered, it will go through a process. MSG will discuss and if they decide to include it in the report, then the normal course will be to study the sector first then coordinate with the appropriate agencies. RE may possibly be included in the EITI if MSG would perceive some demand from stakeholders.

**Question/Comment:** One conference participant asked the panelist on how else can governance of the country's extractives be improved today and in the near future.

### **Responses:**

1. From Director Quizon of BLGF: As additional response to the earlier query on hydro and other RE, Director Quizon noted that while they are not yet included in the coverage of PH-EITI, BLGF possesses data from the LGU side where certain reports and information on hydro and geothermal resources can be generated since these are being received by the LGUs. The Director said they can post these receipts in their website.

On how to move forward the transparency in the extractives, the director noted that the numbers are available. But the next logical step is how to translate these numbers into language that common people and general public can understand. They proposed for

1 the inclusion of words/texts on infographics. There are a lot of data/information  
2 available already, but this needs to be translated to a language that can be appreciated  
3 and understood by the general public.

- 4
- 5 2. *From Director Bonagua of DILG:* Beyond transparency and putting in place the numbers  
6 and information across national and local government units is making sure that the  
7 numbers are understood by the local communities and general public. Beyond the  
8 number should be the actions of the LGUs on how to properly utilize these information  
9 into projects that will benefit those affected people in the communities.

10

11 This would just be information that are made available to the people to make sure that  
12 national policies and the laws/legislations to be put in place shall be in accordance with  
13 the evidence being shown in the reports that PH-EITI has done in the last four reports.  
14 Hopefully these will be used by everyone – in national and local government, CSOs,  
15 communities, media and all stakeholders.

- 16
- 17 3. *From Director Moncano of DENR-MGB:* DENR would have wanted for PH-EITI to capture  
18 the total picture of the mining industry. Right now, what is being captured are the large  
19 scale operators only. While there are plans to include others, this is something that has  
20 yet to be realized.

21

22 Prior to 2010, the contribution of SSM to the economy is about P30 billion. This kind of  
23 information is not captured in the PH EITI reports because of BIR policies and BSP  
24 requirement that all gold that will be sold should only be those covered by contracts.  
25 The policies are quite restrictive to SSM, which is considered a big contributor to the  
26 mining industry. Considering its significant number, if information/data on this sector  
27 were captured, the 1% contribution of mining to GDP may have been doubled.

- 28
- 29 4. From representative of Chairperson Oralde-Quintayo of NCIP: The NCIP welcomes the  
30 opportunity to strengthen collaboration and partnership with MGB, DENR and mining  
31 companies that are operating within the ancestral domain (AD) to have a standard  
32 reporting system and mechanism, and also to avoid discrepancies in numbers.

33

34 According to the NCIP representative, the guidelines prescribe that before companies  
35 deposit the royalties to the account of IPOs, it should be with certification from NCIP.  
36 But in their experience, there were cases that were filed against officials because of  
37 perceived meddling with royalties. Hence, such practice was stopped and instead,  
38 royalties were directly deposited to the account of IPOs. NCIP then lost direct access or  
39 information on how much royalties company deposited to the IP account vis-à-vis the  
40 amount reported to MGB.



1 The move now is to strengthen cooperation among concerned agencies. Further,  
2 considering the significant amount of royalties, there shall be capacity building and  
3 strengthening among IPs so they can formulate the CRDP. This will enable IPs to develop  
4 sustainable projects and programs where royalties can be utilized, among others.

5  
6 NCIP shall continuously improve its monitoring mechanisms.

7  
8 5. *From Director Rivera of DBM:* DBM committed to continue to improve the system on the  
9 release of funds including predictability of funding for LGUS so they can better plan the  
10 utilization of proceeds from national wealth. To improve process and timeline of  
11 releasing funds to the LGUs, the agency will enforce and strengthen accountability in  
12 reporting. Going beyond data mining, DBM will go into data analysis so that the results  
13 of the report may be taken into consideration in coming up with policy reforms.

14  
15 6. *From Director Obillo of DOE:* The agency will continue to refine the monitoring  
16 mechanism and framework. On the issue on hydro and energy projects, there is an  
17 amendment in the IRR of EPIRA and ERC 1-94 which particularly provides for specific  
18 allocation for IP. There is now a new guideline which gives certain percentage to IP.

19  
20 In addition, DOE assured that all units within the department work closely together to  
21 ensure that government gets the effective shares.

