

# CSO Assessment of the 4th PH-EITI Report: Region 13 (Caraga)



Photo Source: The New York Times

# Declared Minahang Bayan

Reg	Proponent	Location
IV	Manlana Small-Scale Miners Association	Manlana, Buenavista, Quezon
VIII	Waso and Binalay Small-Scale Mining Producers Association	Waso, Llorente, Eastern Samar
XI	Development Community Mining Livelihood Cooperative	Barangay Maputi, Banaybanay, Davao Oriental
XIII	Masabong Village SSM Association	Masabong, Bayugan III, Rosario, Agusan del Sur
XIII	Tubajon Peoples SSMining Area/Provincial Government of Dinagat	San Jose, Dinagat Island
XI	Pintatagan Small-Scale Mining Producer Cooperative	Barangay Pintatagan, Banaybanay, Davao Oriental





**40** operating large-scale metallic mines in the Philippines

**Participating companies in the PH-EITI Report**

**26** participated in 2015

**27** participated in 2016

**Representing about 89% of sales**

# How much did the government receive?

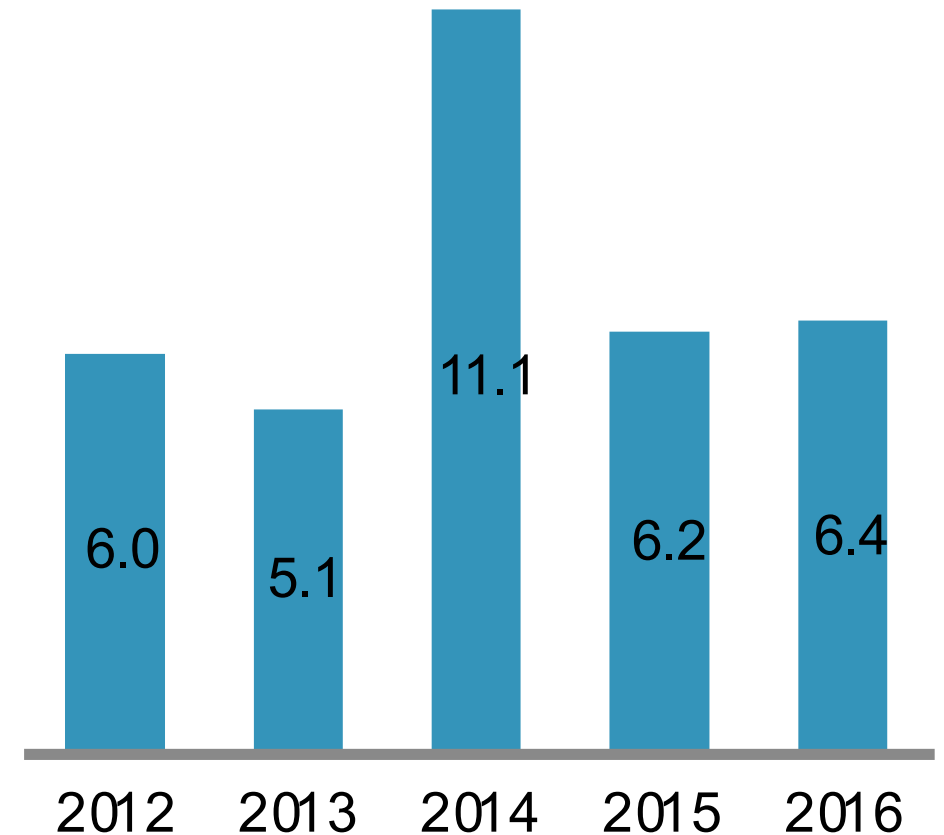
FY 2015

Php 6,184,795,313

FY 2016

Php 6,371,353,084

Total government revenue  
(in billions, Php),  
2012-2016



# Contribution 2015 and 2016

Large scale metallic mine as reflected in the 2017 PH-EITI Report, (FY 2016)



