

# PH-EITI ROADSHOW 2018

## ***Moving Beyond Transparency: Integrating Extractives Disclosure and Dialogue in Local Development***

### **Overview**

In fulfilment of the objectives of PH-EITI, and Requirement 7 of the EITI Standard, PH-EITI runs a Roadshow to engage extractive stakeholders at the local level and contribute to wider public debate on natural resource governance. The Roadshow has been a major PH-EITI outreach activity held annually since 2015. Every Roadshow has been pivotal in initiating and fast-tracking reforms in government systems and policies related to better management and development of mining, oil and gas, and coal industries. Over the years, PH-EITI Roadshows have likewise provided a reliable platform, where local governments and communities raise their concerns to national agencies and industry leaders, and ultimately pursue intergenerational equity and sustainable development in their respective areas.

With the theme, “Moving Beyond Transparency: Integrating Extractives Disclosure and Dialogue in Local Development”, PH-EITI Roadshow 2018 aimed to present the salient findings of the Fourth Country Report (4th Report), and highlight the relevance of transparency by championing its integration in systems of data disclosure and dialogue at the subnational level. Specifically, Roadshow 2018 sought to:

1. Communicate the findings of the 4th Country Report and gather feedback on the same from local stakeholders;
2. Provide updates on government actions on PH-EITI recommendations;
3. Introduce tools for mainstreaming extractives transparency and build local stakeholders’ capacity to utilize them through hands-on practical exercises; and
4. Provide a multi-stakeholder platform to discuss issues in the extractives and natural resource governance with a view to addressing gaps and improving EITI implementation towards integrating systematic disclosure and dialogue at the local level.

From having only six legs in previous years, Roadshow 2018 expanded to cover seven key areas across the country, encompassing regions that host large-scale extractive industries. Target stakeholder groups included national and local government officials, executives and personnel of extractive companies, members of small-scale mining associations, and members of civil society, Indigenous Peoples organizations, academe, and media. The Roadshow also targeted a total of 98 LGUs, and 63 extractive companies. Overall, the Roadshow received a total of 804 participants.

No.	Leg/Cluster	Regions Covered	Venue	Date (2018)	Turnout
1	Manila and Southern Tagalog	IVA, IVB, NCR	Manila	July 9, Monday	126
2	Central Luzon	III	Clark, Pampanga	July 12, Thursday	78
3	Visayas	VI, VII, VIII	Cebu City	July 24, Tuesday	116
4	Northern, Southern, and Western Mindanao	IX, X, XI, XII, ARMM	Davao City	July 26, Thursday	104
5	Caraga	XIII	Surigao City	August 7, Tuesday	191
6	Bicol	V	Masbate City	August 15, Wednesday	59
7	Northern Luzon	I, II, CAR	Baguio City	August 29, Wednesday	130

## I. PROGRAM

For consistency of impact, the legs of the Roadshow had been designed to have the same content with minimal variation in particular segments only to contextualize the 4th Report, and make information relevant per cluster. The following are the main parts of the Roadshow's standard program:

### A. *Opening Remarks*

For each leg, a local chief executive or a representative had been invited to deliver the opening remarks. This served as the formal opening of the program as well as an opportunity for every LGU to communicate its expectations of the event. In some legs, this also gave the local government the platform to briefly share its existing efforts to pursue transparency and accountability at the local level, and convey its commitment to the EITI process.

### B. *What is PH-EITI*

To acquaint participants, especially new stakeholders, with the EITI process, PH-EITI Multi-stakeholder Group (MSG), and PH-EITI's flagship products, activities, and achievements, the PH-EITI Secretariat, with the cooperation of select MSG members, produced a 10-minute video primer entitled "What is PH-EITI". The video was shown in all seven legs of the Roadshow, and laid the foundation for the subsequent discussions in the program.

### C. *The 4th PH-EITI Report: Key Findings and Trends*

The centerpiece of the Roadshow, "The 4th PH-EITI Report: Key Findings and Trends" was alternately presented by government officials who are members of the MSG. The presentation contained the overview and scope of the 4th Report, content of the

contextual information, and data related to respective clusters. It also presented data on the distribution of LGU receipts from the mining sector, proportion of revenue streams, and summary of reconciliation results for revenue streams per agency.

#### *D. Survey on EITI Awareness*

At coffee break, stakeholders were requested to participate in an ongoing nationwide survey to evaluate the effectiveness and impact of EITI implementation in the Philippines. This is to assess the opinions and trends that would be necessary in improving governance of extractive industries. PH-EITI has commissioned the University of the Philippines School of Statistics to conduct the impact survey.

#### *E. Updates from EITI Implementing Agencies*

Another video shown in all clusters of the Roadshow was an abridged version of Updates from EITI Implementing Agencies, which was first presented in April 2018 at the PH-EITI National Conference 2018. With updates from DOF-BLGF, DBM, DILG, MGB, DOE, and NCIP--agencies that form part of the PH-EITI Technical Working Group (TWG)--the 20-minute video sought to inform stakeholders of ongoing efforts and progress achieved by said national agencies in response to previous recommendations of the MSG. The updates likewise served as baseline information for the succeeding part of the program, which was a moderated panel discussion with representatives from member-agencies of the TWG. Previously, updates were communicated through the usual slide presentations. For Roadshow 2018, the PH-EITI Secretariat opted to employ a video presentation to manage time, and to familiarize stakeholders with the representatives of the member-agencies of the TWG.

#### *F. Panel Session for EITI Implementing Agencies and Open Forum*

Considering the challenges and issues raised during the post-event evaluation of the Manila leg, a moderated panel session for EITI implementing agencies was added to the subsequent clusters of the Roadshow as a follow-through on updates given in the preceding video. This also gave stakeholders the chance to directly raise their concerns to national government agencies represented. This panel session, in all clusters from Clark to Baguio City, was moderated by Atty. Maria Karla Espinosa, PH-EITI national coordinator. Roster of resource persons, and details on specific issues raised during the open forum can be found under **Section II (Issues and Discussions)** of this document.

#### *G. CSO Assessment of the 4th PH-EITI Report*

In recognition of the critical role of civil society in pushing forth transparency and accountability in natural resource governance, a segment of the program was devoted to a presentation of CSO assessment of the 4th Report. Whereas the presentation on the key findings of the 4th Report focused generally on data on a national scale, the CSO assessment highlighted data on each cluster's LGU collections (per region, and per city/municipality). It also presented data on social and environmental expenditures of and employment generated by every EITI participating extractive company from each cluster. Ultimately, the segment zeroed in on the continuing challenges to the EITI process, and

challenges surfaced from the findings of the 4th Report. The presentation likewise listed recommendations on how the EITI process could move forward given the challenges and issues at hand. In all clusters, the CSO assessment was alternately presented by MSG-CSO members, particularly members or officers of Bantay Kita-Publish What You Pay Philippines.

#### *H. Multi-stakeholder Panel Discussion and Open Forum*

This panel session had representatives from the MGB, LGU, industry (COMP), civil society (Bantay Kita) as resource persons, and was moderated by the Union of Local Authorities of the Philippines (ULAP). It focused on the need to integrate, if not institutionalize, EITI or extractive transparency in local government systems, taking into consideration their functional and structural context and capabilities. The session aimed to gather insights and comments from stakeholders to aid PH-EITI in moving its programs and activities forward in a more responsive, relevant, and concrete way. Roster of resource persons, questions asked during the moderated discussion, and specific issues raised during the open forum can be found under **Section II (Issues and Discussions)** of this document.

#### *I. PH-EITI Transparency Pledge*

The Transparency Pledge is a ceremonial declaration of commitment to the principles and processes of PH-EITI. Led by Ms. Joylin Saquing, PH-EITI Outreach Officer and master of ceremonies, participants were enjoined to declare or renew their commitment to transparency and accountability as they pursue better resource governance in their respective communities.

#### *J. Support for the Institutionalization of PH-EITI*

PH-EITI took advantage of the Roadshow to rally support from stakeholders for the immediate passage of a law institutionalizing PH-EITI. Sign-up sheets were distributed in every cluster to gather signatures in addition to position papers and other efforts that PH-EITI and partners had earlier carried out to push for the passage of a national law on EITI. PH-EITI institutionalization hopes to ensure mainstreaming, continuity, and sustainability of the EITI process, and its contribution to sustainable development.

#### *K. Tools for Mainstreaming Transparency*

The second or the afternoon part of the program comprised entirely of presentations and workshop on innovative tools and systems that facilitate greater transparency and public accessibility of government and extractive data. Such tools were developed to systematize data disclosure with the greater goal of empowering stakeholders, especially those most affected, to take part in ensuring that the extraction of natural resources redound to the benefit of communities in a sustainable manner. Moreover, these tools form part of the Systematic Electronic Extractives Disclosure or SEED Initiative, a suit of innovations by PH-EITI and partner agencies and organizations to mainstream extractive transparency in the Philippines. To give participants a background, PH-EITI Technical

Policy Specialist Marco Zaplan gave a brief introduction of the SEED Initiative and the tools included in it. The following are the tools under SEED Initiative:

1. PH-EITI Contracts Portal

The Contracts Portal is an online repository of extractive companies' contracts, annexes, and supporting documents in open and machine-readable format accessible through <https://contracts.ph-eiti.org/>.

2. Extractives Disclosure Generator or EDGE Portal

EDGE is a web-based application that hosts PH-EITI datasets collated since the beginning of EITI implementation in the Philippines. It could filter datasets using certain criteria, and it could download datasets in open data format. EDGE is aimed at empowering stakeholders to access data relevant to their needs and advocacies.

3. Online Reporting in the Extractives or ORE Tool

ORE is another online application that is specifically developed to centralize reporting of mining and oil and gas companies, and national government agencies as well as make reporting more efficient and cost-effective. ORE can process reported data in only a few clicks, and generate instant reports or summary data using submitted data.

4. ACES Method

Ask-Collect-Examine-Share or ACES Method is a four-step process aimed at empowering stakeholders to access, analyze, and utilize disclosure made through PH-EITI. ACES is useful in organizing PH-EITI data, guiding stakeholders in the use of data, and in utilizing the PH-EITI Community Toolkit.

5. Environment and Natural Resource Data Management Tool or ENRDMT

Jointly developed by PH-EITI, DOF-BLGF, and DILG-PPEI, ENRDMT is an online reporting tool for LGUs that has already been integrated in the Electronic Statement of Receipts and Expenditures (eSRE) system for Local Treasurers, and enhanced by virtue of DOF Department Order Nos. 49-2016 and 078-2017. Local treasurers nationwide submit through the tool their reports on revenues from extractives.

DOF-BLGF personnel alternated to deliver the presentation on ENRDMT to the clusters of the Roadshow. The presentation contained updated data on general collections, shares from national wealth, and fund utilization of LGUs per cluster. In addition, DOF-BLGF presented an overview of a study on fees and charges for mining and extractive industries.

6. MGB Database Portal

The Database Portal, accessible at <http://databaseportal.mgb.gov.ph>, is another online portal that allows access to all MGB databases. It has search and filtering functions, and it contains information on the status of mining applications mining tenements/permits issued, mineral resources data, mining technology-related data, mineral industry reports, and others. Presentation on the Database Portal in all clusters was given by MGB Information Technology Officer Mr. Gaudencio Crisostomo, Jr.

#### *L. Workshop: Breakout Sessions*

As final activity for participants, two breakout sessions had been arranged: Data Dive Workshop on SEED Tools; and EITI 101 for new stakeholders.

Data Dive is a hands-on exercise to familiarize participants with PH-EITI data by using the ACES Method and the PH-EITI Community Toolkit (LGU Receipts Data Tool, and SDMP Data Tool). Participants of this workshop were divided into groups of four to five members. They were asked to choose a mining project to work on, and produce an infographic/poster based on the data they processed. The best outputs received special PH-EITI merchandise as reward.

EITI 101, on the other hand, was a crash course offered in four legs of the Roadshow, namely, Manila, Cebu City, Davao City, and Surigao City. It was intended for those who are new to EITI, and for those who had further questions on the EITI process.

#### *M. Transparency Awards*

Now on its third year, the Transparency Awards is PH-EITI's way to recognize national government agencies, LGUs, and companies that had outstanding performance in complying with the EITI reporting process. Briefly, Atty. Maria Karla Espinosa shared what the Awards is about, and the revisions that will be done in the mechanics and criteria considering the pilot use of the ORE Tool for this year's reporting cycle.

