

# CSO Assessment of the 4th PH-EITI Report: Region 5



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 3 large-scale non-metallic mines in Reg. 5.
- No large scale non-metallic mines in Reg. 5 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?

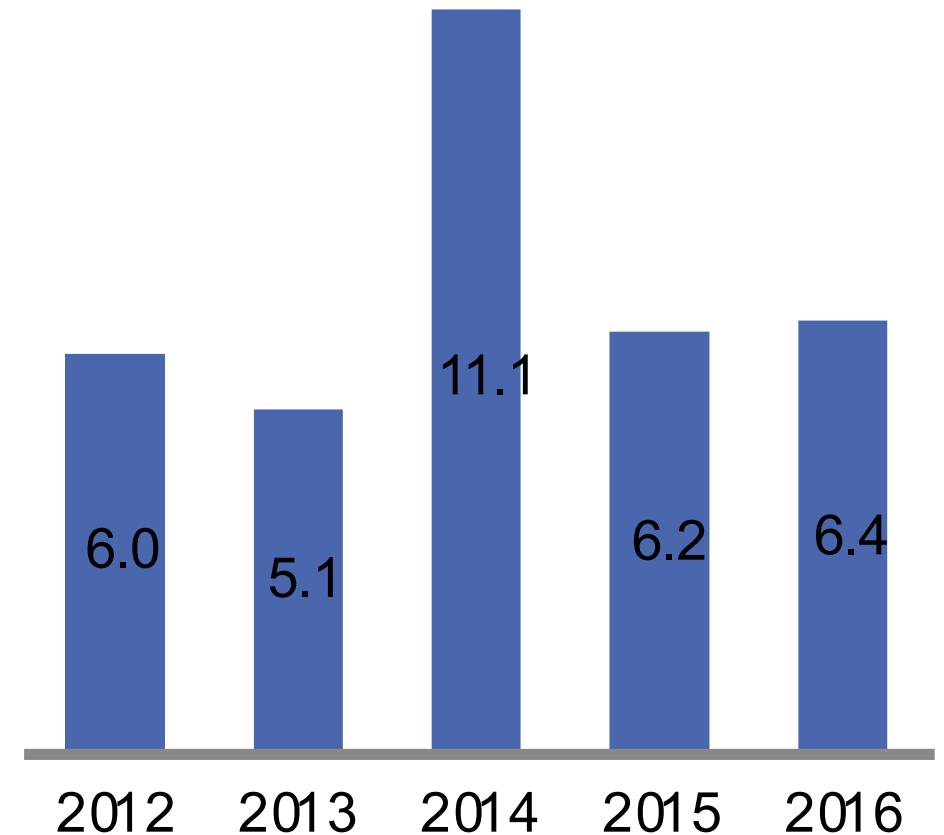
FY 2015

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)