3rd

Biggest Gold Reserves

4th

Biggest Copper Reserves

5th

Biggest Nickel Reserves

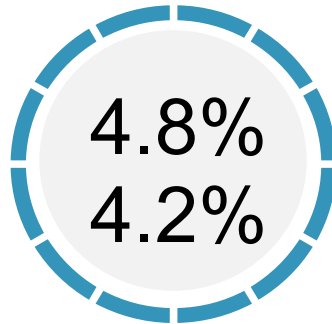
5th

Most Mineralized Country in the World

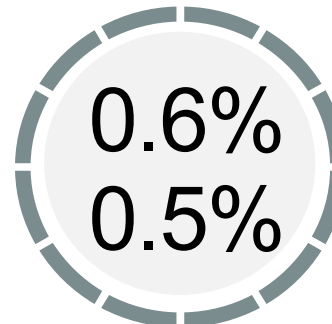
In terms of ratio to land area



of Gross Domestic Product



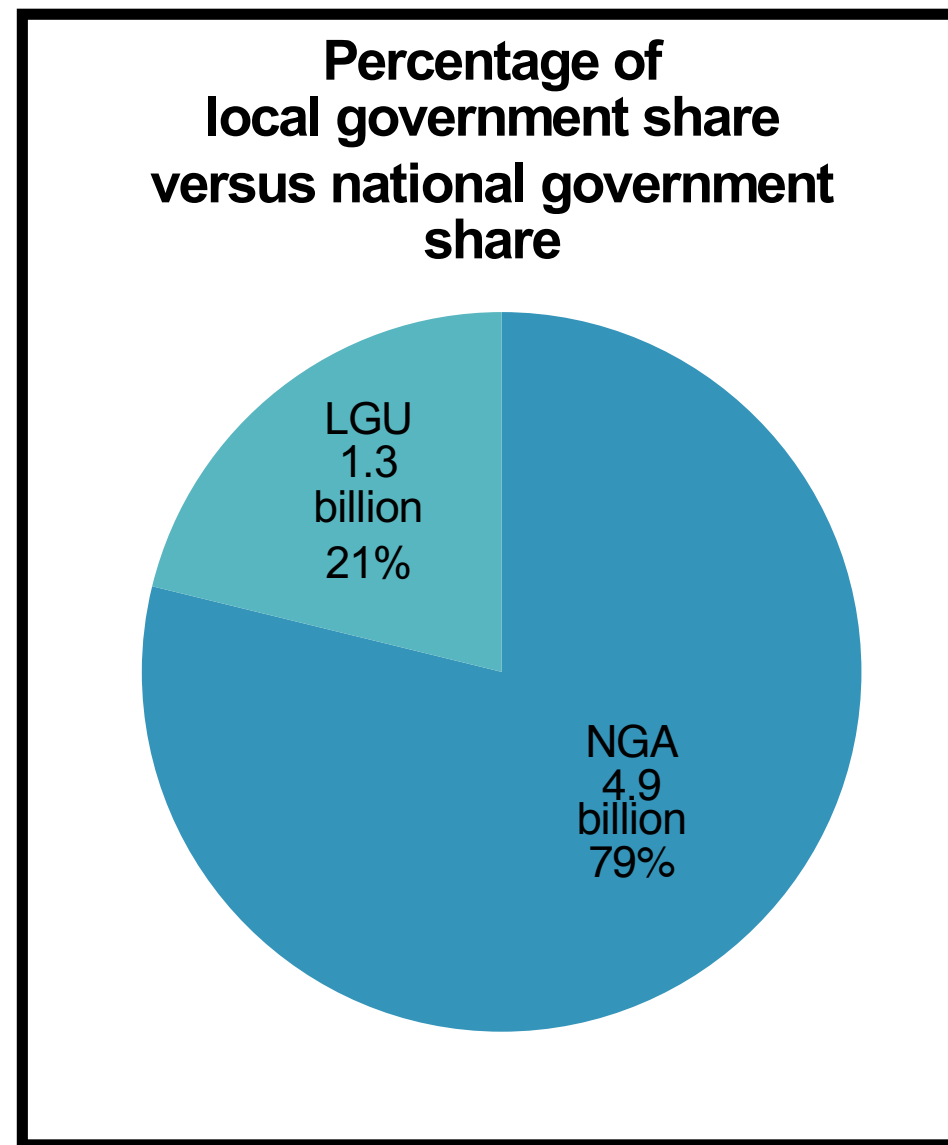
of Total Exports



of Total Employment

# Local government share, 2015

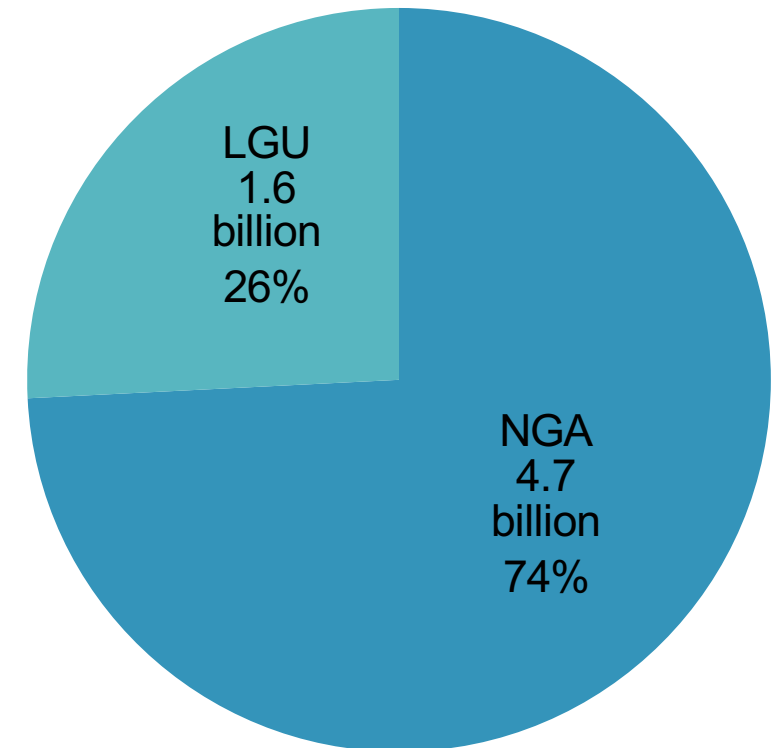
Revenue stream	Amount (Php)
National government	
Corporate income tax	2,666,419,067
Excise tax (60%)	780,067,835
Royalty on mineral reservation (54%)	563,866,305
VAT on imported materials	441,650,105
Withholding tax - royalty to claim owners	162,767,504
Royalty on mineral reservation (10%)	104,419,686
Withholding tax - foreign	79,334,041
Custom duties	76,623,291
Subtotal	4,875,147,834
Local government	
Excise tax (40%)*	520,045,223
Royalty on mineral reservation (36%)*	375,910,870
<b>Local business tax</b>	<b>348,594,168</b>
<b>Real property tax - basic</b>	<b>35,497,812</b>
<b>Real property tax - SEF</b>	<b>29,599,405</b>
Subtotal	1,309,647,479
Total	6,184,795,313



# Local government share, 2016

Revenue stream	Amount (Php)
National government	
Corporate income tax	2,482,401,709
Excise tax (60%)	936,521,782
Royalty on mineral reservation (54%)	453,644,201
VAT on imported materials	446,029,154
Withholding tax - royalty to claim owners	127,776,797
Custom duties	103,004,213
Withholding tax - foreign	94,659,748
Royalty on mineral reservation (10%)	84,008,185
Subtotal	4,728,045,790
Local government	
Excise tax (40%)*	624,347,855
Royalty on mineral reservation (36%)*	302,429,467
<b>Local business tax</b>	<b>458,433,612</b>
<b>Real property tax - basic</b>	<b>135,908,191</b>
<b>Real property tax - SEF</b>	<b>122,188,169</b>
Subtotal	1,643,307,294
Total	6,371,353,084

Percentage of local government share versus national government share



Currently, there are

**15 operating**

large-scale metallic mines  
in Caraga (Region 13).