#### *N. Closing Remarks*

Each cluster had closing remarks delivered by an MSG-CSO member. Every set of remarks recapped the activities and discussions that transpired in each respective cluster. The speakers, whenever possible, spoke in the vernacular as they thank and congratulate the organizers and partner organizations. Moreover, they gave inspiring words that reminded the stakeholders of the significance of the Roadshow, the EITI process, and the value of transparency and accountability.

## II. ISSUES AND DISCUSSIONS

### A. Manila (NCR, and Southern Tagalog Cluster)

9 July 2018 | Pan Pacific Manila

The panel discussion was moderated by Ms. Maricor Anne Cauton of the Union of Local Authorities of the Philippines. Members of the panel were:

- **ATTY. TEODORO JOSE MATTA**  
*Legal Officer, Province of Palawan and Vice Chairman, Provincial Mining Regulatory Board*
- **HON. CRISPIN LUMBA, JR.**  
*Vice Mayor, Narra Municipality, Province of Palawan*
- **ENGR. ROLAND DE JESUS**  
*Regional Director, MGB IV-B and Chairman, Provincial Mining Regulatory Board*
- **ATTY. RONALD REX RECIDORO**  
*Executive Director, Chamber of Mines of the Philippines*
- **ENGR. RUFINO BOMASANG**  
*Chairman, Petroleum Association of the Philippines*
- **MS. MARIA KRISTINA PIMENTEL**  
*National Coordinator, Bantay Kita – PWYP*

Q1: What are your current thoughts on extractive industries?	Engr. de Jesus: Industry does not contribute enough to the economy. We need to find ways for industry to contribute more to the economy. Enactment of the Train Law, additional 2% excise tax.
	Atty. Recidoro: Industry almost decimated during the stint of former Sec. Gina Lopez. Industry remained stagnant. Recent developments began after the lifting of the moratorium. Currently, it is a period of consolidation and government is trying to make better policies. We are optimistic with the new DENR Secretary's move to improve the general perception on mining. Investors hopefully look into the Philippines again as a viable area for mining.
	Engr. Bomasang: The industry (oil and gas) is in a wait-and-see attitude. It treads on new impositions like the additional income tax on coal and TRAIN Law. It also affected by instability of policies which is not good from the point of view of players. Right now, the biggest player is Malampaya, but we need to be looking for the next Malampaya because it will be depleted in 2024. Transport sector is still highly dependent on imported oil. If something happens to Middle East, the sector will shut off. We should accelerate exploration of oil and gas. Government needs to provide consistent policies and the industry will support it.

	<p>Ms. Pimentel: Government policies aim to harness economic potential of mining but also requires to address environment, health, safety, social, and cultural concerns. Through EITI implementation, data has been available for the public. Access to data enables assessment, studies and catalyzed policy proposals. From Bantay Kita's point of view, mining's contribution to economy is low. We should put forth a proposal for improvements in fiscal regime covering mining and proceeds from the sector. We should also undertake exhaustive study on the effects of mining beyond economic revenues and look into social and environmental impacts of mining. We should figure out what fair share is for both communities and the industry.</p>
	<p>Atty. Matta: From the LGU perspective, extractive industry is midstream. Before, there is lack of knowledge and perceived lack of transparency in the sector, now we are taking advantage of social development goals and projects. There is huge income potential from the mining sector. LGU follows policies from national government whether to allow or suspend mining operations. Mining should help realize developmental goals of the community in the long-run.</p>
	<p>Vice Mayor Lumba: Through transparent and responsible mining, the host communities will benefit.</p>
<p>Q2: Do you think there is a possibility to integrate EITI in the local government? If yes, how do you think can it be done?</p>	<p>Vice Mayor Lumba: I think EITI has a vital role, and now it's mandatory to participate. We should advocate transparency in the local level to develop the countryside. Enjoin mining industry in the local development council so industry will see where their payments go.</p>
	<p>Atty. Matta: Without transparency, LGUs and NGAs would be clueless as to which regulations to implement, which policies to create. Without transparency, there will be no baseline for studies and assessment: revenues, environment protection, social development needs. Not knowing what the companies are doing, government, and CSO would not know what to do as well. EITI is a partner, a guide to development. It will reflect in policy making.</p>
	<p>Ms. Pimentel: Yes, EITI integration in the local systems can lead to better understanding of the current mining context in the local level, which will result in better planning, better decision making. Mainstream EITI to the local business processes of the LGU. Adapt principles to existing platforms like the PMRB or local development council. Goal is to further see actual amount set aside from national wealth for socioeconomic development and actual expenditures against it. Improve guidelines to fast track</p>



	<p>LGU download from national wealth. Promote efficient use of SDMP, and payments of IP royalties.</p>
	<p>Engr. Bomasang: Yes, EITI can be implemented. Elect officials who are pro-development.</p>
	<p>Atty Recidoro: Confusion and misperception on mining comes from lack of data. People do not understand the effect of mining on a personal level. It is important to integrate transparency at the barangay level. They need to know how much the LGU received and if the amount is sufficient enough for the cost of mining done in the area. With data, relevant and intelligent questions can be formulated. ENRDMT is the relevant transparency tool. Encourage communities to use transparency boards so people will know how much they received from mining. Strengthen PMRBs; it's multi stakeholder and multi-partite, it could stand as MSG in the local level.</p>
	<p>Engr. De Jesus: Integration is possible. The community is the most important stakeholders where mining operates. They need to know how much they should receive from mining companies – taxes, SDMP, EPEP, royalties.</p>
<p>Q3: Are there any recommendations to ensure that we can garner better programs or projects that are tangible, to fasten delivery of services?</p>	<p>Engr. Bomasang: Give share to LGU directly.</p>
	<p>Ms. Pimentel: Improve access to disaggregated, timely, relevant and accurate data for better planning and decision making. Promote inclusive multi stakeholder platform and credible representation of communities, collection, capacity building to enhance the skills of those who are involved in monitoring and planning, development of knowledge.</p>

OPEN FORUM

Mr. Certeza of Industrial Global Union discussed the proposal for a Mining Industry Tripartite Council with representatives from industry, government and labor to ensure that workers interest are included in the agenda and discussion of industry transformation in the event of mining closure or the end of the life of the mine. As per Mr. Certeza, the proposal now has been sitting on the table of DENR since the time of former Sec. Gina Lopez. He also cited that COMP was amenable to the proposal. Would this mechanism advance the move beyond transparency and engage stakeholders?

Engr. de Jesus apologized that he was not informed about the proposal before he directed the question to a representative from the central office. Engr. Aguilos committed to follow up with his principals through Dir. Moncano and/or Asec. Caguioa.

Ms. Cabay from Quezon, Palawan expressed her interest on knowing the status of revenue generated from oil and gas. What is the stand of the local government regarding the distribution of share from oil and gas activities in Palawan?

Engr. Bomasang: Ongoing controversy on the full share. 60% goes to the national government through DOE. It is in the Supreme Court, waiting resolution. Malampaya Foundation focuses on marine protection, conservation, training of people for skills (welding, scaffolding) to prepare them, especially the out-of-school youth.

Atty Matta: Matter pending resolution from the Supreme Court. Palawan has not been sleeping on this case. It is actually moving for early resolution. However, even without this share from oil and gas, Palawan is benefiting from IRA and large scale mining revenues. Currently, the province has Php 90 billion infra projects from DPWH. There is a move to post all earnings, provincial and municipalities, online.

Prof. Abao from Ateneo de Manila asked (1) whether data disaggregation is doable and available (i.e. workforce data) (2) impact of Federalism on LGU whether it can gain more from the industry or monitor the companies closely.

Vice Mayor Lumba shared their experience in Narra. He said there's difficulty in data gathering on employment status from extractives since the company is not cooperative. The company promised to provide data to the Sangguniang Bayan but it did not materialize.

Atty Mata: Some partners provided data, like Berong Nickel. They found that 1,500 families lost their jobs when the company closed down. To date, PESO and DOLE are sources of workforce data. There is renewed partnership with DOLE to monitor how many people are employed by mining industry and jobs created through residual businesses. Data gathering is doable but a lot of hardwork.

A participant cited data gap occurrence in Caraga. During the time of Sec. Gina Lopez, it was said that one million people will lose jobs when mining companies close down but DOLE only mentioned 200,000. Also, we need data on mine health, safety and accidents. DOLE RD said it is out of their jurisdiction and points to MGB.

Engr. De Jesus said that MGB gathered data on employment. There is data requiring companies to submit how many workers directly hired by the mining company. Rule of thumb, for every direct labor = 5 indirect labor. We should device a system to capture direct and indirect hires, format send out to companies. Will discuss this with the Director of mines.

Vice Mayor: We are rich in natural resources. All stakeholders should be responsible, accountable and transparent. We need to develop the community and help improve their quality of life.

Atty. Matta: We are all partners. We need to work together. Balance interests of everyone. Transparency should be promoted because it holds everyone accountable.

Ms. Pimentel: Constructive engagement provided by EITI is crucial. See gaps and share objectives to work together. Access to information is vital. Knowledge is power. If you have information, you can make better decisions. We should continue the discussion of responsible mining, what it means for all stakeholders. Find a convergence and move beyond transparency to concretize ideals towards responsible mining.

Engr. Bomasang: Oil and gas industry reports everything to DOE. We are by definition transparent and accountable. Almost zero variance. Is it a fair amount? By end of this year, the sector contributed about USD 10 billion. Zero investment, zero risk. Find the next Malampaya to address energy security. We have a good system under PD 87, sector appeals to the government and DOF to reconsider TRAIN 2 and exclude PD 87.

Atty. Recidoro: Promote involvement through mainstreaming transparency in the local level. This is a call to LCEs to adapt guidelines, systems and principles in the local level. Integrate local development plans to the larger development goals of the municipal and provincial government. Create sustainable projects. Capacitate the people to come up with worthwhile projects for SDMP, and CSR. Expand imagination. Imagine bigger things. Surigao uses SDMP as seed money to fund other cooperatives, train children, increase scholarships. Focus on long-term projects that even when mining is already closed, the next generation will benefit. Work towards institutionalizing EITI. Pass the EITI law to make EITI an integral part of government system. EITI provides data and tools, but it's up to the stakeholders to act.

Engr. de Jesus: Most passionate environmentalist NGOs should be invited to join in MMTs. Invite the most critical in the industry to join you so there will be more transparency. Invite the Bishop of Palawan in MMT. Open the doors to all stakeholders. EITI have come to the rescue of the industry in terms of requiring transparency. Recommendation: Invite NCIP in MMT and work together. Establish good working relationship with NCIP. SDMP and Royalties complement each other. Include downstream industry. Coral Bay contribution, not yet accounted.

#### Summary of Issues Raised:

- Pending proposal for Mining Industry Tripartite Council;
- Pending resolution on the case regarding the LGU share from oil and gas activities in Palawan;
- Availability of data from mining companies (i.e. workforce data, employment data);
- Gaps on employment data;
- Identify who is responsible for gathering data on workforce and employment in the extractive industries; and
- Appeal to government thru DOF to reconsider TRAIN 2 and exclude PD 87.

#### Recommendations:

- Install transparency boards in the barangay, municipal and provincial level hosting mining activities;
- Device system/tool to capture direct and indirect hires. The standard format will be sent to companies to fill out. Matter to be discussed with Director of Mines;
- Roundtable discussion on defining responsible mining;
- Institutionalize EITI;

- Include NCIP in local planning, establish good relationship with IPs; and
- Capacitate community to come up with innovative, creative and worthwhile projects for SDMP and CSR.

## **B. Clark, Angeles, Pampanga (Central Luzon Cluster)**

**12 July 2018 | Xenia Hotel**

### UPDATES FROM EITI IMPLEMENTING AGENCIES

Resource Persons:

- Engr. Romualdo Aguilos  
*Mines and Geosciences Bureau*
- Mr. John Aries Macaspac  
*Department of Budget and Management*
- Mr. Arvi Miguel  
*Department of the Interior and Local Government*
- Mr. Alih Ulang  
*National Commission on Indigenous Peoples*

#### *1. Joint Memorandum Circular on Guidelines on the Release of LGU Shares from National Wealth*

Mr. Macaspac of DBM said that they are presently enhancing the level of transparency when it comes to the release of LGU shares from national wealth. This is being done through the Notice of Authority to Debit Account Issued or NADAI, which now shows disaggregated data. DBM is also working to institutionalize transparency initiatives through the issuance of a joint memorandum circular or JMC that is expected to be issued sometime within the third quarter of the year. The JMC has three salient features, i.e., faster release of LGU shares from national wealth, establishment of a special account to track utilization of revenues from mining, and institutionalization of ENRDMT use in all LGUs.