5<sup>th</sup>

Most Mineralized  
Country in the  
World

3<sup>rd</sup>

Biggest Gold  
Reserves

4<sup>th</sup>

Biggest Copper  
Reserves

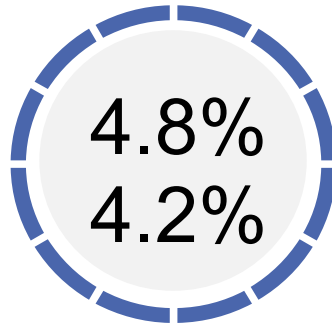
5<sup>th</sup>

Biggest Nickel  
Reserves

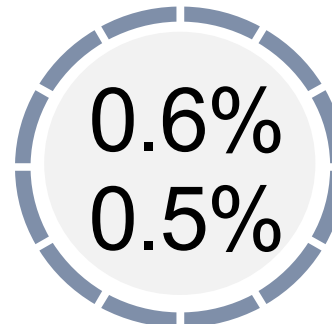
In terms of ratio  
to land area



of Gross Domestic  
Product



of Total Exports

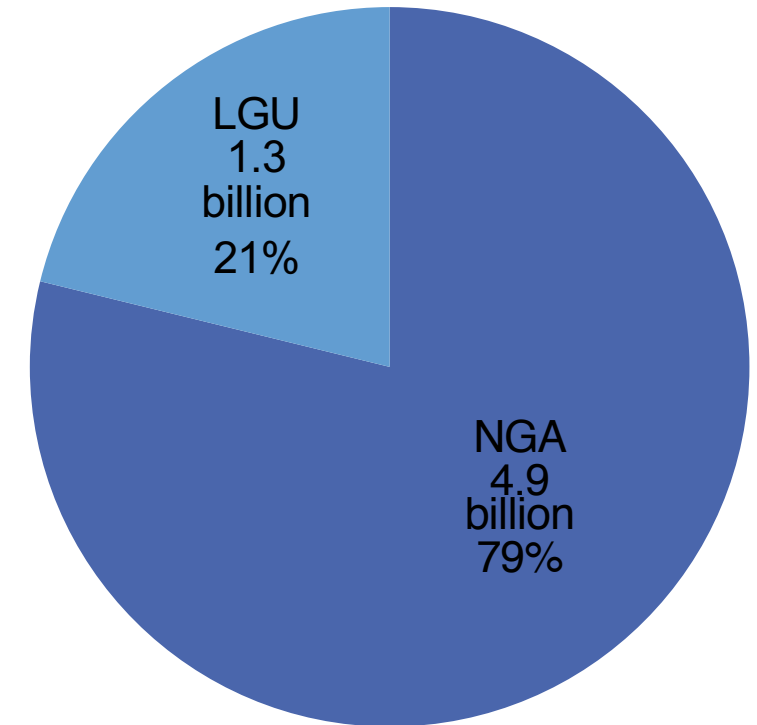


of Total Employment

# 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

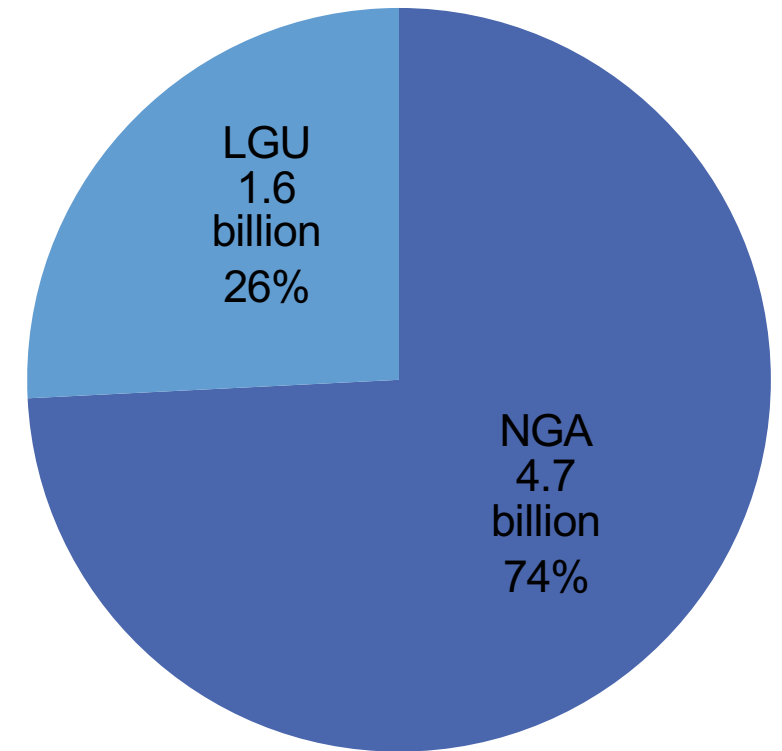
**Percentage of  
local government share  
versus national government  
share**



