



MINING TRANSPARENCY INDEX 2017

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Bantay Kita is a national coalition of more than eighty (80) civil society organizations advocating for transparency and accountability in the mining, oil and gas industries.

Introduction

We asked again, how transparent is the mining industry in the Philippines?

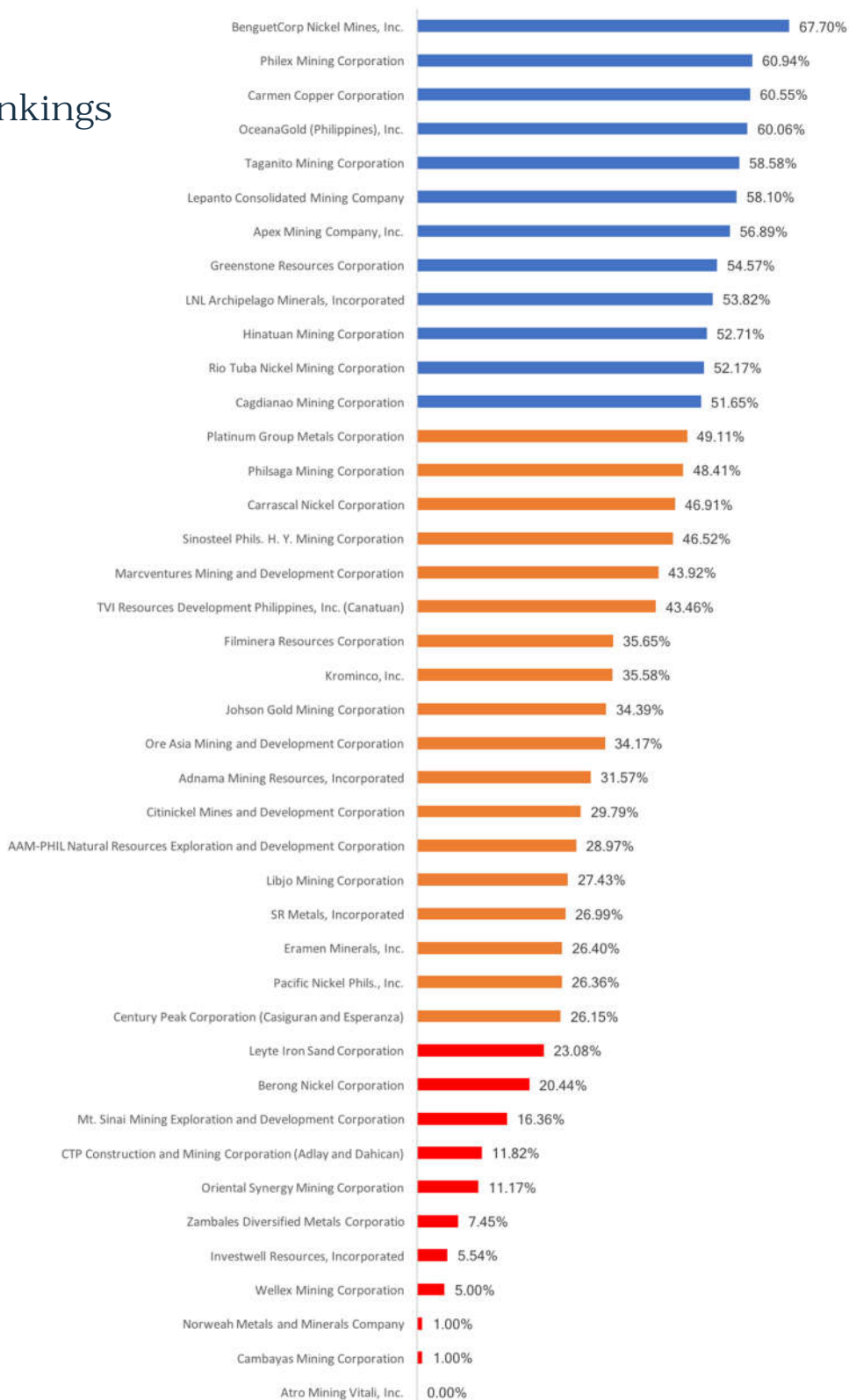
In 2014, large-scale metallic mining companies' combined production value totaled Php 138 billion pesos. Reconciled payments to government and indigenous peoples totaled Php 11.1 billion and Php 304 million, respectively. Extraction comes at a cost beyond the operating cost. There are social and environmental implications to mining. How can civil society and communities engage meaningfully with government and mining companies without the necessary information?

