

# CSO Assessment of the 4th PH-EITI Report: Regions VI, VII, VIII



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
- 9 operating large-scale non-metallic mines in Visayas, all in Region 7.
- No large scale non-metallic mines in Visayas were targeted for the pilot.



**Semirara Mining  
and Power  
Corporation  
(SMPC)**, the lone  
target company for  
the coal sector, **did  
not participate.**





**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?

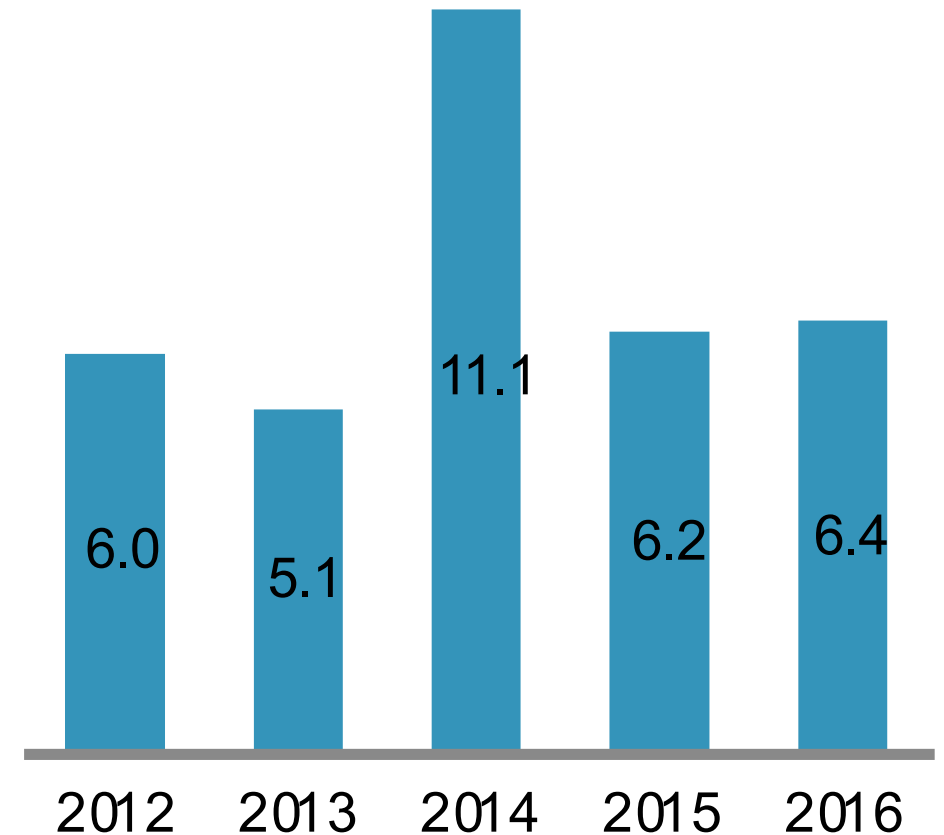
FY 2015

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)