# 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 is only

**1 operating**

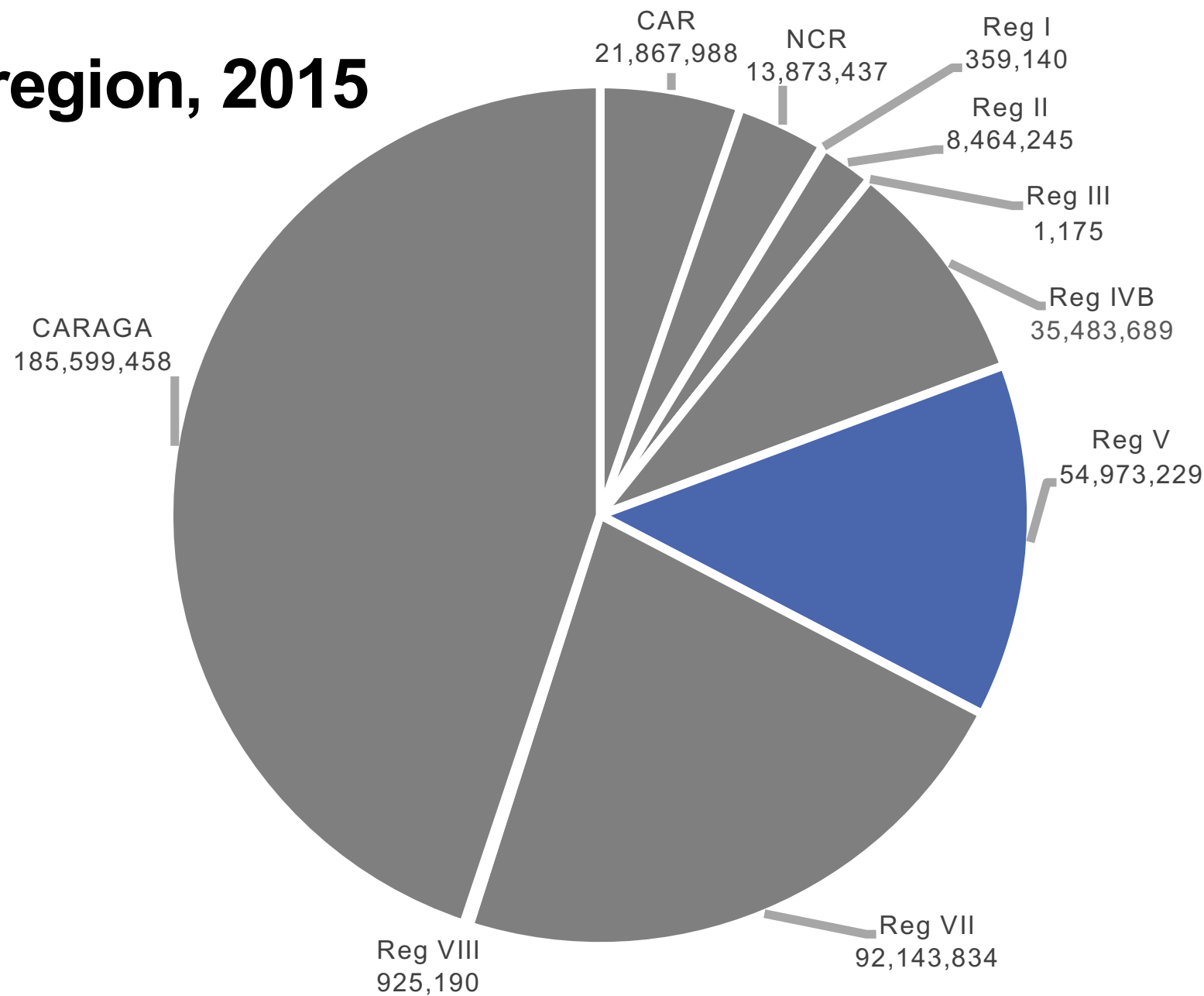
large-scale metallic mine in  
Region 5 (Bicol).

