

CSO Assessment of the 4th PH-EITI Report: Region I, II and CAR



Photo Source: The New York Times



Large-scale non-metallic mines

- 62 operating large-scale non-metallic mines in the Philippines.
- 6 targeted for the pilot
 - 5 participated in 2015
 - 46% of production
 - 4 participated in 2016
 - 43% of production
- There are 7 large-scale non-metallic mines in Reg. I and CAR.
- No large scale non-metallic mines in Region were targeted for the pilot.

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?

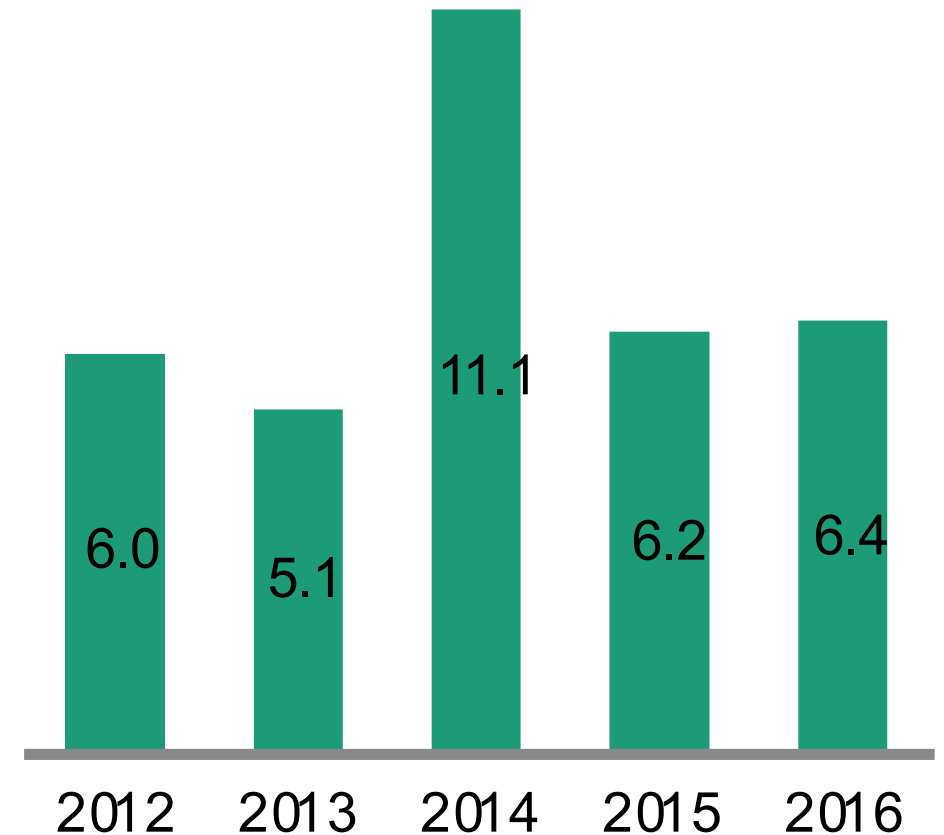
FY 2015

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)