5<sup>th</sup>

Most Mineralized  
Country in the  
World

3<sup>rd</sup>

Biggest Gold  
Reserves

4<sup>th</sup>

Biggest Copper  
Reserves

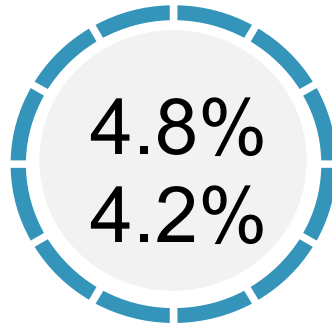
5<sup>th</sup>

Biggest Nickel  
Reserves

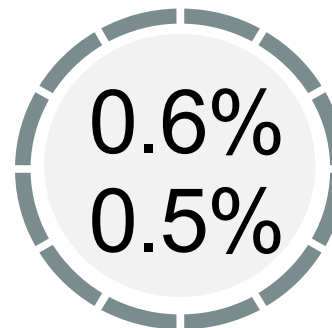
In terms of ratio  
to land area



of Gross Domestic  
Product



of Total Exports

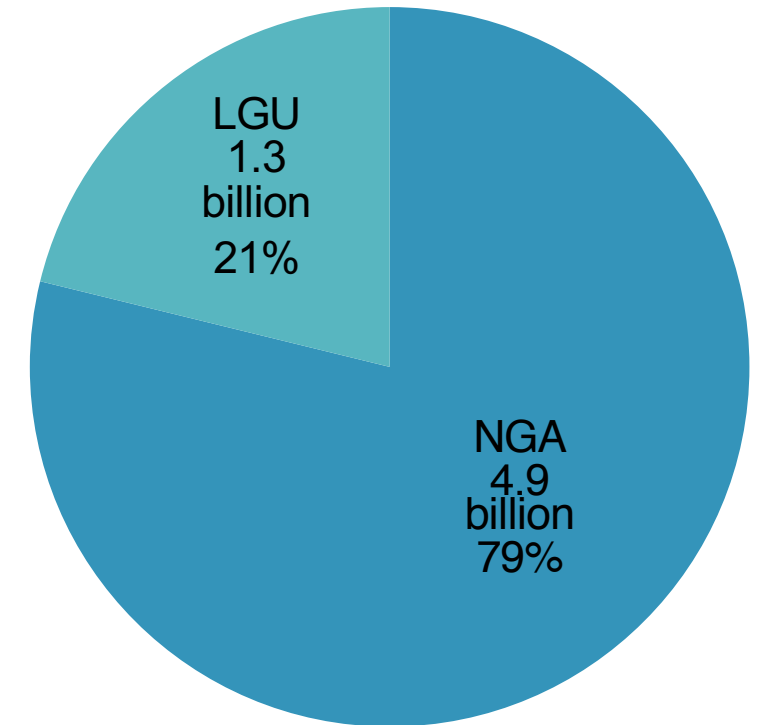


of Total Employment

# 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
<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

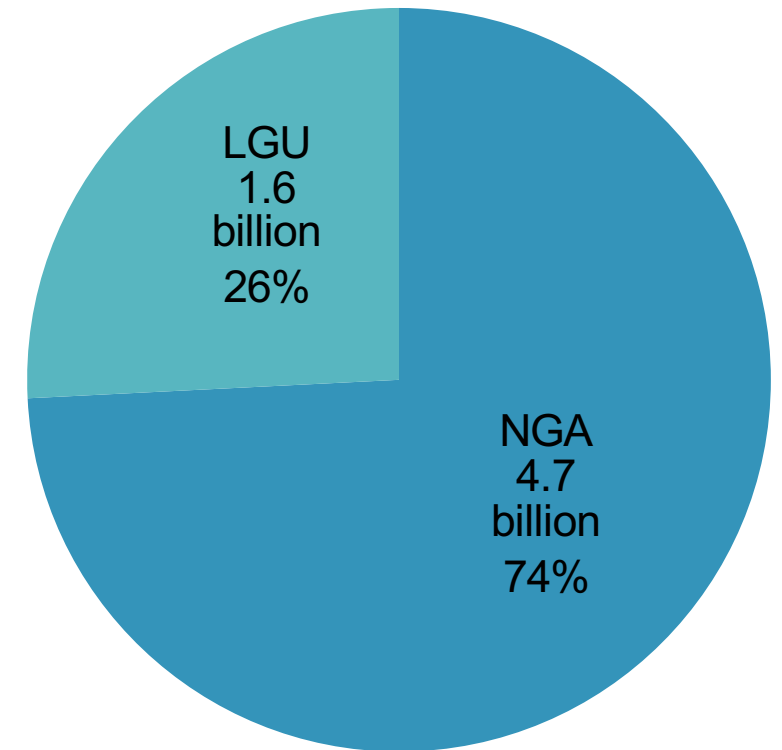
**Percentage of  
local government share  
versus national government  
share**



# 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
<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

# 3 operating

large-scale metallic mines  
in Visayas (Region 6, 7, 8)

**Atlas Consolidated Mining and Dev't Corp.**  
**Operator: Carmen Copper**

Chromiteking, Inc.  
Operator: Cambayas Mining Corp./Techiron Resource, Inc.


Strongbuilt Development Corp.  
Operator: Leyte Ironsand Corp.