#### *2. Green Investment*

Mr. Miguel of DILG shared about a recently completed study on reinvestment of mining revenues in LGUs. The study, which was done in Surigao del Norte, looked into the impact of mining revenues, and the level of dependence of municipalities on extractives. He said the study advocates green investments that LGUs could engage to help diversify their economic base using revenues from mining. The study developed a set of guidelines that is now awaiting the approval of DILG officials.

#### *3. Monitoring Checklist, and Revised IRR on Small-scale Mining*

Engr. Aguilos announced that the ISHES monitoring checklist is now being rolled out. Recently, however, they included tenement monitoring among the components, so two more forums were conducted to assess the effectiveness of TSHES. Engr. Aguilos also shared that there is an ongoing review and revision of the implementing rules and regulations on small-scale mining law.

4. *Issues on implementing a Provincial Investment Incentive Code*

BM Dela Cruz raised an issue regarding a Provincial Investment Incentive Code implemented in Bulacan. He cited a case where the provincial government granted a tax incentive to a cement company, but the municipality involved does not want to waive its share.

Ms. Precy Magsino of BLGF Region III said that in the case of royal property tax (RPT), it is the provincial government that has the authority to impose and collect RPT, thus, the municipality should follow the rules set by the province.

5. *On suspension of companies that did not participate in the 4th Report*

A participant asked MGB if it would issue suspension to mining companies that did not participate in the 4th Report. Engr. Aguilos explained that those that did not submit reports currently have no operations, but their MOPs and TOPs are not yet cancelled. Some others complied but not until the report was already published. Moving forward, MGB is now determining the timeline of submission, the deadline of which, Engr. Aguilos said, should consider the timeline set by/for the independent administrator.

6. *On quarrying*

A participant from the CSO sector manifested concern on quarrying. The participant said that quarries cause the loss of farmlands. He urged everyone to look into this concern.

7. *On alleged unlawful operations of mining companies*

Dr. Molino of CCOS shared about their campaign against extractive operations, particularly of Eramin Minerals. He said they were requesting for a copy of the company's OTP. They also requested for an investigation regarding possible irregularities in the operation of the company, but said that MGB Region 3 had not acted on their requests. Eventually, they started asking for the removal of the head of MGB Region 3. He asked the panel regarding punishment that could be imposed on LGUs that issue rehabilitation permits to mining companies when the actual operation involves extraction.

The mayor of Candelaria explained that mining operators do not go to them. He said companies talk directly to the national government.

Engr. Aguilos, meanwhile, noted the concern and committed to follow up on the issue, and the status of request for OTP.

On PH-EITI's end, Atty. Maria Karla Espinosa acknowledged that there are still areas for improvement in natural resource governance. Unfortunately, she explained, PH-EITI is not an arbiter of issues. What PH-EITI can do is give data, and provide a platform for dialogue, but PH-EITI cannot always provide instant answers. She said PH-EITI introduces interventions wherever possible, and emphasized that transparency is really necessary to help shine light on areas that require better governance and greater accountability.

8. *Could PH-EITI enjoin all non-metallic mining companies in Region III?*

Atty. Espinosa said that for the 5th Report, only the top 20 companies will be asked to participate, but explained that PH-EITI is trying to expand the coverage little by little.

9. *Will the shares of LGUs from national wealth be directly remitted?*

There is an ongoing legislative reform on this.

### MULTI-STAKEHOLDER PANEL DISCUSSION

Moderator:

Ms. Maricor Anne D.G. Cauton

Union of Local Authorities of the Philippines

Panellists:

- Hon. Enrique V. Dela Cruz, Jr.  
*Board Member, 2nd District, Province of Bulacan*
- Atty. Ronald Rex Recidoro  
*Executive Director, Chamber of Mines of the Philippines*
- Engr. Rey Cruz  
*Chief, Mine Management Division, MGB Regional Office III*
- Ms. Angelica Dacanay  
*Communications and Advocacy Officer, Bantay Kita – PWYP*

1. *What are your thoughts on the current state of the Philippine extractive industries? What do you think is the relevance of EITI or transparency to the larger scheme of national resource governance reforms of the Duterte Administration?*

First off, Atty. Recidoro clarified that only 23 of about 40 large-scale metallic mining companies are members of COMP. He then proceeded to say that currently there is no significant growth or development in the mining industry. There is no clear government policy, and there has been no issuance of new mining permits. All that MGB issued recently were renewals, or exploration permits. The industry, he said, is getting smaller.

Atty. Recidoro shared that in the global market, the demand for steel is slowing down. China, however, has produced a surplus of steel, causing prices of both steel and nickel to go down. PH, being one of top producers of nickel, is affected.

Atty. Recidoro also gave some positive observations including a possible removal of the moratorium on new mining operations. The ongoing MICC audit, meanwhile, is nearing its completion. In addition, DENR is encouraging the continuation of rehabilitation of disturbed areas.

For BM Dela Cruz, he said they do not feel the suspension imposed on some companies because non-metallic operations still continue. The challenge is, they do not know the data, for instance, the remaining lifespan of limestone in mountains. He said that data from PH-EITI is impressive and useful, and wished that the EITI process could be implemented locally through a local ordinance.

For Bantay Kita, mining in the Philippines, relative to other industries, still has low contribution to the economy.

MGB Region III said that the mining industry is still hounded with plenty of issues.

2. *Do you think there is a need to integrate EITI (its principles, processes, and gains) in local systems of data disclosure and dialogue and in the local development process as a whole? How do you think can it be done?*

Atty. Recidoro said that the EITI process should definitely be integrated in local systems of disclosure and dialogue as it is informing and empowering. He said the goal is to capacitate local communities to use the data. He suggested that there be community boards showing the benefits from mining operations such that discussions would be properly informed. He also suggested to empower PMRBs, which could serve as the local version of the MSG.

BM Dela Cruz said that they really support the integration of EITI in the local level. He hopes that non-metallic mining companies would be included, too. He also urged that national government to convene the PMRB.

Ms. Dacanay is also for integration, and agrees that PMRBs, as oversight committees, can govern on decisions related to local extractive operations.

As comment on BM Dela Cruz' statement, Engr. Cruz of MGB III clarified that the PMRB of Bulacan is actively operating. Engr. Cruz also agrees that the EITI process must be localized.

3. *What are your recommendations to ensure better translation of extractive industry revenues into tangible, needs-based development and service delivery programs for local communities?*

Atty. Recidoro explained that if the community has access to data on LGU revenues from mining, the community can participate in the process of planning programs and projects using such funds. He urged stakeholders to broaden their imagination, and explore funding capacity-building initiatives using revenues from mining. He also asked stakeholders for support in institutionalizing EITI through a national law.

BM Dela Cruz asked if PH-EITI has a draft ordinance on EITI localization. He said he is willing to file it in the provincial council. He also shared that municipalities prepare investment plans annually, but as to the source of funding, it is always the IRA as that is the only data available to LGUs. For purposes of pilot implementation of EITI localization, BM Dela Cruz asked that a draft ordinance be provided to them.

Ms. Dacanay said that they want proper and credible representation of communities in MMTs, in monitoring and collection, and in developing SDMPs.

## OPEN FORUM

### *On social impact of mining, and watersheds as no-go zones*

Dr. Molino commended the EITI process and how it is able to promote transparency on revenues from mining. However, he also noticed that lack of data on the social impact of mining. He insisted that watersheds should be no-go zones.

Engr. Cruz said that mining applications are sent to DENR for clearance.

### *On social and environmental expenditures*

Ms. Ruth Cordero of the Ramon Magsaysay State University noticed in the executive summary that some companies did not declare social and environmental expenditures. She asked what could be done about it.

Engr. Cruz said that there may be a lack in rehabilitation cash fund.

Atty. Recidoro, on the other hand, urged stakeholders to look at the main report for other data they are looking for.

Ms. Cordero further inquired whether the allocation for social and environmental fund could be increased. She also expressed her dismay on the lifting of the moratorium on mineral exploration.

Engr. Cruz explained that the guidelines provide for a minimum percentage/amount for the social and environment fund. He said that companies may give more.

Atty. Recidoro do not agree though that it is a matter of increasing funds for social and environmental expenditures; rather, it is matter of planning where to put the revenues from mining. He lamented that some projects are pursued only for compliance purposes. He said there should be inclusive consultation. Secondly, he encouraged that the SDMP be linked to bigger projects of the municipality. He also urged better planning, and for community members to be capacitated so they themselves could decide on how their fund would be utilized, and pursue projects that will ensure sustainability of benefits.

### *On several quarries operating as one entity*

A participant shared their experience in Norzagaray, Bulacan, where the LGU issued permits to 17 quarries that operate as one entity. He said this scheme is depriving the LGU of its rightful share of revenues.

BM Dela Cruz said that this is a challenge to local enforcement as they are only able to regulate companies when they apply for OTPs. He further said that at times companies apply for quarry but in reality they extract marble. He said this is a matter of regulation and inspection.

Engr. Cruz explained that under the law an operator could actually be given several permits. He committed though to look into the case of Norzagaray, where, allegedly, 17 quarries operate as one.



**C. Cebu City (Visayas Cluster)**  
**24 July 2018 | Marco Polo Plaza Cebu**

UPDATES FROM EITI IMPLEMENTING AGENCIES

Resource Persons:

- ENGR. ROMUALDO AGUILOS  
Mines and Geosciences Bureau
- DIR. ARACELI SOLUTA  
Department of Energy
- MR. JOHN ARIES MACASPAC  
Chief Budget and Management Specialist, Local Government Regional Coordination Bureau  
Department of Budget and Management
- MR. ARVI MIGUEL  
National Project Coordinator of the DILG-PPEI Project  
Department of the Interior and Local Government
- MS. BRENDA MIRANDA  
Chief of Policy, Planning, Programming, and Standards Division  
Bureau of Local Government Finance

1. *Green Investment*

Mr. Miguel of DILG shared about a recently completed study on reinvestment of mining revenues in LGUs. The study, which was done in Surigao del Norte, looked into the impact of mining revenues, and the level of dependence of municipalities on extractives. He said the study advocates green investments that LGUs could engage to help diversify their economic base using revenues from mining. The study developed a set of guidelines that is now awaiting the approval of DILG officials.

2. *Joint Memorandum Circular on Guidelines on the Release of LGU Shares from National Wealth*

Mr. Macaspac of DBM shared about a continuous undertaking with partner agencies that streamlines guidelines and expedites the release of LGU shares from national wealth. DBM is also working to institutionalize transparency initiatives through the issuance of a joint memorandum circular or JMC that is expected to be issued some time within the third quarter of the year.

3. *Data variance due to report timing difference*

Director Soluta of DOE explained that some variance in the data they and their stakeholders submit are due to timing difference.

4. *ENRDMT and LIFT*

Ms. Miranda of DOF-BLGF reported that the latest version of the ENRDMT (version 1.2) has addressed previous corrections and recommendations. Moreover, aside from timeliness of submission of data, BLGF is pushing for accuracy of data. Meanwhile, with funding from Asian Development Bank, BLGF is pushing for the enhancement of the LGU Integrated Financial Tool or LIFT to solve the problem of double encoding on the part of LGUs.

5. *Monitoring checklist standardization*

Engr. Aguilos reported that MGB Director Wilfredo Moncano already signed MC 2018-02 or the Guidelines for Compliance Monitoring and Rating/Scorecard of Mining Permits/Contracts, which will be utilized by MGB regional offices in the standardization of monitoring checklists.

6. *Data on environmental impact of mining*

Bro. Peter Simon Francis commended the presentations and described them as nice, understandable and transparent. But he is looking for the amount equivalent to the environmental destruction caused by mining.

Engr. Aguilos said that the MGB is monitoring operations of mines, and that they do not approve mines without any environmental plans. Data in reports also show EPEP, and FMRP. He also said that it is the BMB that does the valuation of industry impact on the environment.

Bro. Francis said the response did not satisfy the question. He further asked if MGB was able to monitor the case of Homonhon and Malikhani. He said that mining activity in Homonhon is very destructive.

Engr. Aguilos said that he already heard of the case of Malikhani, and explained that the MGB has already imposed appropriate penalties.

Bro. Francis asked how MGB addressed the condition in Homonhon.

At this point, Engr. Aguilos requested a regional personnel to give light to the issues raised by Bro. Francis.

Mr. Salvador Nagat of MGB 8 responded, and said that there is only one existing operation in Homonhon, i.e., TechIron Mineral Resources, Inc. The company was the one given the deed of assignment. They are operating on the site previously operated by another company.