5th

Most Mineralized
Country in the
World

3rd

Biggest Gold
Reserves

4th

Biggest Copper
Reserves

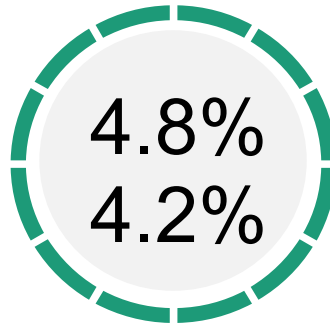
5th

Biggest Nickel
Reserves

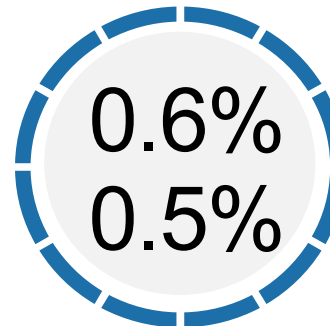
In terms of ratio
to land area



of Gross Domestic
Product



of Total Exports

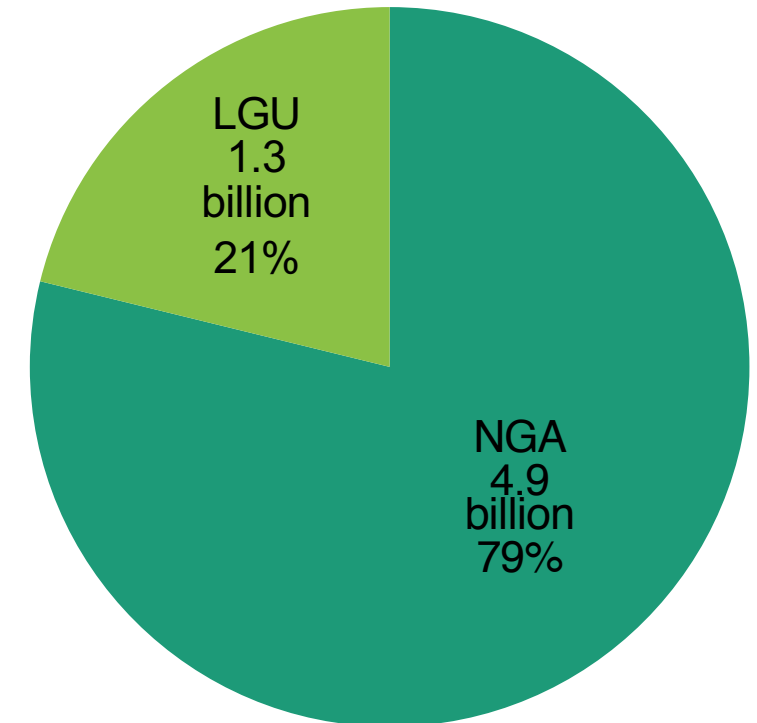


of Total Employment

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
Local business tax	348,594,168
Real property tax - basic	35,497,812
Real property tax - SEF	29,599,405
Subtotal	1,309,647,479
Total	6,184,795,313

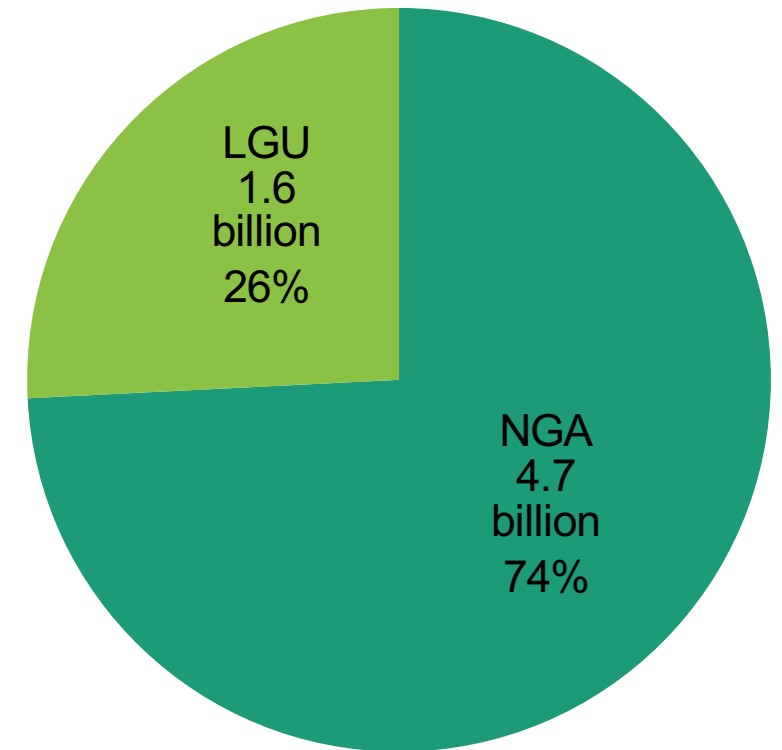
Percentage of
local government share
versus national government
share



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
Local business tax	458,433,612
Real property tax - basic	135,908,191
Real property tax - SEF	122,188,169
Subtotal	1,643,307,294
Total	6,371,353,084

Percentage of
local government share versus
national government share



Currently, there is only

5 operating

large-scale metallic mine in
Region I, II and CAR.

1. Benguet Corporation – Acupan
2. FCF Minerals Corporation
3. Lepanto Consolidated Mining Company
4. Oceanagold (Philippines), Inc.
5. Philex Mining Corporation