By virtue of Executive Order 79, s. 2012, the Philippine Extractive Industries Transparency Initiative (PH-EITI) was created. The Multi-Stakeholder Group which governs the initiative was established through Executive Order 149, s. 2013. The ultimate goal of this initiative is to raise transparency and accountability in the mining, oil and gas industries or collectively known as the extractive industries. With representatives from government, industry, and civil society, PH-EITI has strived to raise transparency in the sector through public of annual country reports and advocate for various disclosures from concerned entities both from government and companies.

The need to assess as to where the initiative has come so far has come to the attention of Bantay Kita – Publish What You Pay Philippines. This is how the Mining Transparency Index (MTI) came to be. With data to measure the quantity and quality of disclosures, civil society is able to gauge what are disclosed and what more needs to be disclosed. The advantage of the MTI is that it assesses entities mining operations – both companies and government agencies, by broad thematic categories. Using this measure, MTI specifically pinpoints which mining operations need more disclosures and under which category – financial or environmental?

With a more rigorous methodology as the previous, the MTI envisions that it brings out more and higher quality disclosures.

Rankings



What the MTI is about

The Mining Transparency Index (MTI) aims to measure the quantity and quality of publicly disclosed data, information, and documents pertaining to operating mines in the Philippines. By publicly disclosed, these data needs to be available without little to no cost of accessing. This means disclosures are free and no request are needed to access them.

An information being public available does not necessarily translate to full disclosure. The purpose of public disclosure to help inform stakeholders about the mining operation's full picture. When information is incomplete or partial, it fails to serve this purpose. MTI measures not just the availability of disclosures but also the comprehensiveness of information it offers.

The rationale behind measuring transparency of mining operations is that it treats the burden of disclosing a shared responsibility between government and the mining company. Some disclosures need to be made by companies but some should also come from concerned government agencies. This is one of the innovations introduced by the newest edition of MTI.

MTI measures mining operations based on five components: commitment to transparency, financial disclosures, social and environmental disclosures, operational disclosures, and documentary disclosures. Assessments were based from Bantay Kita's Monitoring Tool which is taken from the country's legal framework. The 3rd edition evaluates disclosures for Fiscal Year 2014.

The questions from the MTI 2017 were carefully selected to reflect pressing disclosure needs per component. This is to ensure that advocacy of civil society is guided by relevant information needs. The tool assigns "0" points when disclosures are not available publicly. This, however, does not mean that the information is not available or complied with by the mining operation. MTI strictly measures what is only available in the public domain.

MTI Components

The 3rd Edition of MTI as in the first two editions measure transparency based on five components. Each measure specific areas of disclosures to make interventions and advocacy are targeted. The following components are the following:

- Commitment to Transparency Component measures broadly the mining operations' measures to be transparent including participation in the Philippine EITI.
- Financial Disclosures Component measures operations publicly-available information related to finances including taxes and revenues.
- Social and Environmental Disclosures Component looks into information related to the environment and social impacts including social development and management programs and environmental impact assessments.
- Operational Disclosures Component measures information related to operations including production and employment data.
- Documentary Disclosures Component measures publicly-available documentary requirements for mining operations as prescribed under the law.