Mt. Sinai Mining Exploration and Development Corporation, meanwhile, temporarily suspended its operation since Typhoon Yolanda.

Currently, district companies are undertaking tree planting activities.

In the case of Malikhani, Hinatuan Mining's permit has already expired in 2017. They applied for renewal but MGB returned it including all attachments. The company is still undertaking its care and maintenance activities in the area. MGB has mandated them to submit their final rehabilitation and decommissioning plan.

In response, Bro. Francis said he hopes that the activity in Malikhani will also be clear to the people.

#### 7. *Monitoring of loss and damage*

MSG member Ms. Ladylyn Mangada followed through the immediately preceding line of discussion, and asked how the government and communities ensure that the benefits they get from mining outweigh the cost of environmental damage if there is no report on such.

Atty. Espinosa said that there are efforts directed to environmental damage reporting.

Engr. Aguilos also mentioned wealth accounting, which is being piloted in some areas with the support of World Bank.

Mr. Miguel shared that in one of their policy dialogues, a recommendation to NEDA was to revive its Green Accounting Initiative. There is no timeline yet, but he said NEDA will definitely pursue it.

A participant from the University of San Jose Recoletos also agreed that the Philippines lack data on cost of damages. He expressed the openness of the academe to partner with other stakeholders in data gathering to help come up with a bigger picture of what is happening on the ground.

#### 8. *SDMP*

Ofelia Oliva, city treasurer of Toledo City in Cebu shared that during the last time she attended the Roadshow, she had a discussion with a representative from Carmen Copper regarding the process in identifying projects for SDMP. She wondered why the city is not able to identify projects.

### MULTI-STAKEHOLDER PANEL DISCUSSION

Moderator:

Bernardino Sayo

*Executive Director*

*Union of Local Authorities of the Philippines*

- Hon. John Henry R. Osmeña  
*Mayor, Toledo City*
- Mr. Christopher John W. Salcedo  
*Head, Environment Department  
Carmen Copper Corporation*
- Engr. Armando L. Malicse  
*Chief, Mine Safety, Environment and Social Development Division, MGB VII*
- Mr. Chadwick G. Llanos  
*Chairperson, United Sibonga Residents for Environmental Protection and Development*

1. *What are your thoughts on the current state of the Philippine extractive industries? What do you think is the relevance of EITI or transparency to the larger scheme of national resource governance reforms of the Duterte Administration?*

Mayor Osmeña shared that it was already his second year as panellist for the Roadshow. He said he always welcomes the opportunity. He also admits being a pro-mining, a sentiment that, he said, he has communicated with former DENR Secretary Regina Lopez. He told the participants that he came from a mining family, and that his father was involved in mining.

As to the state of the extractive industries in the Philippines, he said that the industry have been badly treated under the Duterte administration.

He said that there should be cost-benefit analyses, and that these should be accomplished by NEDA.

Mayor Osmeña also believes that there is money lost to the host community. That money should go to the trust fund of Toledo, he said.

Going back to the relevance of transparency in natural resource governance, Mr. Llanos explained that when the community has information that is readily available, people can start having quality discussion. And when people discuss, they may not always agree, but they have created a framework to move forward. Information is a powerful tool, he added.

Mr. Salcedo agreed that information is important especially when making a more calculated move or decision.

2. *Do you think there is a need to integrate EITI (its principles, processes, and gains) in local systems of data disclosure and dialogue and in the local development process as a whole? How do you think can it be done?*

Engr. Malicse said that transparency is very necessary. The only thing that has to be overcome, he said, is the cost. He does not believe that the local government has funds like PH-EITI. He also raised concerns on LGUs' technological readiness.

Mayor Osmeña said that there are existing laws that compel all levels of government to disclose information. The only problem, he said, is how these information will be disseminated. He suggested that government agencies should spearhead the EITI process in the province. He said that large cities like Cebu, Mandaue, Lapu-Lapu, and Toledo have the resources and manpower. Localization of the EITI process can be done, and should be done, he added.

Mr. Llanos admitted that EITI can have limits especially in the local context, that is why he believes that localizing PH-EITI can help capture gaps in EITI data.

Mr. Salcedo also agrees that localization of the process can be done, and can be given priority.

3. *What are your recommendations to ensure better translation of extractive industry revenues into tangible, needs-based development and service delivery programs for local communities?*

Engr. Malicse reported that there is an ongoing initiative in congress that could see a better taxation system.

Mayor Osmeña, meanwhile, believes that it is best to bring decision making down to the level where information is better, and not restrict it to a remote government agency.

About funding, Mr. Llanos said that there are available funds for use for local communities. These information can be found in the Report. He also said that communities should not just be seen as beneficiaries but as partners of the government.

4. *Release of funds*

A returning participant from last year's Roadshow said that it will be better if the government would have a faster process of allocating funds for barangays and LGUs. The process should empower LGUs not only as recipients but also as stewards of funds.

OPEN FORUM

*On the right of environment*

Ms. Cathy Ruiz talked about the right of the environment, and how assigning value to damages can help monitor benefits from mining.

She also shared that Cebu is now host to the drilling of an oil and gas project, i.e., the Alegria Oil Field.

*When can we say that an extractive operation is already excessive or destructive?*

Engr. Malicse said that there is a legal remedy and a technical remedy. The government through the BMB has the power to evaluate. It could also be actual evaluation with the help of technical experts. They may not have the same figures as EMB.

*Summary*

Panellists (and participants) agree that transparency is necessary, and that it is needed to be integrated in local development. There is also a need to push technology innovation for report production and dissemination. It would also be better if LGUs would pursue better land use plans.

**D. Davao City (Northern, Southern, and Western Mindanao Cluster)**  
**26 July 2018 | SMX Convention Center Davao**

UPDATES FROM EITI IMPLEMENTING AGENCIES

Resource Persons:

- Engr. Romualdo Aguilos  
Mines and Geosciences Bureau
- Dir. Araceli Soluta  
Department of Energy
- Rainier Diaz  
Chief Budget and Management Specialist, Local Government Regional Coordination Bureau, Department of Budget and Management
- Arvi Miguel  
National Project Coordinator (NPC) of the DILG-PPEI Project  
Department of the Interior and Local Government
- Brenda Miranda  
Chief of Policy, Planning, Programming, and Standards Division  
Bureau of Local Government Finance

1. *ENRDMT and LIFT*

Ms. Miranda of DOF-BLGF reported that the latest version of the ENRDMT (version 1.2) has addressed previous corrections and recommendations. Moreover, aside from timeliness of submission of data, BLGF is pushing for accuracy of data. Meanwhile, with funding from Asian Development Bank, BLGF is pushing for the enhancement of the LGU Integrated Financial Tool or LIFT to solve the problem of double encoding on the part of LGUs.

2. *Joint Memorandum Circular on Guidelines on the Release of LGU Shares from National Wealth*

Mr. Diaz of DBM said the the JMC is expected to be issued within the year. It awaits approval and signature of all Departments involved.

MSG member Mr. Chito Trillanes inquired on the assurance of full implementation of pending guidelines on the release of LGU shares from national wealth, and the manner which shares from extractive revenues would be used in investments on environment.

Mr. Diaz explained that through the Special Account, LGUs will not be able to use collections from extractive revenues for purposes other than environmental and social projects. Also with the aid of the ENRDMT, it will be easy to track fund utilization of every LGU.

3. *DAO 2018-13*

Following the completion of the mine audit, DENR Administrative Order 2018-13 has lifted the moratorium on the acceptance, processing, and approval of EP applications for metallic and non-metallic minerals. Engr. Aguilos clarified that the DAO is for the lifting of the moratorium on exploration, but was not necessarily a DAO allowing the creation of new Mineral Production Sharing Agreements or MPSAs.

4. *Revolutionary taxes*

A gentleman from a Subanon Tribe noticed that there was no panellist from NCIP and BIR before he continued to his query regarding revolutionary taxes. He asked if the government has monitored any large scale company paying taxes to rebels. This, he said, exposes the community to lawless elements.

Engr. Aguilos of MGB said that the Duterte Administration prohibits the practice of paying revolutionary taxes as it is deemed as another form of corruption. Companies, he said, are encouraged to coordinate and have a MOA with PNP and the military for safety and security.

5. *Forming new organizations within the same IP community*

The same gentleman who inquired on revolutionary taxes asked the NCIP and the LGU represented to issue a memorandum order or guidelines prohibiting large-scale mining companies operating within CADT (Certificate of Ancestral Domain Title) areas to create a new IP organization within the same host community. According to him, this causes division among tribes, and thus, violates the sacred message and tradition of their ancestors.

Atty. Lanchon of NCIP Region 12 said that it will be against the IPRA to prohibit the creation of new IP organizations as this is a form of empowerment, and is a constitutional right of IP community members to begin with.

6. *IP Royalty as a taxable source of income*

Another query was whether royalties paid to IPs are taxable or not since royalties are/can be considered a source of income.

7. *Study on the Effectiveness of Livelihood Programs for IPs*

Mr. Edgar Dayanghirang, chief of staff of Davao Oriental Governor Nelson Dayanghirang, asked whether it is possible or not for PH-EITI to make a study on the impact of livelihood programs given to communities in ancestral domains that host mining. The overall goal of the government, he said, is to alleviate poverty in local communities, hence, livelihood programs should be designed to have long-lasting positive impacts. He also asked how the sand and gravel business could be more inclusive. Moreover, he believes that IPs should get more than 1% of the company's revenues as SDMP.

Mr. Miguel of DILG said that there was already a social impact assessment done in a few mining sites, but that was rapid and not as deep or comprehensive. He refers to a rapid social impact assessment done by DILG and ADB. He recalled that one site, Rio Tuba in Palawan, showed positive impacts of livelihood programs, but clarified that the study was limited in scope. For more in-depth findings, he said, it has to be a bigger study.

## MULTI-STAKEHOLDER PANEL DISCUSSION

Moderator:

Bernardino E. Sayo

Executive Director

Union of Local Authorities of the Philippines

Panellists:

- Hon. Daisy P. Avance-Fuentes  
Governor, Province of South Cotabato
- Hon. Datu Abdelwin A. Sangkula  
Assistant Regional Secretary, DENR ARMM
- Atty. Ronald Rex S. Recidoro  
Executive Director, Chamber of Mines of the Philippines  
Member, PH-EITI MSG
- Augusto S. Blanco, Jr.  
Member, Kaimunan Lumad Sang Compostela  
Member, PH-EITI MSG
- Engr. Noel B. Angeles  
Chief, Mine Safety, Environment and Social Development Division  
MGB XI
- Engr. Efren B. Carido  
Chief, Mine Safety, Environment and Social Development Division  
MGB XII

1. *What are your thoughts on the current state of the Philippine extractive industries? What do you think is the relevance of EITI or transparency to the larger scheme of national resource governance reforms of the Duterte Administration?*

Engr. Angeles does not believe that the industry is growing.

Engr. Carido said that there are already policies issued by DENR promoting transparency and responsible mining. The problem lies in the standardization of systems and scorecards for evaluation and monitoring as it appears that each of the 15 regional offices has its own standards.

Atty. Recidoro of COMP characterized the mining sector for the last decade as a car parked and not going anywhere. Despite this, he sees two new issuances as positive developments and proof that the government is really studying the environment and is doing everything based on data. No new mining permits, however, have been issued since 2010. The review of the fiscal management for mining is still ongoing, and mining investment in the Philippines is not really viewed positively.

Atty. Recidoro suggests that local governments should create at the subnational level their own safe spaces for dialogue among government, civil society, and industry.

Gov. Fuentes said that on the point of view of the LGU, the distrust between stakeholder groups has never disappeared. She said that the national government should show



integrity and firmness in its policies and decisions. Public trust fades because the government is indecisive, she explained. At the LGU level, they give permits to those they assessed would be able to contribute to the development of the LGU.

From the IP perspective, Mr. Blanco said that there had been bigger improvements because of regulations prohibiting mining operations without IPC. Also, with PH-EITI, IPs can now fully base their opinions on facts and data. They now have the background why they are saying yes or no to a project.

Sangkula still sees the extractive industry as controversial and challenge-ridden. Even with the supposed gains, he said, are still limited. He believes, however, that the EITI mechanism helps as a checks and balance, and that it would help address loopholes and the limitations of the law to provide equal opportunities for the people.