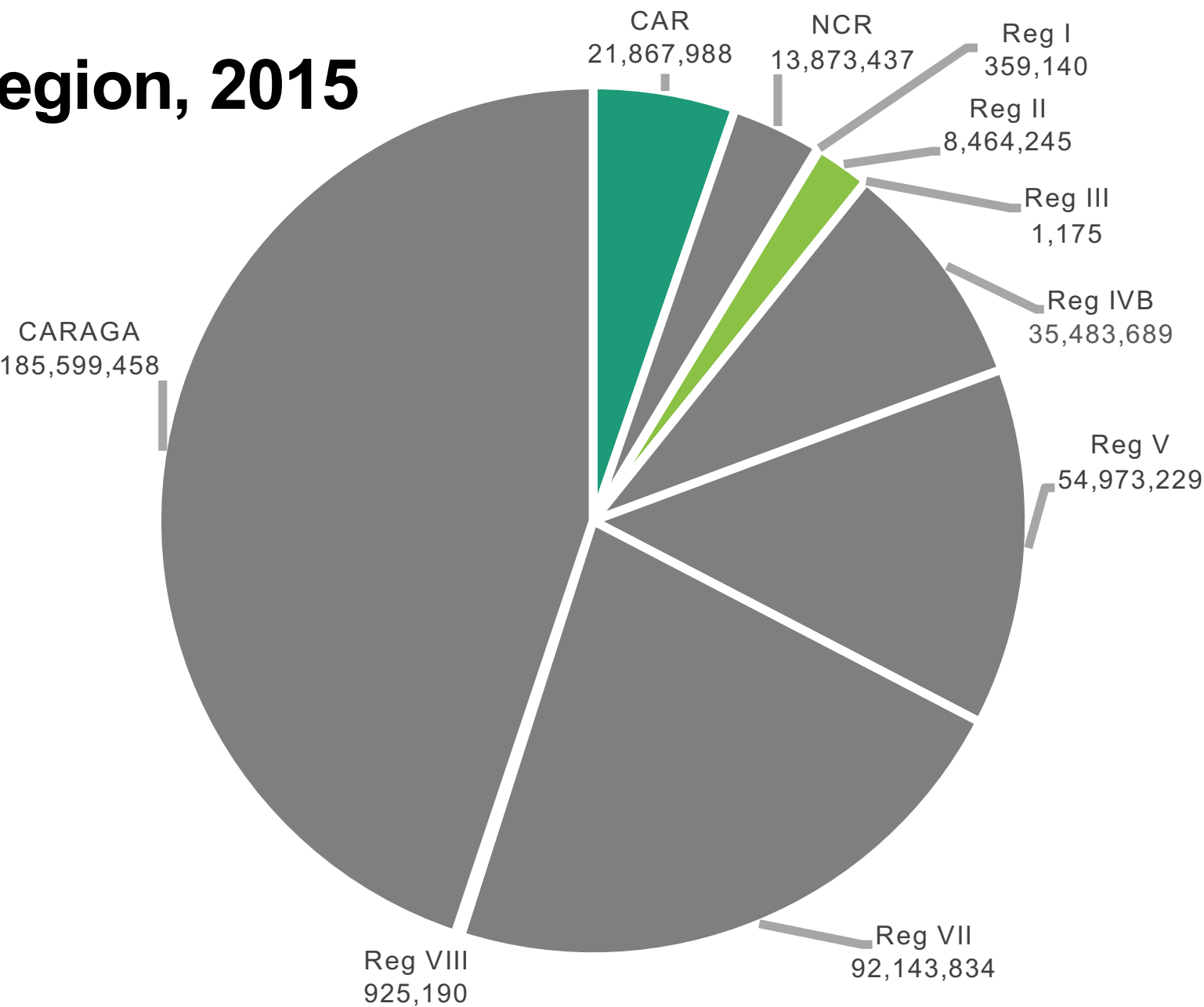


LGU collections per region, 2015

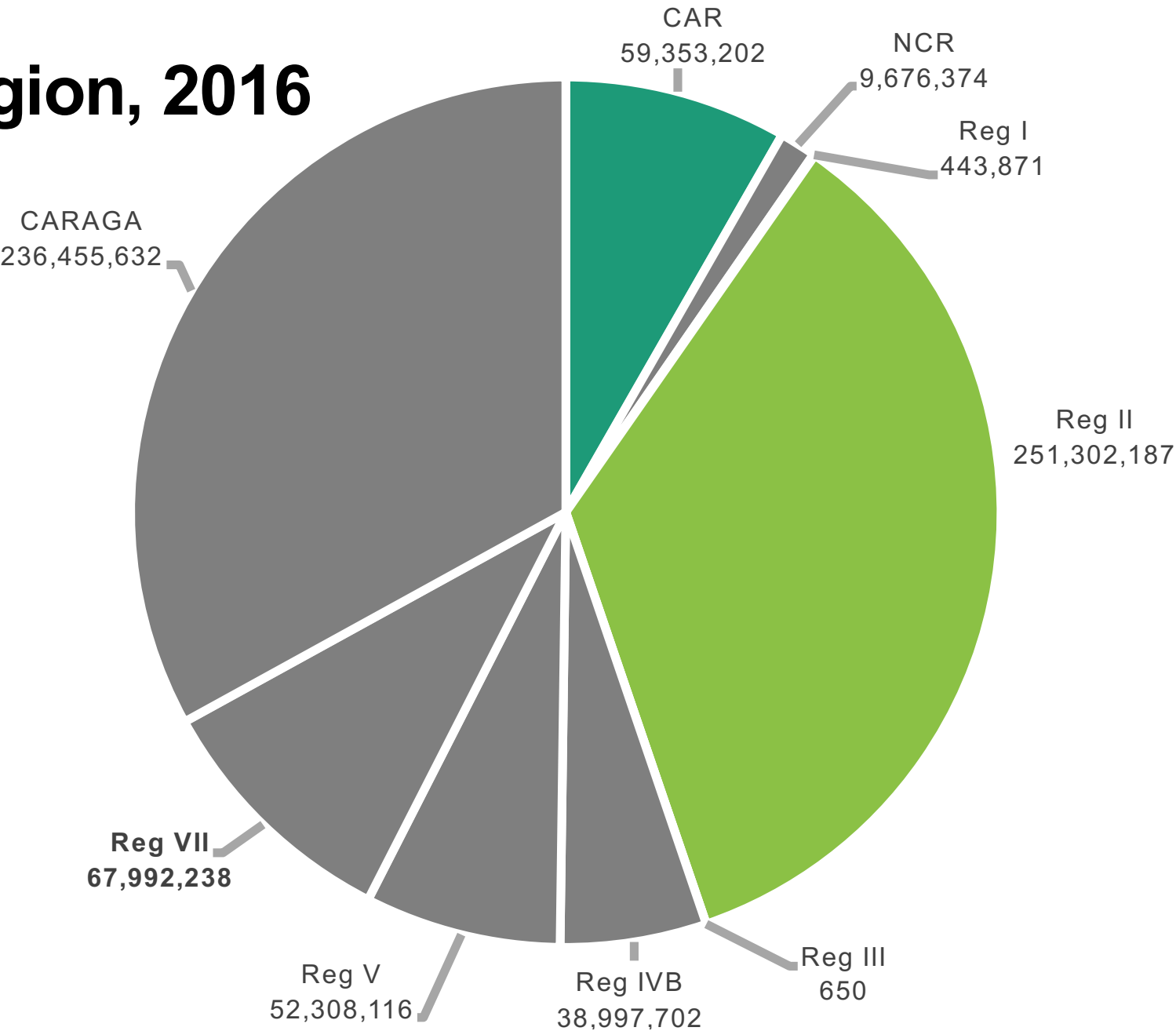
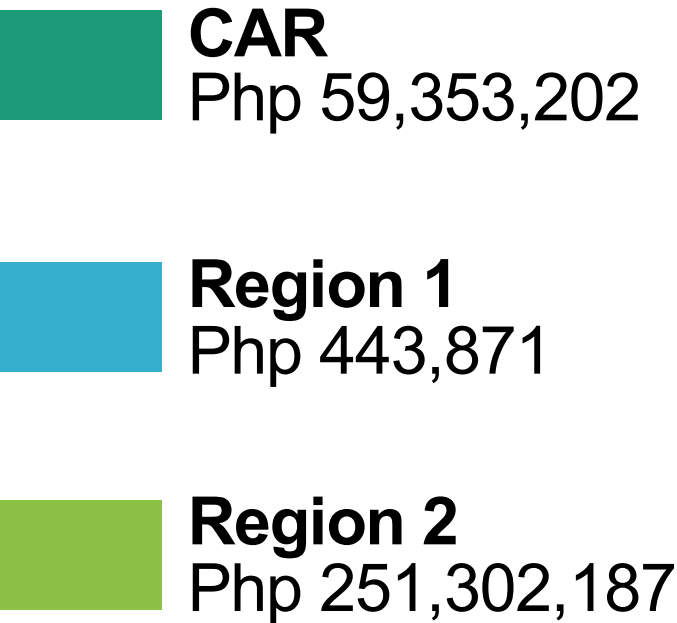
 **CAR**
Php 21,867,988

 **Region 1**
Php 359,140

 **Region 2**
Php 8,464,245



LGU collections per region, 2016



LGU collections by municipality/city

Region	Province	Municipality/ City	2015	2016
CAR	Benguet	Baguio City	12,179	12,179
		Itogon	17,965,991	43,906,875
		Tuba	3,889,818	6,604,804
		Mankayan	-	8,829,344
Region 1	Ilocos Norte	Curimao	-	39,401
	La Union	San Fernando City	359,140	404,470
Region 2	Nueva Vizaya	Kasibu	8,464,245	228,833,501
		Quezon		22,468,686

Employment generated

Company	2015	2016
Lepanto Consolidated Mining Co.	1,479	1,479
OceanaGold Philippines	559	559
Philex Mining Corporation	2,252	2,252

Social and environmental expenditures

	2015		2016	
	SDMP	EPEP	SDMP	EPEP
Lepanto Consolidated Mining Co.	25,093,963	78,651,000	14,882,463	89,700,000
OceanaGold Philippines	233,509,191	335,399,597	316,297,697	193,303,960
Philex Mining Corporation	239,143,273	270,947,280	348,136,355	446,744,569

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