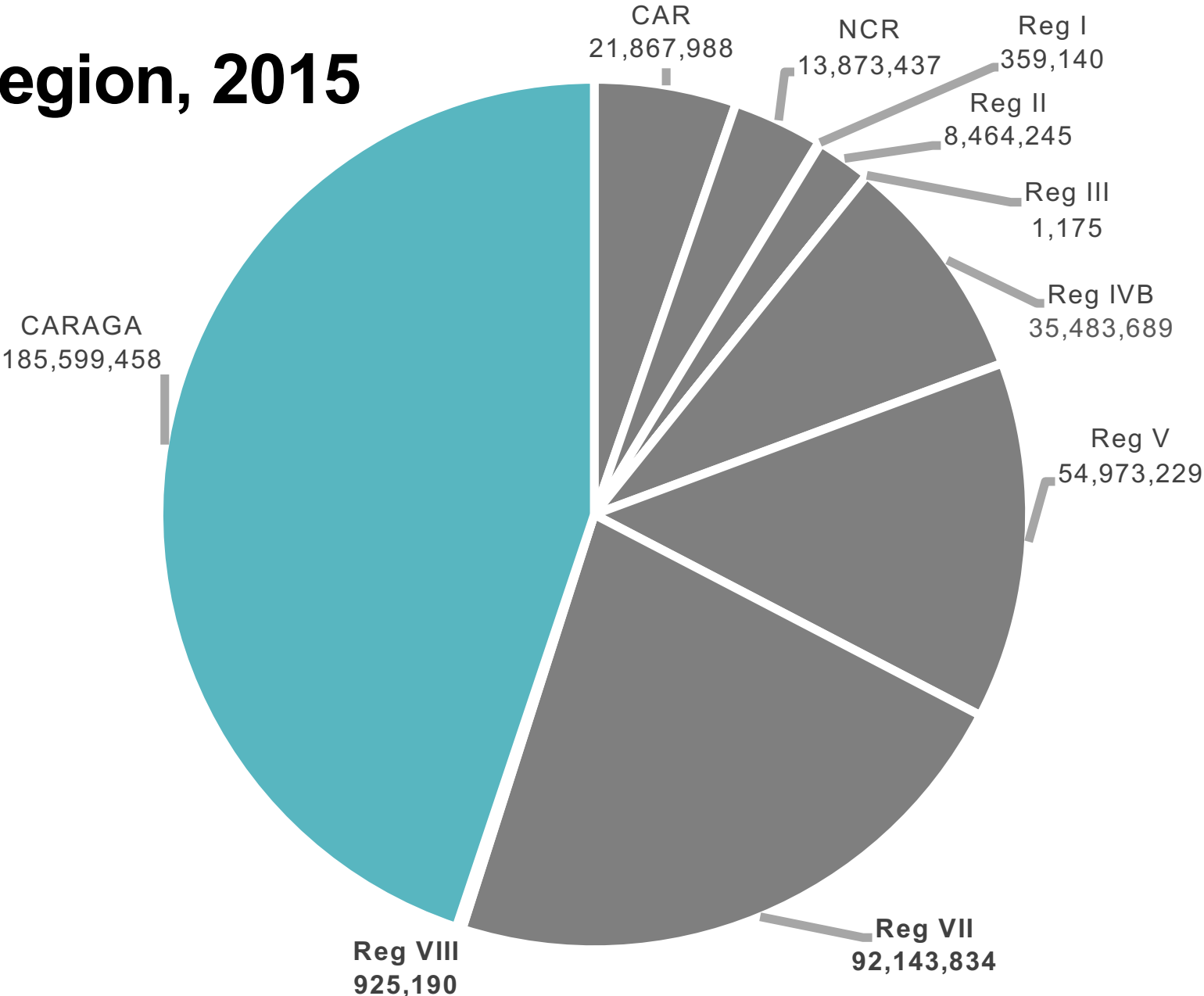




	Company	2015	2016
1	AAM-Phil Natural Resources Exploration & Dev't Corp.	Y	Y
2	<i>Adnama Mining Resources Incorporated</i>	N	N
3	Agata Mining Ventures, Inc.	Y	Y
4	<i>Century Peak Corporation</i>	N	N
5	<i>CTP Construction and Mining Corporation</i>	N	N
6	Carrascal Nickel Corporation	Y	Y
7	Cagdiano Mining Corporation	Y	Y
8	<i>Libjo Mining Corporation (Westernshore Nickel Corporation)</i>	N	N
9	Hinatuan Mining Corporation	Y	Y
10	Marcventures Mining and Development	Y	Y
11	<i>Oriental Vision Mining Philippines, Inc.</i>	N	N
12	Philsaga Mining Corporation	Y	Y
13	SR Metals, Incorporated	Y	Y
14	Platinum Group Metals, Inc.	Y	Y
15	Taganito Mining Corporation	Y	Y
		Y	Y
	<b>Under voluntary suspension (as of December 2016)</b>		
16	Krominco Inc.	Y	Y
17	Greenstone Resources Corporation	Y	Y
18	<i>Oriental Synergy Corporation</i>	N	N
19	Sinosteel Phils. H. Y. Mining Corporation	Y	Y
20	<i>Wellex Mining Corporation</i>	N	N