**Emir Iron Mineral Resources Corp.**

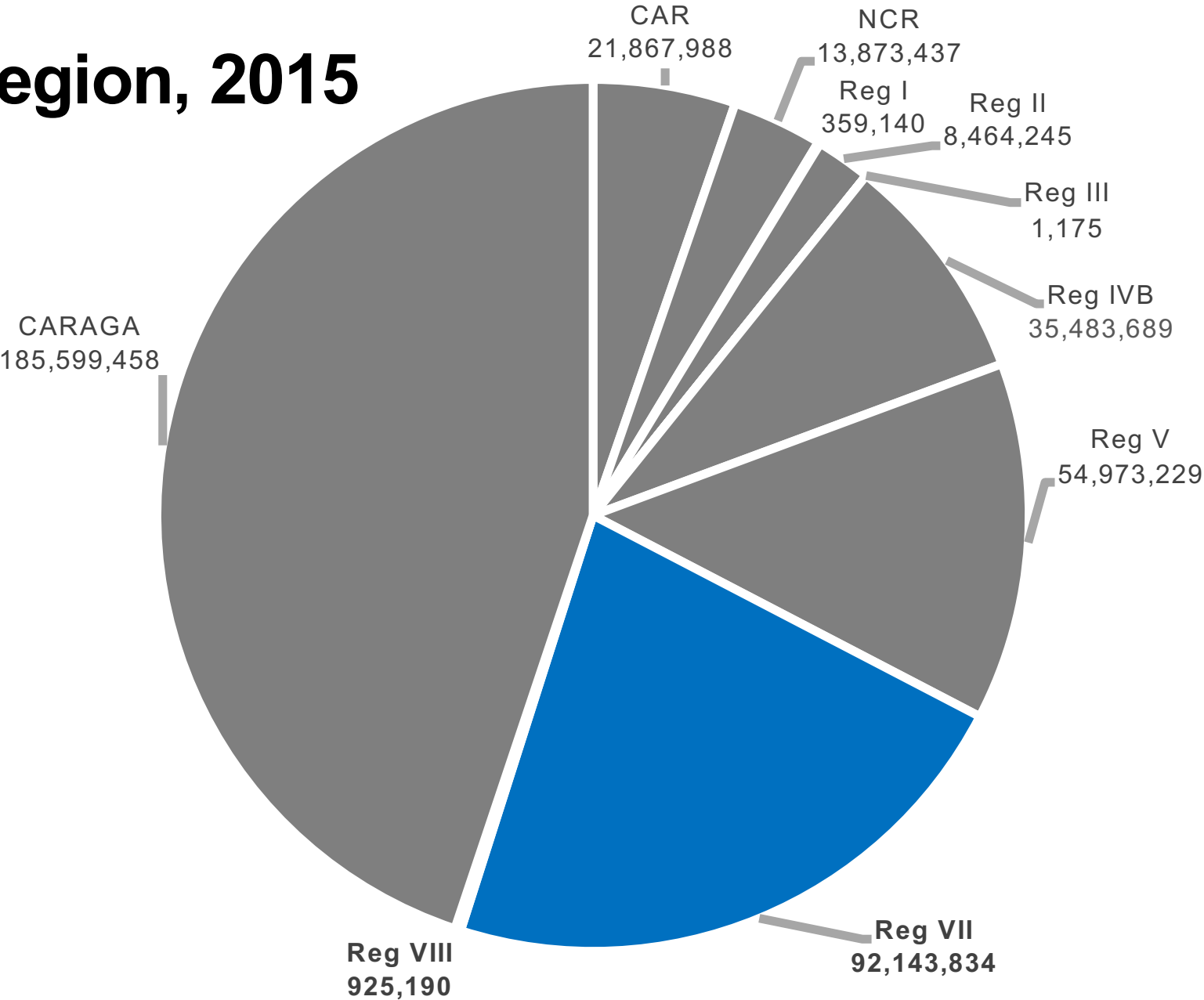
*Hinatuan Mining Corporation (Guiuan, Eastern Samar)*