22  
23 On EO 30, the objective of the executive order is for energy projects to push through in  
24 coordination with other agencies, for applications to be processed within 30 days, to fast  
25 track processing of applications for service contracts. This way, energy programs can be  
26 implemented and communities will benefit from that considering that they receive  
27 remittances from service contractors.

28  
29 **Question/Comment:** A participant from Manicani Island in Easter Samar queried from MGB  
30 about their pending request for the rehabilitation plan for Manicani which they have not  
31 received until now. He asked if the rehabilitation plan is required before MPSA of company  
32 is approved/granted. What is the usual timeframe for rehabilitation activities? If there is a  
33 rehabilitation plan submitted, can the community ask for copy? If there is none yet, up to  
34 when shall the people wait for the company to come up and submit the rehabilitation plan?

35  
36 The participant noted that last October 2017, the MPSA of Hinatuan Mining already expired  
37 but they are still in the island because apparently they are doing rehabilitation works.

38  
39 **Response:** *From Atty. Director Moncano of DENR-MGB:* Under the revised implementing  
40 rules and regulations (IRR) of the Mining Act, mining companies are required to submit their  
41 Final Mine Rehabilitation and Decommissioning Plan (FMRDP) if they are applying for MPSA.

1 This has to be evaluated by MGB prior to the development of actual commercial structure in  
2 the area.

3

4 It just so happened that the MPSA in Manicani was approved earlier, i.e. prior to the revised  
5 IRR. But while the company's MPSA has already been approved, the company will still be  
6 required to submit its FMRDP.

7

8 On the issue of the MPSA being expired already: MGB disclosed that prior to expiration, the  
9 company already filed application for renewal of their MPSA and such is to be approved by  
10 the DENR Secretary. However, since the submitted documents were incomplete, MGB had  
11 to return them to the mining company. They have yet to complete and re-submit.

12

13 **Question/Comment:** Ms. Tina Pimentel of Bantay Kita thanked the MGB for their ongoing  
14 efforts to collect inputs from regions on discussion for credible selection process of CSOs in  
15 MMT. However the discussion has been ongoing since 2016 thus she expressed hope that a  
16 timeline for this can be finally determined.

17

18 Ms. Pimentel also acknowledged MGB action on DAO 2017-07 on the 14 non participating  
19 companies in the PH-EITI reporting process. But she also intimated on the EMB action  
20 relative to the suspension on ECCs. The issue on non-participation of Semirara Mining Coal  
21 Corporation in the EITI process was once again brought forth. According to Ms. Pimentel,  
22 the only way to enjoin them to participate is through withholding their ECC.

23

24 **Response:** The MGB Director took note of the comment and noted that they have written  
25 letter to EMB to harmonize their implementing rules and regulations. He cited as examples  
26 the following: i) There are a lot of Minahang Bayan (MB) not cleared by the Secretary but  
27 already declared by the Provincial Mining Regulatory Board as MB. The issue is that they still  
28 have to lift the moratorium in processing of ECC and mining contract applications. He  
29 hoped that there would be clear directions on the issuance of ECC; ii) On CSO  
30 representation to the MMT, it would be the discretion of regional director and other  
31 members of the MMT to choose which CSO organization will sit in the MMT.

32

33 The DAO 2017-07 does not cover Semirara because they are under DOE jurisdiction since  
34 this is coal. He raised the possibility of DOE issuing this similar kind of DAO.

35

36 The DOE representative also responded saying that they have written very strong letter to  
37 Semirara encouraging them to join and participate in the EITI. They can only hope that  
38 Semirara will respond to the letter.

39

40 **Question/Comment:** Mayor Virtucio of Aroroy, Masbate re-stated his concern regarding the  
41 tax holiday/exemption granted to a gold mining company operating in their area. The  
42 company was exempted from VAT and the amount accumulated into big collectibles as the

1 amounts were compounded. The LGU applied for tax credit and this was approved by the  
2 government. Their tax credit was offset against the excise tax. What happened was that the  
3 company no longer paid the (excise) tax due them. As a result, the LGU share was  
4 compromised for almost one and a half years. They have approached all concerned  
5 government agencies, DOF, BIR, DBM, BTr, but they did not get result. The problem is how  
6 they can recover their 40% share in the excise tax covering the one and a half years.

7  
8 They also raised the problem of delay in the release of shares in excise tax when in fact  
9 companies pay on time. They claim that they are not able to deliver on time the necessary  
10 service to their constituents. They request for timely downloading of LGU shares so this can  
11 be translated to development projects for the communities.

12  
13 Another issue they raised was that at times, there is already money in the LGU account but  
14 this cannot be utilized because there is no Notice of Authority to Debit Account Issued  
15 (NADAI).