2. *Do you think there is a need to integrate EITI (its principles, processes, and gains) in local systems of data disclosure and dialogue and in the local development process as a whole? How do you think can it be done?*

Gov. Fuentes feels embarrassed that the World Bank had to, first, fund the EITI implementation in the Philippines before stakeholders got together. She believes that stakeholders should have done so a long time ago. EITI principles, she said, must really be integrated in the local government because it is their constituents that suffer the consequences.

Sangkula recognized what he called relative success at the national level, but admitted that integration of EITI principles at the local level remains a challenge. He suggests that the integration of EITI could be done through the local development council. In the ARMM context, he explained, while the region is still not able to fully implement the EITI system, it came in a perfect timing when they have integrated EITI principles in the Bangsamoro Organic Law. He said that they were actually working with Bantay Kita. The EITI mechanism can actually be integrated in the process of establishing a Bangsamoro parliament, he said.

Gov. Fuentes lamented the difficulty of accessing data from the national government. She said that there is definitely a gap in sharing data with the local governments.

Engr. Carido of MGB XII agrees that there is a need for transparency. Despite Region 12 having no operating mines yet, companies in the development and construction stage in their region are not included in EITI data, Cardio said.

He also identified the city or provincial mining regulatory boards as existing platforms where the EITI process could be integrated. He explained that the MGB chairs the PMRB where stakeholders are likewise duly represented. He also said that there are data from the mining sector which are not captured, hence the low GDP contribution of mining. Not all industries are incorporated, he said. For instance, the taxes, fees, and revenues from sand and gravel, from aggregates, and the likes.

Atty. Recidoro believes that it is imperative to integrate EITI at the local level. Transparency informs and creates a space for dialogue, he reiterated. He also agrees that the best way to integrate EITI at the local level is through the PMRB, but it requires a champion, and must be funded for it to be sustainable.

He also insisted that the report is not the end-all and be-all of transparency. He urged participants to study the report so they could ask the right questions and base their judgment not emotion but on data, such that when a community says no to mining, they actually know what they are giving up.

In addition to her earlier statements, Gov. Fuentes said that it is easy for them to declare whatever they receive.

She also said that she has reservations that it is the industry that initiates and funds projects and studies. She insisted that government has money, and that it should be the DENR, MGB, and DOE that should work with the LGUs.

She also acknowledged the positive impact of small-scale mining in their areas, whereas TMC had been given permit to operate but had not generated income.

Datu Sangkula shared that ARMM has its own imposition of wealth sharing. But the real issue, he said is how supposed benefits of mining redound to the communities. He believes that the mining law is defective, and that it does not empower communities. Had it not been for EITI, the defect would have been worse, Sangkula said. Despite this, he said he is optimistic with BOL because the national government recognizes their rights to resources.

*3. What are your recommendations to ensure better translation of extractive industry revenues into tangible, needs-based development and service delivery programs for local communities?*

Mr. Blanco believes that a community wealth fund is more transparent and can be regulated. Right now, the policy is mining revenues go to the general fund of LGUs.

Atty. Recidoro suggests that mining host communities look at their SDMP. There has to be a qualitative assessment of SDMPs, he said. He believes that right now, SDMPs are monitored for accomplishment but SDMPs are not really assessed as to whether the projects are the actual needs of the communities.

Gov. Fuentes wants the relationship between the local government and the industry clarified. She said that even if the national government really believes that mining is a necessary industry, it should not leave it to the companies to unilaterally decide on the development of their host communities.

## OPEN FORUM

Father Edwin laments that many national policies are confusing. Specifically, he asks why the EMB maintains the position that the processing of ECC is still covered by the moratorium of Sec. Gina Lopez when a memorandum circular issued by Sec. Roy Cimatu says otherwise.

Engr. Efren clarified that under DMB 2018-05, small-scale mining is not covered by the moratorium.

Father Edwin also asks of PH-EITI's plan upon government's transition to federalism.

Gov. Fuentes cautioned that a transition to a new form government must be handled carefully as it may paralyze the entire system.

A tribal chieftain from Mati City lamented that the discussion was mostly focused on revenues. He said that transparency in company operations and resulting destructions to the environment must also be communicated to the community. The community, he said, must be able to differentiate responsible mining from old ways of mine operation. He asks how mining could be considered responsible if it destroys the environment.

Gov. Fuentes explained that the mining industry is a group of businesspeople, and hence, cannot really be expected to prioritize environmental sustainability. The mandate to ensure balance between economic growth and environmental sustainability, she said, lies in the government. She acknowledged that people themselves demand mining for various needs and purposes. In the end, it must be a win-win compromise for the people. She urged though not to issue exploration permits anymore if the government already knows that the area is a watershed. If somebody has to be responsible, it is not the industry that will do it; it should be the government that has to be so, she said.

Engr. Carido shared that it is in these instances that the insufficiency of government action is highlighted. He encouraged stakeholders to actively participate in MMTs. He also suggested, and committed to pilot the EITI process at the local level, specifically in South Cotabato.

### **E. Surigao City (Caraga Cluster)**

**7 August 2018 | Hotel Tavern Surigao**

#### UPDATES FROM EITI IMPLEMENTING AGENCIES

Resource Persons:

- Engr. Romualdo Aguilos  
Mines and Geosciences Bureau
- John Aries Macaspac  
Department of Budget and Management
- Shaquile Buraga  
Department of the Interior and Local Government
- Jericho Perez

Bureau of Local Government Finance

- Atty. Marceliano Monato  
National Commission on Indigenous Peoples

1. *ENRDMT and LIFT*

Mr. Perez of DOF-BLGF reported that the latest version of the ENRDMT (version 1.2) has addressed previous corrections and recommendations. Moreover, aside from timeliness of submission of data, BLGF is pushing for accuracy of data. Meanwhile, with funding from Asian Development Bank, BLGF is pushing for the enhancement of the LGU Integrated Financial Tool or LIFT to solve the problem of double encoding on the part of LGUs.

2. *Joint Memorandum Circular on Guidelines on the Release of LGU Shares from National Wealth*

Mr. Macaspac of DBM said that the JMC is expected to be issued within the year. It awaits approval and signature of all Departments involved.

3. *Monitoring Tool for IP Royalty*

Atty. Monato of NCIP shared that they conducted a pilot test for the monitoring tool for IP Royalty. Pilot areas included CAR, Region 4, and Region 13.

4. *Green Investment Guidelines and Amendments to Local Government Code*

Mr. Buraga of DILG reported that the DILG together with ADB conducted a study on Green Investments. Caraga was among the areas covered by the study. The study found out that in some areas, SDMP projects were not sustainable. A Green Investment Guidelines will be released to help LGUs come up with better plans and projects using revenues from extractives.

As to amendments to the Local Government Code, Buraga said that Senate Bill 1789, which seeks to enhance the use of national wealth for local development by amending certain provisions in Book II of Republic Act 7160, is currently at the interpellation level.

5. *New DENR issuances on mining*

Engr. Aguilos reported on new DENR issuances on mining which include the following:

- a. DENR-MC 2018-05 or the Non Coverage of Small-Scale Mining Projects from Department Memorandum Order No. 2016-01, which clarifies that small-scale mining areas (*minahang bayan*) are not covered by the audit on operating mines and moratorium of new mining projects; and
- b. DAO 2018-13 or the Lifting of the Moratorium on the Acceptance, Processing, and/or Approval of Applications for Exploration Permit Under DENR Memorandum Order No. 2016-01. DAO 2018-13 also supersedes DAO 2013-11 changing the venue for the filing of Exploration Permit applications from MGB Central Office to MGB regional offices.

6. *Is transparency already built in the systems of government agencies?*

BLGF responded in the affirmative citing ENRDMT as an instance how the agency continuously pursues transparency.

DBM also said yes and explained that the Notice of Authority to Debit Account Issued or NADAI is one instrument that promotes transparency between national government agencies and local government units.

Atty. Monato said that NCIP advocates transparency, and that is why it appreciates the creation of a monitoring tool for IP Royalty. He shared that they also conduct visitorial activities as another form of monitoring.

DILG also responded in the affirmative citing long-time implementation of its Full Disclosure Policy and the Seal of Good Local Governance.

Engr. Aguilos said that MGB is an advocate of EITI. He shared that the agency has a uniform website that showcases PH-EITI data. MGB also launched the MGB Database Portal in May 2017. It contains mining production data, tenement holders, directory of mines, among other extractives data. He also said that MGB is now moving towards mainstreaming of transparency and other EITI processes in its systems.

*7. When does an investigation on possible anomalies become necessary, say for variance on reported excise taxes paid?*

Atty. Monato said that the NCIP is a passive entity. Considering the agency's manpower and budget, it cannot just conduct any investigation. A complaint has to be filed before they could investigate, he explained.

Atty. Maria Karla Espinosa emphasized the importance of knowing the data. She said that variance in reported taxes, on excise tax for instance, does not automatically constitute corruption. She said that variance could be an issue of record keeping.

*8. Was EITI able to help address extractives-related concerns in the past?*

DBM noticed that inquiries on LGU shares from national wealth decreased, which is probable indication that the process have become more transparent along the way.

NCIP said that PH-EITI played a big role in the development of the monitoring tool for IP royalty.

DILG, meanwhile, said that the PH-EITI has been helpful in nurturing and capacitating LGUs to become more transparent and socially protective.

MGB also affirmed EITI's huge contribution in bridging gaps in monitoring systems. Engr. Aguilos said that the EITI process helps confirm that their data is true and accurate.

*9. Certificate of Non-overlap or CNO*

MSG member Mr. Chito Trillanes told the NCIP and MGB regarding reports they gathered that some companies were issued by NCIP with Certificate of Non-overlap attesting that the area where a mining project will be done does not overlap with or affect any ancestral domain. Mr. Trillanes' group, however, contests that the companies

referred to should not have been issued with CNOs. He also asked the MGB regarding its mechanism to validate the actual price paid by the company for selling oil vis-a-vis the contract of sale.

Atty. Monato explained that the law provides that rights may be waived and it is the personal decision of the IPs. The NCIP cannot intervene unless the IP was coerced to waive their rights.

### MULTI-STAKEHOLDER PANEL DISCUSSION

Moderator:

Maricor Anne D.G. Cauton

Union of Local Authorities of the Phils.

Panellists:

- Hon. Arturo Carlos A. Egay, Jr.  
Vice Governor, Provincial Government of Surigao del Norte
- Atty. Ronald Rex S. Recidoro  
Executive Director, Chamber of Mines of the Philippines  
Member, PH-EITI MSG
- Hon. Nilo P. Demerey, Jr.  
Senior Provincial Board Member, Provincial Government of Dinagat Islands
- Engr. Roger A. De Dios  
Director, Mines and Geosciences Bureau XIII
- Mr. Buenaventura M. Maata, Jr.  
Executive Director, Phil. Grassroots Engagement in Rural Development Foundation, Inc.  
Member, PH-EITI MSG

1. *What are your thoughts on the current state of the Philippine extractive industries? What do you think is the relevance of EITI or transparency to the larger scheme of national resource governance reforms of the Duterte Administration?*

Atty. Recidoro explained that COMP represents only 23 of 43 large-scale metallic mines. He, then, said that for the last eight years or so, the industry had not much growth due to the moratorium imposed by the previous administration. This attitude of the government, he said, continued in the last eight years. There were only extensions of permits given but no new contracts. The environment of uncertainty worsened during the time of Secretary Gina Lopez, he said. Then, there was the ban on open-pit mining. But under Secretary Roy Cimatu, the industry is now seeing positive developments. There are initiatives improving transparency, and the industry is now working on accelerated revegetation.

MSG member Mr. Ben Maata believes that the state of the mining industry is progressing, but he also said that now is the proper time for rehabilitation.

Engr. De Dios sees the mining industry as very much regulated. But mere compliance on regulations is not enough. For instance, there is so much expenditure for unsustainable

projects, leaving very small for infrastructure. He said they require companies to hire bookkeepers only to monitor SDMP.

BM Demerey cited that in 2012, the Philippines had 840 million dollars of untapped resources. If the government could only tap this, it could alleviate poverty in the country.

Vice Gov. Egay said that in so far as the LGU is concerned, they are recognizing the close cooperation between the LGU and the different mining groups. He advocates that in the implementation of SDMPs, the local development plans should also be considered so that there will be no duplication of projects.

2. *Do you think there is a need to integrate EITI (its principles, processes, and gains) in local systems of data disclosure and dialogue and in the local development process as a whole? How do you think can it be done?*

BM Demerey believes that, following the success of PH-EITI at the national level, there is a need to implement the initiative at the local level. He said that there is a need to empower the PLEMO and the PMRB as well as hire a more permanent team such that changes in administrations would not affect the continuity of initiatives.