# LGU collections per region, 2015

**CARAGA (Region 13)**  
Php 185,599,458

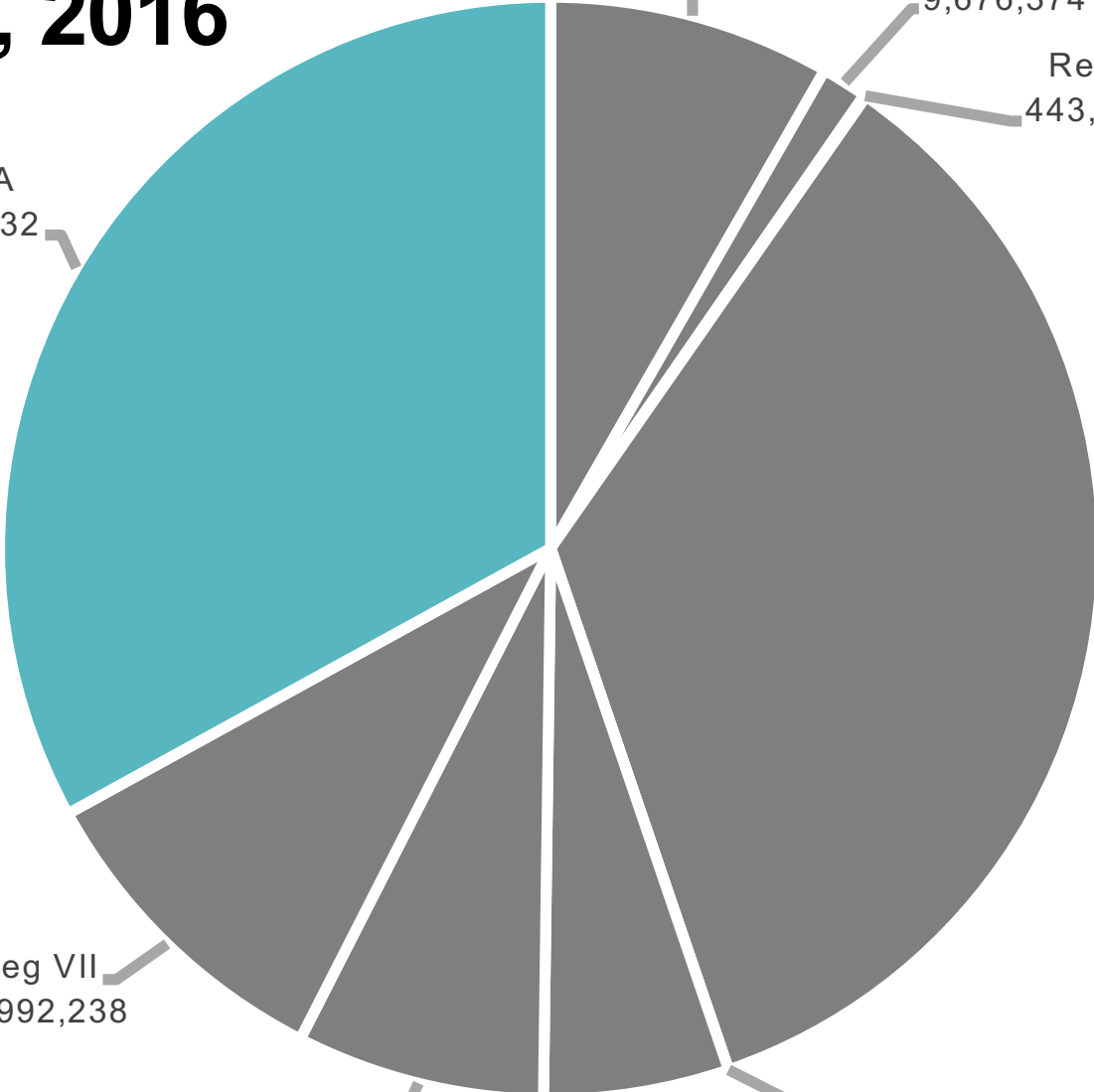


# LGU collections per region, 2016



**CARAGA (Region 13)**  
Php 235,455,632

CARAGA  
236,455,632



CAR  
59,353,202

NCR  
9,676,374

Reg I  
443,871

Reg II  
251,302,187

Reg VII  
67,992,238

Reg V  
52,308,116

Reg IVB  
38,997,702

Reg III  
650

# LGU collections by municipality/city

Region	Province	Municipality/ City	2015	2016
Region XIII	Agusan del Norte	Tubay	42,131,738	36,006,386
	Dinagat Islands		3,566,286	6,714,935
		Cagdianao	28,072,738	18,627,552
		Loreto	2,356,318	823,287
		Libjo	59,208	69,654