16  
17 Lastly, since based on law, the whole amount of excise tax is paid directly to NG, they  
18 proposed if thru EITI facilitation, they can request to amend the law such that the 40% share  
19 of LGUs be immediately and directly distributed to LGUs.

20  
21 **Response from DBM:** Delay in the release of LGU shares has always been a common  
22 complaint received by the agency, hence they have enhanced the guidelines. The timelines  
23 were tightened to facilitate the quick release of LGU shares from national wealth. For  
24 example, collection for 2018 can be released already by 1<sup>st</sup> quarter of 2019. DBM hopes that  
25 the enhanced guidelines will be released in the next few weeks.

26  
27 On NADAI: According to DBM, this concern on the late release of NADAI will be relayed to  
28 the Bureau of Treasury (BTr) which is the office in charge of downloading fund from the  
29 national government to the local government. According to DBM, BTr is also conscious of  
30 the timeline in fund release. But possibly the whole set up is not yet complete. BTr may be  
31 lacking sufficient manpower and facilities and other resources.

32  
33 **Response from DOF:** On the tax issue in the case of LGU of Aroroy, Masbate: The gold  
34 mining company was given a Tax Credit Certificate instead of Tax Refund. There is a ruling in  
35 the computation of shares, that if collection is in the form of tax credit certificate, this is not  
36 included in the amount distributed. This is one thing that can be looked at for possible  
37 revision. Likewise under the TRAIN law, starting 2019 onwards, tax refunds will be paid in  
38 cash and not issued in certificate. So in that aspect, LGU problems will be reduced.

39  
40 **Question/Comment:** A similar concern on delay of release of LGU shares was raised by  
41 Mayor Rivera of Tuba. According to the local chief, they have been recipient of national  
42 wealth since he was just a barangay captain. He attested that there is delay in release of

1 LGU shares in national wealth, noting that the last one they received was for the 2<sup>nd</sup> quarter  
2 of 2017.

3

4 ***Response from DBM:***

5 The release of national wealth is subject to submission of documents. It is not enough that  
6 there is certification of amount collected. On the part of the national government, it needs  
7 to ensure that it is in the BTr. Without that, the agency cannot release anything to LGUs.  
8 Unfortunately, bottlenecks are encountered in the reconciliation because the BTr needs to  
9 cautiously check each and every collections and deposits. But in DBM, once they receive the  
10 documents (joint certification), they act on it immediately.

11

12 ***Question/Comment from an Officer from the Dinagat Provincial Development of Office***

13

- 14 1. Is there an opportunity for the LGU to participate in the review of whatever  
15 enhancement is being done in the composition of MMT
- 16 2. There should be transparency in the valuation process of the quantity and quality of  
17 mineral ore extracted.

18

19 ***Response from MGB:***

20 On the participation or representation of CSO in the MMT, it has been mentioned earlier  
21 that it is the regional office, not the central office, which has the discretion to choose which  
22 CSO will sit in the MMT.

23

24 The issue on transparency in the valuation process is a valid concern. At present, MGB is  
25 studying the valuation of other minerals that can be recovered from the export of minerals  
26 to other countries. For example, MGB has already received information that one of the  
27 mining companies in Surigao will be exporting scandium. MGB disclosed that scandium is  
28 worth more than gold, priced at more than \$200/gram. The export of this rare earth  
29 element has not yet been valued by the government. So MGB's policy working group is now  
30 studying this and considering asking other agencies to help.

31

32 There were still a number of participants who wanted to raise queries and concerns, but the  
33 program had to be ended as time was running out. Nonetheless, the facilitator assured that  
34 all of the concerns are documented. It was also noted that since MGB sits in the PH-EITI  
35 MSG, the questions and comments raised in the forum that were not answered will be  
36 forwarded to the concerned agency.

37

38 **AHEAD: PH-EITI IN 2018 – A YEAR OF MOVING BEYOND TRANSPARENCY**

39

40 PH EITI National Coordinator Atty. Karla Espinosa gave a brief presentation on what is in  
41 store for all stakeholders as far as the Philippine EITI is concerned. She presented the PH  
42 EITI work plans for 2018 in broad strokes.

1 Atty. Espinosa reported that for 2018, PH EITI adopted a new theme which was “A Year of  
2 Moving beyond Transparency”. MSG approved in principle the work plans for the year.