Vice Gov. Egay said that there is a need to capacitate local finance committees and the PMRB. Said groups must adopt and have a clear understanding of the EITI process.

Engr. De Dios agreed that changes in administrations affect continuity of initiatives. They keep on training LGU personnel but every change of administration, new personnel are hired to run local administrative offices. He also said that considering that mining is highly technical, LGUs should hire technical personnel. LGUs need to build more capacities, he said.

Mr. Maata also agrees with the integration of EITI at the local level, saying that only the government--the sustainable institution--can sustain the EITI process not only by creating structures and events but by providing budget for the entire initiative.

Atty. Recidoro also responded in the affirmative before vouching how EITI was able to accomplish things on several levels. He said that transparency produces data, and with data, institutions can now improve capacity and accountability. With data, there can be more informed decisions and policies. When EITI is implemented at the local level, it would create a safe space for discussion, and it would increase accountability especially among local officials.

3. *What are your recommendations to ensure better translation of extractive industry revenues into tangible, needs-based development and service delivery programs for local communities?*

Vice Gov. Egay urged to strengthen PMRBs, while Demerey said that the ENRDMT must be maximize to capacitate LGUs and mainstream the concepts and principles of EITI.

Mr. Maata said there should be loyalty to the EITI process. Increasing the awareness and understanding the needs of the community, and improving delivery of government services are also important.

Atty. Recidoro said that SDMP implementation must be improved. Currently, he explained, only the host barangay and the company decide on SDMP projects. At times, projects are limited and not sustainable. He believes that more livelihood projects are needed. He also proposed that LGU shares from national wealth be earmarked for some sort of a sovereign wealth fund that would be set aside to be invested and re-invested to generate revenues.

Engr. De Dios said that they need enough personnel to implement the EITI process.

## OPEN FORUM

### *On competency of community relations officers*

Mr. Chito Trillanes shared that he was a mine auditor at the time of Secretary Gina Lopez, and he attested that some SDMPs are dole outs and a waste of money. He theorizes that companies hire community relations officers who are not adept in development planning. He recommends that companies maintain a close cooperation with LGUs, and that personnel involved should be capacitated.

In response, Engr. De Dios said that mining companies are now more mindful of their obligations. He also encouraged more inputs as he said no policy is perfect.

### *On the economic contribution of the mining industry*

An inquiry was on means the mining industry may contribute to the economy. A study shows that there is no delineation between the revenue from mining and the general fund. When this is disaggregated, it will be easier to account the contribution of the industry to the economy. There is also an inquiry on how much the industry can expand, how much liberty do mining companies have in the pricing of ore. In summary, in the overall context of national development, where can mining companies play a bigger role?

Engr. De Dios said that it is a matter of compliance. He suggests that the companies go beyond mere compliance.

BM Demerey, on the one hand, attested how the industry had contributed to Dinagat Islands. But they just could not exactly account. He even cited that in their case, without the mining industry, they would not have become a province.

Atty. Recidoro explained that the mining industry could not contribute as much to the national economy because the industry is small and there is no roadmap whatsoever to help it grow. Nickel for instance, is shipped 100% overseas. Steel manufacturers import iron and steel components. Recidoro argued that the government must come up with a grand plan to link these industries so that nickel extracted from the Philippines will be



processed within the country and used as input for steel. The only comparative advantage the Philippines has right now is that it has raw nickel, he said.

#### *On SDMP*

A representative of Caraga Watch stated that there are overlapping SDMPs. He also expressed opposition to provisions of the mining law. He said that mining should be part of national industrialization.

## **F. Masbate City (Bicol Cluster)**

**15 August 2018 | Bituon Beach Resort**

### UPDATES FROM EITI IMPLEMENTING AGENCIES

Resource Persons:

- Engr. Romualdo Aguilos  
Mines and Geosciences Bureau
- Rainier Diaz  
Chief Budget and Management Specialist, Local Government Regional Coordination Bureau  
Department of Budget and Management
- Arvi Miguel  
National Project Coordinator (NPC) of the DILG-PPEI Project  
Department of the Interior and Local Government
- Jericho Perez  
Financial Analyst IV  
Bureau of Local Government Finance

#### 1. *ENRDMT and LIFT*

Mr. Perez of DOF-BLGF reported that the latest version of the ENRDMT (version 1.2) has addressed previous corrections and recommendations. Moreover, aside from timeliness of submission of data, BLGF is pushing for accuracy of data. Meanwhile, with funding from Asian Development Bank, BLGF is pushing for the enhancement of the LGU Integrated Financial Tool or LIFT to solve the problem of double encoding on the part of LGUs.

#### 2. *Green Investment Guidelines and Amendments to Local Government Code*

Mr. Miguel of DILG reported that the DILG together with ADB conducted a study on Green Investments. The study found out that in some areas, SDMP projects were not sustainable. A Green Investment Guidelines will be released to help LGUs come up with better plans and projects using revenues from extractives.

#### 3. *New DENR issuances on mining*

Engr. Aguilos reported on new DENR issuances on mining which include the following:

- a. DENR-MC 2018-05 or the Non Coverage of Small-Scale Mining Projects from Department Memorandum Order No. 2016-01, which clarifies that small-scale mining areas (*minahang bayan*) are not covered by the audit on operating mines and moratorium of new mining projects;

b. DAO 2018-13 or the Lifting of the Moratorium on the Acceptance, Processing, and/or Approval of Applications for Exploration Permit Under DENR Memorandum Order No. 2016-01. DAO 2018-13 also supersedes DAO 2013-11 changing the venue for the filing of Exploration Permit applications from MGB Central Office to MGB regional offices;

c. MGB MC 2018-01 or the Guidelines in the Conduct of Apprehension, Seizure, Confiscation, and Disposition of Illegally Sourced Minerals/Mineral Products and By-Products, Tools, Conveyances, and Equipment Used; and

d. MGB MC 2018-02 or the Guidelines for Compliance Monitoring and Rating/Scorecard of Mining Permits/Contracts.

Meanwhile, DAO 2015-03 or the Revised IRR of RA 7076 is under deliberation of a TWG.

#### 4. *On IRA*

Engr. Oropesa of MGB shared that some LGUs complain regarding the transfer of their IRAs, saying that some taxes they ought to receive have not yet been downloaded. This, he said, discourages mining operations.

Mr. Diaz said that the DBM already downloaded 99% of the IRAs, and explained that LGUs should already have been issued with a NADAI. He said that DBM releases the IRA 15 days after a joint certification from the BTr and respective collecting agency is issued. Mr. Diaz also said that they are streamlining the process through a pending joint memorandum circular involving different collecting agencies.

#### 5. *Production (volume and sale)*

Dr. Horencio Pusing inquired on the monitoring system for mineral production from processing up to the finished product. He asks whether the stages are religiously being reported. He asks who exactly is in charge of monitoring production.

Engr. Aguilos explained that for production monitoring, companies report to MGB quarterly. The regional offices also conduct monitoring. Once gold is set for export, it now falls under the monitoring of the Bureau of Customs. In addition, companies, he said, submit integrated annual reports, which are accomplished under oath. When a company goes over its approved volume of production, it constitutes violation of their ECC.

Dr. Pusing replied that the company (Filminera) has daily productions, but he wondered how a quarterly monitoring is able to strictly monitor such an operation. He said they are looking at pushing for a local policy that would require closer and more frequent monitoring of production.

Mr. Miguel commented that he does not see any problem with coming up with a local policy on monitoring so long as it is consistent with the Local Government Code and

does not go against any national law. He reminded the stakeholders, though, that such policy would entail administrative and financial considerations. He also said that extractive declarations will soon be part and parcel of the next criteria of the Seal of Good Local Governance or SGLG.

#### MULTI-STAKEHOLDER PANEL DISCUSSION

Moderator:

Ms. Maricor Anne D.G. Cauton  
Union of Local Authorities of the Philippines

Panellists:

- Atty. Felimon Abelita III  
Provincial Administrator, Provincial Government of Masbate
- Engr. Christian O. Oropesa  
Chief, Mine Safety, Environment and Social Development Division  
MGB V
- Ms. Marianne Marie Molintas-Ruiz  
Public Relations and Communications Manager  
Filminera Resources Corporation
- Ms. Maria Kristina Pimentel  
National Coordinator, Bantay Kita - PWYP  
Member, PH-EITI MSG

1. *What are your thoughts on the current state of the Philippine extractive industries? What do you think is the relevance of EITI or transparency to the larger scheme of national resource governance reforms of the Duterte Administration?*

From the point of view of Bantay Kita, Ms. Pimental said that EITI is really in line with government's policy that is to harness natural resources for development but in a sustainable manner.

Ms. Ruiz, on the other hand, believes that the climate of mining industry is very unstable. She said that the Philippines has several laws that need to be fixed and finalized. She hopes, that as they continue to comply with laws and commitments, the Philippines could make mining a more viable industry for everyone.

Engr. Oropesa said that current mining laws are somewhat outdated having been developed way back the time of the American occupation. He advocates legislating new laws such that it will be easier to attract investors considering that the government has no capacity to mine its resources.

Atty. Abelita of Masbate-LGU said that the mining industry is currently at a crossroad. Despite efforts from both government and private sectors, it remains difficult to satisfy demands of all stakeholders. He said that government offices lack unity, a problem exemplified in instances of conflicting policies. In view of this, Atty. Abelita thanked EITI for "putting our acts together".

2. *Do you think there is a need to integrate EITI (its principles, processes, and gains) in local systems of data disclosure and dialogue and in the local development process as a whole? How do you think can it be done?*

Atty. Abelita said that, by all means, EITI must be localized as there is really a demand for transparency and accountability in Aroroy. He said this could be done by forming a local group.

Ms. Ruiz of Filminera agrees that transparency is needed saying she would appreciate knowing how local officials spend mining revenues for the community. She also wishes that the impact of regional GDP could also be highlighted.

Engr. Oropesa advocates close coordination among stakeholders. He also wishes to encourage manufacturing at the local level, and the transfer of new technologies.

Ms. Pimental emphasized the importance of a credible and independent representation of civil society in multi-stakeholder groups. She shared that they noticed that when there is credible and independent representation, public trust increases. There should also be capacity-building efforts, and feedback groups, she said.

3. *How can extractive industry transparency be relevant/useful to the small-scale mining sector?*

Engr. Oropesa said that there should be better legislation. For instance, under current laws, application for *minahang bayan* is a tedious process. The same thing is true for getting NCIP clearance, he said.

Ms. Pimental said that it would be good if EITI principles and processes would be applied to all and not only on small-scale or large-scale mining.

## OPEN FORUM

### *On SDMP and Impact Barangays*

Dr. Horencio Pusing, a small-scale miner, said that he and his group are ready to pay taxes, only that their *minahang bayan* application is taking a long time to be approved. He also asked regarding the SDMP, who or what decides on the list of impact barangays, and how neighbouring barangays could be considered impact barangays.

Vice Mayor Eric Castillo of the Municipality of Aroroy explained that right now only eight barangays are considered impact or host barangays, and thus the only barangays that benefit from the SDMP. He insisted that all 41 barangays in their municipality are affected by mining. Specifically, the 33 other barangays suffer from increases in prices of commodities due to mining operation, he said. He also inquired of the status of the decommissioning and rehabilitation fund.

Engr. Aguilos explained that the concerned company only follows the law when it implements its SDMP covering eight barangays directly impacted by its operations. Now, the benefits of the SDMP could expand to all barangays in a municipality with the help of a MOA among all barangays involved. A good example, he shared, is the case of host and neighboring barangays in Palawan where Rio Tuba operates.

Atty. Abelita thinks that the national government would not oppose the idea of having impact barangays share the benefits of SDMP with other barangays by way of a memorandum of agreement.

Dr. Pusing, however, said that they do not want the 33 barangays to appear as if they are begging.

To sum up, Atty. Espinosa pinpointed a perceived deprivation of rights as the issue, with some stakeholders believing that they do not receive what they think is rightfully due them. From the point of view of EITI, she said, it is a must to deal with data, and data show that SDMP is not the only source of funds for projects and programs that could benefit stakeholders. The LGU's IRA, for one, includes 40% of the LGU's share from mining revenues. She also clarified that CSRs are voluntary initiatives by private companies, and hence, are not demandable.

Ms. Cauton, the moderator, suggested that SDMPs be anchored in the development plan of the LGU.

#### *On Veracity of Company Declarations*

Another participant inquired on the veracity of declarations of companies as to the volume of gold they extract and ship.