Filminera Resources Corporation



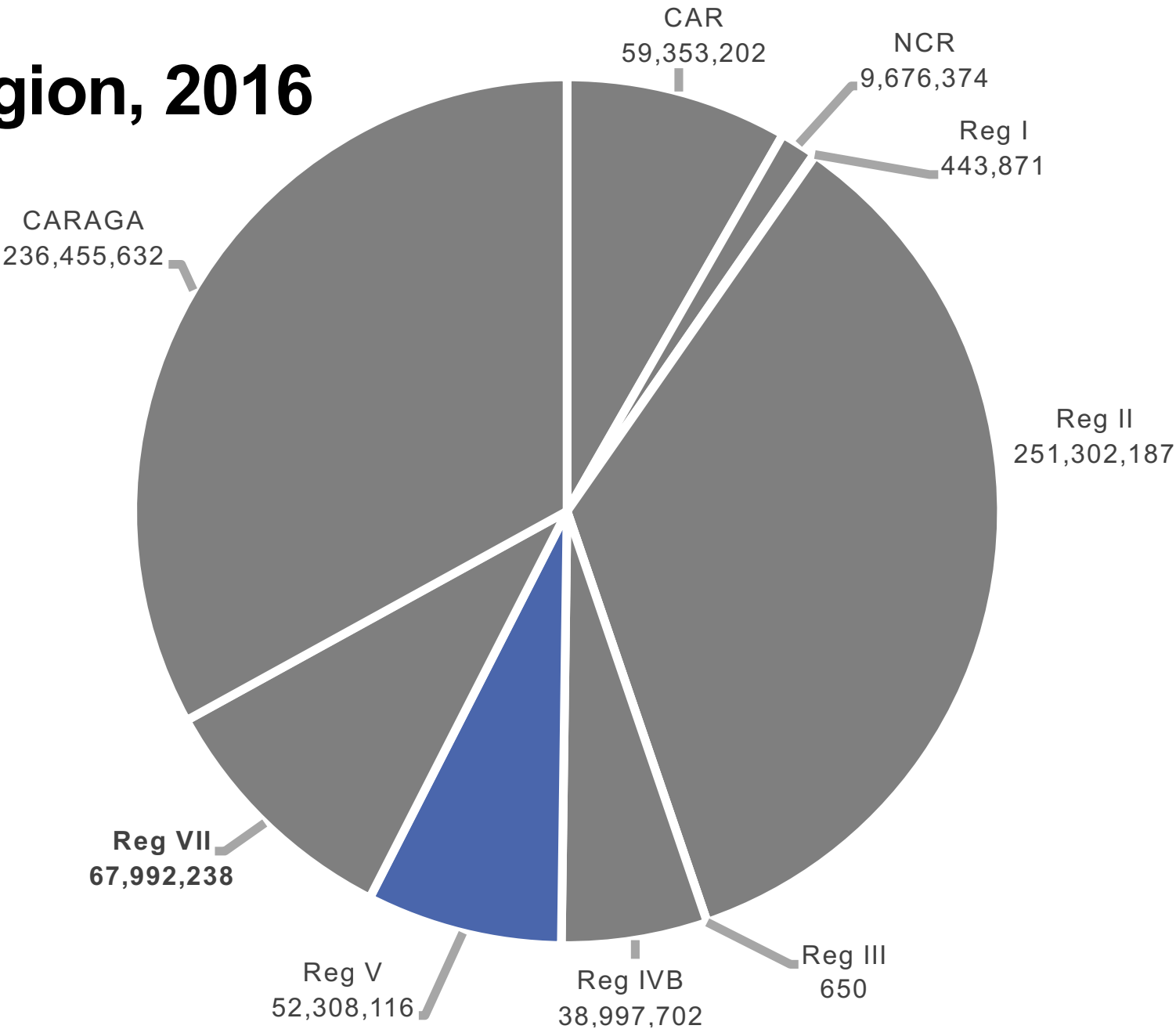
# LGU collections per region, 2015

 **Region 5**  
Php 54,973,229



# LGU collections per region, 2016

 **Region 5**  
Php 52,308,116



# LGU collections by municipality/city

Region	Province	Municipality/ City	2015	2016
Region V	Masbate	Aroroy	54,973,229	52,308,116

# Employment generated

Company	2015	2016
Filminera Resources Corp.	485	485

# Social and environmental expenditures

	2015		2016	
	SDMP	EPEP	SDMP	EPEP
Filminera Resources Corp.	55,246,255	1,603,943	103,865,202	55,637,191

# 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