Rankings and Component Scores: Project-Level

Name of Company	Commitment to Transparency	Financial Disclosures	Social and Environmental Disclosures	Operational Disclosures	Documentary Disclosures
BenguetCorp Nickel Mines, Inc.	100%	100%	48%	31%	60%
Philex Mining Corporation	100%	100%	41%	46%	18%
Carmen Copper Corporation	80%	90%	45%	42%	45%
OceanaGold (Philippines), Inc.	100%	100%	32%	38%	30%
Taganito Mining Corporation	100%	82%	45%	54%	12%
Lepanto Consolidated Mining Company	100%	80%	41%	35%	35%
Apex Mining Company, Inc.	80%	91%	45%	27%	41%
Greenstone Resources Corporation	80%	82%	36%	42%	32%
LNL Archipelago Minerals, Incorporated	40%	80%	59%	50%	40%
Hinatuan Mining Corporation	100%	75%	45%	23%	20%
Rio Tuba Nickel Mining Corporation	100%	82%	18%	46%	15%
Cagdianao Mining Corporation	100%	75%	39%	35%	10%
Platinum Group Metals Corporation	100%	73%	41%	23%	9%
Philsaga Mining Corporation	100%	68%	23%	42%	9%
Carrascal Nickel Corporation	60%	82%	45%	38%	9%
Sinosteel Phils. H. Y. Mining Corporation	40%	80%	32%	31%	50%
Marcventures Mining and Development Corporation	100%	50%	30%	8%	32%
TVI Resources Development Philippines, Inc. (Canatuan)	80%	64%	27%	35%	12%

Filminera Resources Corporation	40%	80%	14%	35%	10%
Krominco, Inc.	40%	80%	36%	12%	10%
Johson Gold Mining Corporation	40%	80%	23%	19%	10%
Ore Asia Mining and Development Corporation	40%	60%	45%	15%	10%
Adnama Mining Resources, Incorporated	40%	32%	32%	19%	35%
Citnickel Mines and Development Corporation	20%	50%	43%	27%	9%
AAM-PHIL Natural Resources Exploration and Development Corporation	40%	60%	9%	31%	5%
Libjo Mining Corporation	20%	80%	9%	23%	5%
SR Metals, Incorporated	60%	41%	20%	8%	6%
Eramen Minerals, Inc.	20%	0%	59%	15%	38%
Pacific Nickel Phils., Inc.	40%	70%	9%	8%	5%
Century Peak Corporation (Casiguran and Esperanza)	60%	10%	0%	31%	30%
Leyte Iron Sand Corporation	40%	0%	23%	8%	45%
Berong Nickel Corporation	0%	0%	41%	23%	38%
Mt. Sinai Mining Exploration and Development Corporation	0%	0%	32%	0%	50%
CTP Construction and Mining Corporation (Adlay and Dahican)	20%	0%	34%	0%	5%
Oriental Synergy Mining Corporation	20%	0%	18%	8%	10%

Zambales Diversified Metals Corporatio	0%	0%	27%	0%	10%
Investwell Resources, Incorporated	20%	0%	0%	8%	0%
Wellex Mining Corporation	20%	0%	0%	0%	5%
Cambayas Mining Corporation	0%	0%	0%	0%	5%
Norweah Metals and Minerals Company	0%	0%	0%	0%	5%
Atro Mining Vitali, Inc.	0%	0%	0%	0%	0%

Rankings and Component Scores: Regional-Level

Region	Commitment to Transparency	Financial Disclosures	Social and Environmental Disclosures	Operational Disclosures	Documentary Disclosures	Number of Projects
VII	80%	90%	45%	42%	45%	1
II	100%	100%	32%	38%	30%	1
CAR	100%	80%	41%	35%	35%	2
XI	80%	91%	45%	27%	41%	1
IX	80%	64%	27%	35%	12%	1
III	40%	48%	48%	22%	32%	5
V	40%	80%	18%	27%	10%	2
IVB	40%	44%	34%	32%	21%	3
XIII	50%	45%	23%	19%	15%	23
VIII	12%	10%	13%	14%	19%	2

Rankings and Component Scores: Commodity-Level

Commodity Group	Commitment to Transparency	Financial Disclosures	Social & Environmental Disclosures	Operational Disclosures	Documentary Disclosures
Gold/Copper	82%	85%	34%	36%	27%
Nickel/Chromite	41%	39%	26%	18%	17%

Why Transparency Matters

Good governance and meaningful engagement requires available data and information. Without transparency, asymmetry in information only reinforces the power imbalance among stakeholders. When all stakeholders hold the same amount of information, engagement and decision-making becomes objectives and evidence-based. This is why transparency matters.

Lack of Transparency

Opaque governance only breeds mistrust and animosity among stakeholders. When comprehensible information is freely available, however, stakeholders are opened to informed engagements. It helps them to refrain from using hearsay and defaming one another.

The value of transparency is not in the added knowledge it puts out in the public domain. It is in the renewed trust and optimism among stakeholders borne out of working together with the same information and basis of engagement. Transparency matters because it helps build trust and objective understanding.