Engr. Oropesa explained that each gold bar has a serial number, and is photographed. Furthermore, the BIR and MGB has a joint monitoring for this purpose, he said.

Atty. Abelita also explained that due to funding and manpower constraints, the government totally relies on company declarations under oath.

Ms. Pimentel said that they do not only want mere data. They want data that is comprehensive, timely, correct, and can be validated.

### **G. Baguio City (Northern Luzon Cluster) 29 August 2018 | Azalea Hotels and Residences Baguio**

#### UPDATES FROM EITI IMPLEMENTING AGENCIES

- Engr. Romualdo Aguilos, DENR-MGB
- Mr. Joseph Decrepito, DBM
- Dir. Florizelda Enriquez, DOF-BLGF

Before the open forum, each of the panel members was asked to give further updates from their respective agency.

Mr. Decrepito of DBM with partner agencies is in the process of enhancing guidelines in terms of the release of LGU share from national wealth. The guidelines focused on expediting and making the process more efficient, and in unifying format in the certification to be adopted by the collecting agency. Also to enhance the level of transparency of release of share, LGUs relevant information should be reflected such as the type of national wealth, covered period (base year), name of paying company, amounts, computation, receiving entity, and will be provided to LGU through NADAI, as issued by the treasury. Monitoring of utilization is through ENRDMT. There is also coordination with COA for the establishment of special account for the general fund for the share of LGU. The response was positive. Finally, there is a matrix of released funds as of June 2018.

Engr. Aguilos of MGB reported that from April, there were new policies issued based on MSG

Recommendation:

- DENR-MC 2018-05 Non Coverage of Small Scale Mining Projects - clarifies small scale mining (*minahang bayan*) are not covered by DAO 2016-01 or moratorium;
- MGB Circular 2018-01 - guidelines and conduct of apprehension, seizure confiscation of illegally sourced minerals and their products;
- MGB Circular 2018-02 - guidelines for the compliance monitoring, rating scorecard for mining permits and contracts. This provides for the standard monitoring system that ascertains compliance with the terms and conditions of mining permits and contracts, rules and regulations;
- DAO 2018-13 - lifting of the moratorium and acceptance processing of approval application for exploration permits under DENR DO 2016-01 is effectively supersedes DAO 2013-11. Changing venue for the filing Exploration Permits application from MGB central office to regional offices;
- DAO 2018-19 - guidelines for additional environmental measures for open surface metallic mines and new policies for sustainable environment conditions for every stage of the mining operation; and
- DAO 2018-20 - provides new guidelines on evaluation and approval of 3-year develop utilization program which all impacts National Reforms on natural resources governance.

Dir. Enriquez of BLGF-CAR reported the latest update on ENRDMT. The tool was enhanced to version 1.2. LGUs are using latest version with addressed corrections and recommendations. With funding from Asian Development Bank, the agency is pushing through with enhancements of the LGU Integrated Financial Tool (LIFT) to avoid double encoding on the part of LGUs. The agency is also working to institutionalize reporting through ENRDMT through department orders, and by mainstreaming inputting ENR data to the functions of LGUs. To address timely submission, a department order was issued and there will be corresponding sanctions for non-compliance of submission of timely reports. We are also pushing for accuracy of data with checks and controls installed in the system.

## OPEN FORUM

Maryor Luspian to DBM: The Joint Circular mentioned was part of the 2016 report. What is the assurance about the joint circular? It will be election year in 2019. There is pending bill in Congress on ARC. Before adoption of ARC, let's fast track the circular for speedy release of LGU share. There will be another report by PH-EITI. It has been pending since 2016.

DBM Rep: Matter will be discussed with principals. Joint Circular in 2016 by DOF and DBM provides the release of LGU shares through BTr. It is being enhanced.

Moderator: What is the status of the joint circular?

DBM: It is still with the heads.

Moderator: Just a quick survey, did you notice any difference from the NADAI? Especially from the treasurers and accountants? Are you given information about your national wealth? Relevant government agencies have been pushing for transparency.

Comment: Per advice by BTr, there is downloaded money but only for the last quarter of 2016 and 1st Q of 2017. But it is 2018 now. It was faster but still delayed. We are inputting our collection as part of our budget. But we cannot budget anything.

Farida Mateo, Itogon Municipality: In relation to Mayor Luspian's concern, about LGU shares, there are really unreconciled releases. My theory is that there is timing difference between release and NADAI. DBM will advise that the money is available but it will be released next quarter. But when we report to BLGF, this is our collection. But for the DBM's NADAI, there's another report. There's really a timing difference between the advice and the actual release.

Dir. Irene, DBM-CAR: I would like to support their issues. Our first problem is how to give them data that are very accurate. When they go to the regional office and inquire about their shares, the figures they see come from the central office. As to how they are computed, it has to be coordinated with the central office. The discrepancy is alarming, who will do the reconciliation? If it does not get reconciled, year on year, it will be difficult to monitor. We would like that to be addressed to give our clients their fair share.

Moderator: One of the causes of discrepancy is timing difference. The joint circular provisions should address that.

DBM Rep: DBM releases LGU shares based on joint certification from the collecting agency and BTr. Reconciliation will also come from the collecting agency and BTr.

Roda, Nueva Vizcaya Provincial Treasurer: (1) Regarding the report of Asec Habitan, it was mentioned that the highest collecting LGUs are Quezon and Kasibu pertaining to OceanaGold and FCF, there was a collection of 251million. Is that gross? I checked the records and there is a huge variance. One reason I see for the variance is timing. Also, collection made by BIR was only related to the municipality of Kasibu in 2016. OceanaGold

also paid under protest but the LGU was not informed. It was already reported as good collection, but in the records, it has not yet entered the coffers of the LGU. (2) Do we also have a validating tool to validate/assess the valuation of BIR? We are aware of the share of the province and municipalities.

Asec. Habitan: Reported data are reconciled report from collections of the municipalities on their own imposition, collections of LGUs.

PPDC Benguet province: (1) This is about a complicated policy covering the province of Benguet. We are covered by a number of NIPAS. Right now, we have nobody here from PAMB. Once the ECC is issued, we cannot prohibit the companies in the protected areas. (2) We have a problem in the province of Benguet regarding releases of funds. The instruction was that you can proceed with the bid of all projects covered by different funds. But the money is not yet released and the contractor said they will file a case against the LGU. What are the policies on releasing funds?

RD Fay, MGB-CAR: Regarding mining areas within NIPAS, mining tenements in protected areas, before any permits are approved, it passes through area status and clearance from different agencies and LGUs. Best examples are mining companies in watershed protected areas like Philex, and Benguet Corp. But these companies were already there before the declaration of protected areas. They had the prior rights. But on the financial concerns, these should be addressed by DBM or another agency.

#### MULTI-STAKEHOLDER PANEL DISCUSSION

The next panel discussion was moderated by Ms. Maricor Anne Cauton of the Union of Local Authorities of the Philippines. Members of the panel are:

##### Local Government

Hon. Materno Luspian, Mayor, *Municipal Government of Mankayan, Benguet*

Atty. Noel Ngolob, *Provincial Administrator, Provincial Government of Benguet (for Gov. Pacalso)*

##### National Government Agencies

Hon. Ma. Teresa Habitan, *Assistant Secretary, DOF and Alternate Focal Person, PH-EITI MSG*

Ms. Fay Apil, *Regional Director, MGB CAR*

Engr. Carlos Tayag, *Regional Director, MGB Region I*

##### Industry

Atty. Ronald Recidoro, *Executive Director, Chamber of Mines of the Philippines, PH-EITI MSG*

##### Civil Society

Mr. Chadwick Llanos, *Bantay Kita Sub-national Coordinator for Luzon and Visayas and Chairperson*



*Moderator: What are your current thoughts on extractive industries?*

Atty. Recidoro said that if he is going to illustrate of the current state of the mining industry, it is like a car that is currently “parked”. He compared the industry to luxury cars like Porsche or Lamborghini. They had the speed but the industry was not moving because there were no MPSAs since 2010. He noted the different moratoriums imposed on mining companies and the ongoing audit. He also mentioned that even the President expressed a “rather negative” sentiment towards the industry. In his 15 years of working in the industry, this was the first time he witnessed such a scenario. He called it “paralysis by analysis”. If this continues, he said that the country is missing out on opportunities. He cited that there is a global trend in developing new technologies like renewables and batteries. The Philippines is one of the leading sources of nickel and cobalt in the world. However, he was also hopeful because of developments in small scale mining permits, and DENR Secretary Roy Cimatu made positive actions towards mining.

Mr. Llanos focused on the effects of mining on the community. He said that end users should make sense of the data presented to them. He highlighted that there are good and not-so-good stories to tell. The bottomline is that their needs should be heard. He emphasized that resources are finite, and that it is a must to utilize the portion from extractive industries for the future generation.

Mayor Luspian mentioned using “politics” in dealing with extractive industries so that “millennials” have something to inherit.

Atty. Ngolob admitted that the current state of things are restrictive for the mining industry. He cited that small-scale mining remains a big issue in Benguet since many families depend on income from these activities. They don’t have any alternative. He said that we need to think about employees, their families and the community. He also emphasized that transparency should be the operative word for LGU. The public should be informed as to where the revenues really go.

*Moderator: Do you think there is a possibility to integrate EITI in the local government? If yes, how do you think can it be done?*

Atty. Ngolob said yes. EITI could be integrated in the whole planning and implementation. What we need perhaps is the technical system so that integration could be done and capabilities may be enhanced. Technical assistance is more important. Because when you would down knowledge and technology, you have to train the people. Good technical know-how on the process and system developed by EITI could contribute to the development of the LGU.

Mayor Luspian concurs that EITI could be integrated in the local government but said that the government should go down and empower the societies, organizations, CSOs, NGOs, so they will know and participate. Technical assistance from EITI is needed for transparency. Go down to the grassroots and incorporate EITI in the planning process.

RD Fay: We also would like to have transparency in the LGU level. They should be transparent. People will appreciate the importance of extractive industries, when they know

where the resources go. We also want the locals to be able to identify where the SDMPs go. Transparency is really the key and MGB strongly agrees to that.

RD Tayag: The mining industry is under the crosshair of public scrutiny. I agree with PH-EITI including the non-metallic industry in its coverage especially with the Build Build Build project of the current administration. Include local quarrying, gravel and sand. They need to be transparent.

Asec. Habitan: In my 41 years in government, I know that there have really been some sort of neglect on these issues. It is only in the last 6 to 8 years that mining became an issue due to disasters. There were spilling, and erosion. But we forget that when Baguio suffered, Philex came to the rescue. Mining is a very local issue. Data does not do anything unless we are all satisfied that the data portrays the reality. Without analysis, data is just showing numbers from a number of years. Reconciled revenues fell? Ask why. Then research. Do the work. That is what PH-EITI wants. We also become aware of our responsibilities. This is critical for the LGUs. All the discussion was about the LGU shares. How long does the process take? There was much dissatisfaction. But the one question I also ask, how does the LGU use it? Transparency not only tracks the transfer of revenues; it also tracks how these revenues are being utilized, and how local taxes are being used in the LGUs.

Mr. Chadwick: As an advocate, I have the privilege to be stubborn. Governance is a start of relationship, operational relationship: one, to engage in dialogue, to identify priorities, to freely critique each other. Transparency could be achieved by mainstreaming EITI in the local level through the LGU code. It will empower LGU to innovate, and use imagination so that together with their constituents, they will be able to build a system to utilize funds. It is good practice for LGU to use the framework to manage resources.

*Moderator: Mining industry actually delivers. We have integrated these resources. Are there any recommendations to ensure that we can garner better programs or projects that are tangible, to fasten delivery of services?*

Mayor Luspian: We are dependent on shares. We request to fast track the release of our shares. We have a program but no funds. We have the programs now. How do we implement? We need resources to implement the programs.

RD Tayag: Translate revenues into people-responsive programs. MSG should be replicated in the local level too. Members of the local body are not versed. Localize the MSG.

Atty. Ngolob: The LGU code provides for the creation of a local development council. We have CSOs, and our partners from the mining industry. They participate in the development council.

Moderator: In order for us to ensure translation of revenues, we align SDMP with local development plans, and use it more for livelihood projects, training, and capacity building.

Atty. Ngolob: On SDMP, we have observed that these SDMP projects are dictated by the companies. Some corporations come up with meaningful projects by asking the community what will be meaningful and beneficial for them. But some others are stuck with courts, and

waiting sheds. Are they really addressing the concerns of the people. The people can come up with livelihood projects, but most of the time, corporations decide on their own.