# LGU collections per region, 2015

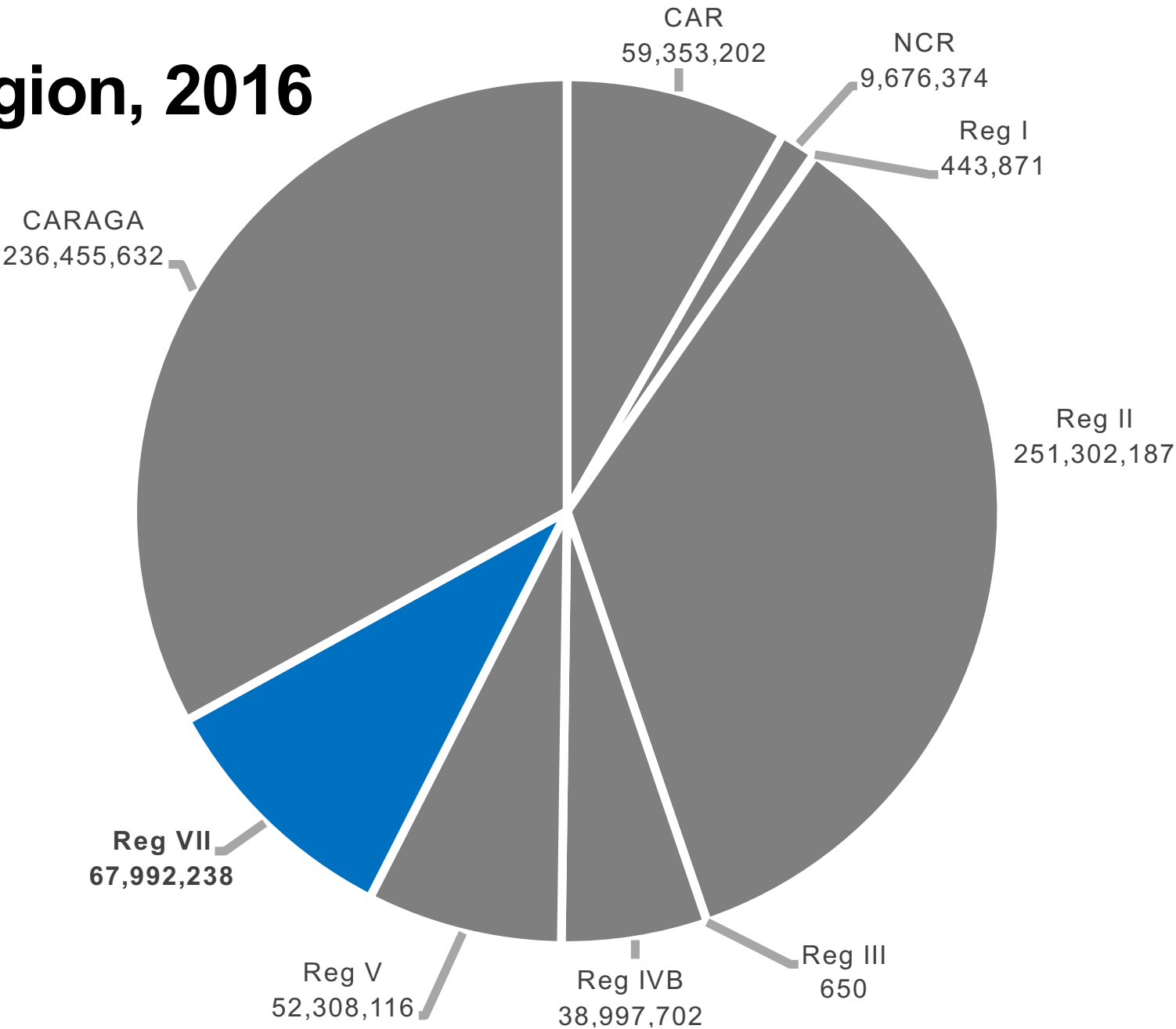
 **Region 7**  
Php 92,143,834

 **Region 8**  
Php 925,190



# LGU collections per region, 2016

 **Region 7**  
Php 67,992,238



# LGU collections by municipality/city

Region	Province	Municipality/ City	2015	2016
Region VII	Cebu	Toledo City	92,143,834	67,992,238
Region VIII	Eastern Samar	Guiuan	41,156	-
		Macrthur	884,034	-



# Employment generated

Company	2015	2016
Carmen Copper Corp.	3,586	3,586
Leyte Ironsand Corp.	100	100

# Social and environmental expenditures

	2015		2016	
	SDMP	EPEP	SDMP	EPEP
Carmen Copper Corporation	56,179,565	225,372,422	232,469,313	411,680,598
Leyte Ironsand Corporation	708,475	442,263	33,260	-*

\*No MMT/ISHES report

# 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

# 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