Transparency helps identify areas for reform

Disclosures help improve resource governance as it highlights gaps and opportunities for reforms. Information disclosure helps stakeholders have a better picture of the sector. Through meaningful engagements, decision-makers are better equipped in outlining issues and solutions to problems. Transparency do not necessarily pinpoint the problem but it helps the sector improve itself by opening it up to scrutiny.

Transparency and its relevance in the future

As the Philippines step up its efforts to introduce sweeping reforms in the mining sector, information is now urgently needed more than ever. Objective and evidence-based policy-making for all stakeholders involved will only be possible if the needed data to analyze policy scenarios are comprehensible and available. The on-going fiscal policy reform agenda will greatly benefit from financial disclosures. Ongoing efforts to overhaul the

country's mining policy will also benefit from social and environmental disclosures as well as documentary disclosures. The move to transition to federalism will also impact resource governance hence the value of disclosures related to local government units.

Many policy decisions are needed to be made today and in the near future. Without the needed information, stakeholders are left in the dark. This is one value of transparency – informing decisions in the most objective way possible.

Transparency Initiatives

While PH-EITI is the most common source of disclosures in the extractive industries, more and more initiatives are sprouting left and right all with the same goal of delivering disclosures to those who need them the most.

1. Open Mining Governance of Bantay Kita with support from Hivos Open Contracting Program aims to increase access, understanding, and use of mining disclosures through capacity-building, knowledge materials, and an online platform accessible through:
www.openmininggovernance.org
2. The Mines and Geosciences Bureau has launched last year its own database as a response to recommendation from previous PH-EITI Country Report. The said portal discloses granular data related to mining operations and their production, social and environmental obligations, and employment among many others. The portal may be accessed through:
<http://databaseportal.mgb.gov.ph/#/public>
3. The PH-EITI launched its very own Contracts Portal which is repository of contracts and pertinent supporting documents of mining, oil and gas concessions. The portal is a localized version of the global Resource Contracts initiative of the Natural Resource Governance Institute. The PH-EITI Contract Portal may be accessed through:
www.contracts.ph-eiti.org
4. The Environment and Natural Resources Data Management Tool (ENRDMT) of the Department of Finance – Bureau of Local Government Finance (DoF-BLGF) which serves as an online platform to make reporting and monitoring of direct payments made to LGUs by extractive companies and their spending using these revenues more efficient. The DoF has made reporting to the ENRDMT mandatory by virtue of Department Order No. 049-2016.
5. Administrative Order 2017-07 of the Department of Environment and Natural Resources has made participation mandatory among all government mining contractors.

Penalties for non-participation include non-issuance of ore transport/export permits and suspension of environmental compliance certificates. The full text of the order may be accessed through the DENR website.

6. Charting the Future: A Fiscal Modeling of Mining Projects in the Philippines is a joint initiative of Bantay Kita and the Natural Resource Governance Institute which aims to use publicly-disclosed feasibility studies of mining operations to inform fiscal policy reforms in the country. The said initiative demonstrates the real value of transparency which was able to build capacities of local stakeholders and generate concrete analysis of the economics of mining operations.

Recommendations

Government

- Make disclosures more available online to ensure information is free and accessible without the need to request
- Ensure disclosures are both available and also comprehensible which means actual documents would need to be available and efforts to make them relevant and easy to understand should also be considered

Industry

- Enrich disclosures and encourage use among communities and civil society organizations
- Enable meaningful discussions by making technical information more comprehensible to ordinary citizens
- Continue engaging with government, civil society, and communities in making the sector more transparent

Civil Society

- Continue building capacities in using and understanding disclosures and ensure these are communicated to relevant stakeholders
- Demonstrate the real value of transparency by holding other stakeholders accountable and by adding value to discussions through informed arguments

- Continue engaging with other stakeholders in advocating for more quality disclosures in the extractive industries

Communities

- As the stakeholders most impacted by mining operations, communities need to demand for greater transparency from government and extractive companies
- Use data and information disclosed to inform decision-making and long-term development planning at the local level
 - Engage with national and local civil society organizations in capacity-building and advocacy efforts to ensure benefits from mining translate to sustainable development and that negative impacts are mitigated and monitoring effectively