RD Fay: SDMP is not being dictated by mining companies. They have a planning session. They give projects. Main purpose of SDMP is to capacitate the community and neighboring communities. But there is a need to concentrate on livelihood to make self-reliant communities, and scholarships for children. Planning is done by host and neighboring communities. They make a resolution, and it goes through so many levels. There's more transparency in SDMP.

Asec. Habitan: SDMP is mandated by law. A critical component is a dialogue with affected communities. As for CSRs, companies decide how much they can give. They may or may not ask the communities. If the company wants, they can do the same thing to consult with LGU. There is a need to spend more on education. The more educated they are, the better opportunities there will be for them. LGU officials need to find ways to leverage, and influence how to get support from mining companies. To improve the next generation, there has to be better education, better health, better opportunities to move beyond the life of mining. It is not a dire scenario. We just need better governance for all stakeholders.

Mayor Luspian: PH-EITI should also cover CSR of the company. SDMP is different. CSR is mandated by the conscience of the company. Aside from SDMP, the company can give CSR, too.

Atty. Ron: It's a frustration for mining companies. But we also respect what the communities want, which are usually immediate needs that they are faced with. Barangay needs light, water, waste disposal system. These have very limited impact in the long-term. Our barangay leaders would ask for basic needs. They need to be capacitated. Mining companies' SDMP should complement existing systems, and the local development plan. So resources do not go to waste.

Mr. Llanos: Is CSR reported? The template is asking to indicate the contribution done.

*Moderator: How can EITI be relevant to small mining sector?*

Atty Ngolob: Our difficulty here is that province-wide we are only talking about 5 small-scale mining out of 13. It seems not a big concern. But when we look at the number of families affected as well as the areas, it is a major concern. We have restrictive policies based on existing laws. If we implement, small-scale should be phased out. But small-scale mining stays because it's the livelihood of the people. We have issued so many stoppage orders. Some were implemented. We need guidance. If we apply these systems of PH EITI in coming up with data, it could guide our line agencies in coming up with policies and reforms. This data can be used to come up with laws. Use of dynamite is prohibited. Use of chemicals like cyanide, also prohibited. But small-scale miners use it in processing gold materials. Before, they are selling their products to the Central Bank. But Central Bank stopped buying due to taxes. Now, they sell it to the black market. I believe the system can help small-scale miners.

RD Apil: I agree. Small-scale mining is one major livelihood project. We at PRMB, we do all we can to declare *minahang bayan*. Some issues still surface. RDC sponsored to meet with NCIP to simplify processes for declaring *minahang bayan*. There are laws beyond the control of MGB. PMRBs give resolution to simplify.

Mayor Luspian: Mankayan is where small-scale or *kamote* mining is done when farming is not possible. How do we bring that kind of livelihood back to the Cordillera? Sit down and discuss. Do we want to go back to *kamote* mining?

## OPEN FORUM

Edna, LCGG Benguet: LGUs depend on IRA. They always think of economics, the money they get. I still believe that the LGUs have the power and authority, and that there are laws that will conflict. But there has to be effective leadership, political will, and good governance. If we all look into all of these, problems will still arise due to poor governance, and non-effective leadership. How effective is the CSO, NGAs and LGU relationship?

Mr. Llanos: There is a very healthy discussion and convergence with LGU in Benguet. I also have to say that is multi-colored.

Question: In crafting the land use plan, some municipalities are being questioned by some mining companies. But they are not showing us their plans, how can we include them? Once the CLUPs are approved, they always protest. We experienced that in other areas.

Mayor Luspian: In Mankayan when we crafted the CLUP, we invited the company. It was returned five times to include feedback from the companies.

RD Apil: From the government sector, I think it all boils down to crafting the CLUPs. All of the stakeholders should be present right at the start of the dialogue. Revisit the process of crafting the land use plan.

Dir. Legabo, CAR: I beg to disagree on the matter of restrictive policies. It is just putting things in proper perspective. Small-scale mining has become a way of life. But we also see small-scale mining conducted anywhere. We should not subject watershed areas to mining; these are protected areas. That's why there are laws that say it is not open to mining. These policies are putting things in the proper perspective. There is restriction on use of explosives in the conduct of mining. When it is not agriculture season, you go mining. There is limitation on capitalization. There is no provision in the small-scale mining law about the use of chemicals. I would also like to comment on SDMP. There may be big figures but how much is the actual. Go beyond what is required by the law. It is not the role of the mining companies to provide schools, and roads. Provide livelihood to help communities become self-reliant. How does PH-EITI work with MICC?

Atty. Espinosa: If you would look in to the composition of both bodies, you would see that PH-EITI and MICC actually coincide. They are not exactly the same, but the agencies represented are almost similar. The agencies are both co-chaired by DENR and DOF. In the MICC structure, there is a working group for EITI. Both the MICC and EITI came from EO

79, s. of 2012. Before, the process is, the MSG comes up with recommendations, and these are sent to MICC since the chairs are DOF and DENR. That mechanism is available. If an issue or recommendation is appropriate to be raised to the MICC, it could be done. PH-EITI is not designed to "solve the problems". We are to provide data, establish a network, and serve as a channel through the forum we provide.

Mayor Dolores: About SDMP, there is an ongoing SDMP from FCF Mining. An additional SDMP worth Php3.8 million was requested by the LGU to construct SLF. But the LGU cannot download the additional amount.

RD Tayag: SDMP is really designed for the affected communities. There is a provision for the identification of projects. Maybe the company can help but the SDMP funds are not for SLF. It could instead be part of the CSR of the company.

Engr. Gacad: The money assigned from SDMP, under existing guidelines, cannot be downloaded to be used for SLF. SDMP has to have health, and education components. If the SLF could be packaged under the health component, the money perhaps could be utilized for that. I just think that, it seems that stakeholders think that PH-EITI is a magic pill. But PH-EITI is not. We provide them information. Members of the MSG and the MICC are almost the same. Let's not look at PH-EITI as a magic pill. They gather information and forward it to appropriate channels. There is a roadmap. All of us have the responsibility.

Moderator: Regarding the issue on SLF, local chief executive can be suspended if this cannot be addressed. ULAP is currently in talks with DENR for possible transfer of resources.

DILG Rep: Regarding SDMP, there is a draft DAO with a set of key performance indicators.

### **III. MINE AND LGU VISIT**

#### *A. Davao Region*

Roadshow in Davao region included a visit at Apex Mining Company's Maco Gold Project in the Municipality of Maco in Compostela Valley. Apex is among large-scale mining operations in Mindanao, and is the sole company in the Northern, Southern, and Western Mindanao Cluster that participated in the 4th Report.

The mine visit happened on 27 July 2018, a day after the Roadshow's forum proper. It involved members of the PH-EITI Multi-stakeholder Group and Secretariat. Apex first gave the participants a safety orientation before proceeding with the guided tour of its underground gold mining operation. The visit served as opportunity for Apex to showcase its social and environmental initiatives. Senior officials of the company also delivered brief messages before the participants. PH-EITI, on its part, gave a brief backgrounder on the EITI process, and the rationale of the mine visit. PH-EITI also thanked Apex for hosting the mine visit. Aside from the mine visit, Apex also gave the participants a tour around its community projects including several infrastructures, and a housing project for Apex employees.

On the same day, PH-EITI went to the municipal hall of Maco, Compostela Valley for another dialogue with the town vice mayor, council members, and barangay leaders. Here, PH-EITI gave another orientation on the EITI process, and responded to inquiries of municipal and barangay officials. During the dialogue, PH-EITI launched the *Bayaminahan* Transparency Board, another one of PH-EITI's initiatives to promote transparency at the local level, and increase public awareness on the EITI process and the revenues LGUs gain from extractive operations. PH-EITI turned over the first-ever *Bayaminahan* board to Maco Municipal Vice Mayor Arthur Carlos Voltaire Rimando.

## *B. Caraga Region*

### 1. Courtesy Visit at Provincial Capitol, 6 August 2018

A day prior the Roadshow's forum proper, the PH-EITI Secretariat together with Chamber of Mines of the Philippines executive director and MSG member Atty. Ronald Recidoro paid a courtesy visit to Surigao del Norte Governor Sol Matugas. The Governor, together with Vice Governor Arturo Carlos Egay, Jr., hosted PH-EITI at her office at the Provincial Capitol. Here, PH-EITI shared the objectives of the Roadshow, and discussed how LGU cooperation could enable and accelerate the localization of the EITI process.

On her end, Governor Matugas shared her reluctance to accept new mining projects. She said the province already has enough mining operations. As regards rehabilitation, she favors the idea of greening through bamboo planting. She also mentioned an Australian system of progressive rehabilitation that allows for the re-greening of a mine site while extraction is still ongoing.

The Governor also shared her opinion on SDMP, the benefits of which, she believes, should be shared with the entire host province and not just the host barangays.

As regards small-scale mining, Governor Matugas lamented the tedious process of declaring a *minahang bayan*. Despite the challenges, she said she really wants to be able to establish a *minahang bayan* in her province.

### 2. LGU Outreach at Municipality of Tubay, Agusan del Norte, 8 August 2018

Members of the PH-EITI MSG and Secretariat held a dialogue with municipal and barangay leaders of Tubay, Agusan del Norte, where Agata Mining Ventures, Inc. (Agata) operates a nickel mine. Among key personalities present were Tubay Municipal Mayor Fidel Garcia, and Vice Mayor Raquim Cuyos. MSG members present were COMP executive director Atty. Ronald Recidoro, and civil society representatives Mr. Chito Trillanes, and Mr. Nelson Conigundo Cuaresma.

To start the dialogue, PH-EITI national coordinator Atty. Maria Karla Espinosa gave the participants a brief orientation on the EITI process. She also explained the rationale of the LGU outreach, and discussed the integration of EITI in local systems of disclosure and dialogue.

The outreach served as platform for barangay leaders to communicate issues and concerns to the national government particularly on delayed remittance of their LGU shares.

Mayor Garcia also shared about the difficulty they experience in monitoring collections of excise tax as the collection had been centralized in Manila. Previously, they are able to monitor collections easily as excise tax is paid at the regional BIR office. Now, they have to go to Manila and visit DBM, BTr, and BIR only to monitor collections and their share from national wealth. He hopes the collection of excise tax would be transferred back to the regional office.

Another concern is the inconsistency of SDMPs with the LGU's annual investment plan. To this, Atty. Espinosa replied that the MGB is working to amend the guidelines on SDMP.

Atty. Recidoro, meanwhile, explained that SDMP is unique in the Philippines in a sense that it is mandatory. He urged barangay leaders to broaden their thinking, and look beyond short-term project ideas for community development. He said that SDMP should complement plans of the municipal government.

Towards the end of the dialogue, PH-EITI turned over to Mayor Garcia a *Bayaminahan* Transparency Board for the Municipality of Tubay. The *Bayaminahan* board shows economic, and social and environmental data pertinent to mining operations in the municipality. Companies covered by the board were Agata Mining Ventures, Inc., and SR Metals, Inc.

### *C. Masbate Province*

Roadshow in Bicol Region included a visit at Filminera Resources Corporation's (Filminera) Gold Mining Project (GMP) in Aroroy, Masbate. The GMP is the sole large-scale mining operation in the province, while Filminera was the only company from Region 5 that participated in the 4th Report.

The mine visit happened on 16 August 2018, a day after the Roadshow's forum proper. It involved members of the PH-EITI Multi-stakeholder Group and Secretariat. A dialogue was hosted at Filminera GMP's IEC Center, where Filminera showcased its mining operation as well as its social and environmental initiatives. For the benefit of officials of impact barangays present during the visit, PH-EITI also gave a brief orientation on the EITI process. A guided tour at the open pit mine site followed after, where the MSG and the Secretariat observed the operations, and ongoing rehabilitation efforts of the company.

On the same day, PH-EITI went to the municipal hall of Aroroy for another dialogue with the town vice mayor, and barangay leaders. Here, PH-EITI listened, and responded to the concerns of officials from 33 barangays considered as neighbouring areas of the mine operation. Particularly, Vice Mayor Eric Castillo and the barangay leaders inquired on the SDMP of Filminera whether its benefits could be shared with the 33 barangays and not only among the eight impact barangays. The barangay leaders were arguing that while they are not directly affected environment-wise by the operation, mining affects the economy of the area, thus affecting their livelihoods and the prices of basic commodities.

Towards the end of the dialogue, PH-EITI handed over to Vice Mayor Castillo the Bayaminahan Transparency Board for Aroroy, Masbate. The Board shows pertinent datapoints on revenues from mining in the Municipality of Aroroy.