# LGU collections by municipality/city

Region	Province	Municipality/ City	2015	2016
Region XIII	Surigao del Norte	Claver	64,531,471	58,040,948
		Mainit	677,898	3,147,830
		Surigao City	44,471	53,093
		Tagana-an	35,341,918	16,257,982
		Tubod	2,817,412	67,051,643
	Surigao del Sur	Carrascal	6,000,000	29,662,322

# Employment generated

Company	2015	2016
AAM-Phil Natural Resources	11	11
Carrascal Nickel Corp.	150	150
Cagdianao Mining Corp.	192	192
Krominco, Inc.	168	168

# Employment generated

Company	2015	2016
Libjo Mining Corp.	463	463
Hinatuan Mining Corp.	888	888
Marcventures Mining	1,120	1,120
Philsaga Mining Corp.	5,136	5,136
Platinum Group Metals, Inc.	1,051	1,051
Taganito Mining Corp.	5,369	5,369

# Social and environmental expenditures

	2015		2016	
	SDMP	EPEP	SDMP	EPEP
AAM-Phil Natural Resources	908,916	68,875,266	4,102,180	17,668,816
Agata Mining Ventures, Inc.	-	17,906,820	-	-
Carrascal Nickel Corp.	84,386,187	71,757,312	114,555,464	-
Cagdiano Mining Corp.	67,410,093	18,987,998	26,421,772	-
Krominco, Inc.	5,590,779	1,542,346	958,779	-



# Social and environmental expenditures

	2015		2016	
	SDMP	EPEP	SDMP	EPEP
Libjo Mining Corp.	3,210,559	21,001,774	7,525,895	28,499,900
Hinatuan Mining Corp.	22,454,897	59,976,289	26,020,082	75,951,006
Marcventures Mining	9,026,053	-	11,852,603	34,238,744
Philsaga Mining Corp.	28,883,277	-	28,883,277	-
SR Metals, Inc.	-	-	22,109,709	50,476,092
Platinum Group Metals, Inc.	-	110,404,456	160,253,021	101,884,010
Taganito Mining Corp.	119,902,777	255,750,300	70,452,157	144,722,154

# Challenges: Access, Coverage, and Sustainability

- Lack of access to relevant and disaggregated data and reports remains
- Limited coverage
- Confusion in the implementation of DAO 2017-07
- The PH-EITI process has yet to be institutionalized

# Challenges Surfaced from PH-EITI Findings

- **Low economic contribution** of large scale metallic mining to the economy
- Most of the large scale metallic mining revenues go to the national government, but **social and environmental impacts are felt at the local level.**
- Limited assessment on the social and environmental impacts on mining
- Reporting of LGU business tax is not disaggregated by LGU recipient. This makes it challenging to follow amounts paid to LGU with head office (30%) and project office (70%).
- Absence of a **timely and accessible national wealth tracker.** This impacts the LGU receipts and expenditure tracking and the required utilization of mining proceeds.

# Challenges Beyond the Report

- Capacity deficiency
- Independent selection process for CSO representatives in mining oversight committees is absent
- Clear and measurable **criteria for SDMP** monitoring to ensure it meets its objectives and is aligned with the LDP remains wanting
- Inclusive platforms for engagement throughout the mining life cycle as well as the public financial management is lacking
- Space for more meaningful participation in SDMP management is lacking
- Harmonization of small-scale mining laws and regulations: PD 1899 and RA 7076

# Moving Forward

- Insist on access to timely, disaggregated, complete information and documentation
- Expand the report to cover more extractive entities
- Sustain PH-EITI through the passage of a law
- Revisit fiscal policies on extractives to enhance revenue sharing and value added

# Moving Forward

## **Consider guidelines on:**

- Faster/direct downloading of LGU shares
- Enhanced monitoring of transfers and expenditure management
- Clarifying terms, timelines and enhanced collaboration between the PH-EITI Secretariat and the relevant DENR Bureaus in the implementation of DAO 2017-07

# Moving Forward

## Enhance Natural Resource Governance

- Create knowledge products and provide capacity building for better understanding of policies and data on extractives management
- Establish more inclusive platforms for engagement throughout the mining life cycle as well as the public financial management
- Increase meaningful participation in IP royalty and SDMP management.
- Complement local development plans with SDMP
- Clarify DAO 2017-15 in relation to CDAO 2010-21
- Develop guidelines for a transparent and independent selection process of CSOs in mining oversight committees

# Moving Forward

## **Mainstream PH-EITI at the local level**

- Adopt EITI guidelines and principles in the LGU's regular business process, oversight structures, disclosure policy, and record managements