3

4 The 5 objectives of the initiative were affirmed, these were:

- 5 • Show direct and indirect contributions of extractives to the economy
- 6 • Improve public understanding of the management of natural resources and availability  
7 of data
- 8 • Strengthen natural resource management/strengthen government systems
- 9 • Create opportunities for dialogue and constructive engagements in natural resource  
10 management in order to build trust and reduce conflict among stakeholders
- 11 • Strengthen business environment and increase investments.

12

13 These objectives are very important as these will govern the kind and type of programs and  
14 activities that PH-EITI will be having for the year.

15 The 5 programs of PH-EITI includes: country report publication, outreach and capacity  
16 building, research and policy reforms, communication and administration of operations.

- 17 • Country report publication is the flagship product/activity of PH-EITI. The plan is to  
18 publish the next Country report before end of the year. In addition, the MSG has agreed  
19 on the inclusion of pilot reporting on small scale mining and on beneficial ownership.
- 20 • Outreach and capacity building are being done in international, national and sub-  
21 national scale. For the international outreach, PH-EITI will continue to conduct  
22 knowledge sharing with other EITI implementing countries. National outreach and  
23 capacity building will likewise be done, like the report analysis or deep data dive analysis  
24 primarily for the MSG but intended to be cascaded/rolled out to other stakeholders.

25 The work plan also includes a workshop on the tools developed by PH EITI, media  
26 training and fellowship, and the holding of National Conference which starts the  
27 initiative’s major outreach activities. For subnational outreach, PH EITI will be  
28 conducting roadshow sometime in July and August.

- 29 • Research and Policy Reforms include, as part of the program, the development of tools  
30 and systems like the ENR-DMT, contracts portal and the upcoming online reporting tool  
31 that should make reporting of participating agencies and companies much more  
32 efficient.

33 The Beneficial Ownership roadmap will also be implemented. PH EITI is currently  
34 engaging with key government agencies that would be involved in the discussion of  
35 beneficial ownership of extractive companies.

36 Evaluation of the impact of PH EITI implementation in the country will be done. After  
37 operating for more than 5 years now, MSG has decided and agreed that there should be  
38 a systematic measure of this impact.

1 There will be Institutional review of policy reforms which involves providing updates  
2 among stakeholders on the progress of MSG actions, decisions and recommendations.

- 3 • Communication – currently, PH EITI has a website and online social media accounts. The  
4 Communication Plan will be shared once developed.
- 5 • Administration and Operations

## 7 **TRANSPARENCY AWARDS**

8  
9 The PH-EITI Transparency Excellence Award is a recognition of outstanding performances  
10 made by participating and implementing government agencies and units, and reporting  
11 companies to the organization.

12  
13 The criteria used for the Excellence in Reporting award are as follows: 20% for timeliness of  
14 template submission, 40% for quality which pertains to comprehensiveness and  
15 completeness of information in the templates, and 40% for least discrepancy in figures.

16  
17 Timeliness is simply if the LGU submitted data on time and how early. Comprehensiveness  
18 and completeness of the data are based on whether the LGU accomplished the reporting  
19 template and to what extent. Discrepancy is a numerical criterion such that the lower the  
20 variance, the better.

21  
22 The Independent Administrator adopted a point system [100/100] especially useful for close  
23 contenders for the award.

24  
25 For 2018, there was one winner for the Government Agency Category and three winners for  
26 the LGU category. PH-EITI also awarded three outstanding companies who complied  
27 excellently in submitting their reports, one each for metallic, non-metallic and oil and gas  
28 companies.

29  
30 The Excellence in Reporting Award for the Government Agency Category was given to the  
31 DENR-MGB. This honor was similarly given to MGB in 2016 for supporting PH-EITI's  
32 disclosure requirements exceeding the EITI standard.

33  
34 The three LGUs who were presented with the Excellence in Reporting Award for the LGU  
35 category were the Municipality of Tagana-an, Municipality of Cagdianao and Province of  
36 Dinagat Island.

37  
38 For the Industry Category, three companies were presented bestowed with the Excellence  
39 in Reporting Award, these were: Taganito Mining Corporation under the Metallic Mining

1 sector, Rio Tuba Nickel Mining Corporation – Gotok Limestone Quarry under the Non-  
2 Metallic Mining sector, and PNOC Exploration Corporation under the Oil and Gas sector.

3

4 In closing, the facilitator expressed gratitude to everyone who came and participated in the  
5 PH-EITI National Conference. He expressed hope that with the cooperation of everyone, the  
6 work of translating the 4<sup>th</sup> Country Report into reality can be continuously pursued. He  
7 encouraged everyone to work in unison in moving transparency forward and ensure the  
8 success of EITI in the country!

9