

Report on the 4th PH-EITI National Conference

A. INTRODUCTION

On February 16, 2016 PH-EITI held its 4th National Conference at the Manila Hotel with the theme: From Recommendations to Action: A National Dialogue on Implementing and Institutionalizing Reforms in the Extractive Sector through the EITI Process. The convention aimed at providing avenue to discuss the results and highlights of the 2nd PH-EITI Country Report. The specific objectives of the activity were:

- To present the findings of the second PH-EITI report to relevant stakeholders;
- To have a national dialogue on policy gaps and systemic issues pertaining to regulation and governance of the sector, as surfaced by the PH-EITI report; and
- To collectively produce a set of recommendations to address the above gaps and issues and improve EITI implementation in the Philippines.
- To offer a platform for capacity building on EITI and other aspects on extractive governance (national and subnational)

An estimate of about 200 people participated in the event. The biggest delegation was from the national government which comprised more than a third of the total population of attendees. These government agencies include MGB-DENR, DBM, DILG, DOE, BLGF, BIR, BOC, PPA, NCIP. Another big group was from the private sector (35%) who were mostly from the business and mining companies. The local government units were also very well represented by 40 delegates, 12 of whom are top local executives from municipal up to provincial levels. Representatives from the legislative branch of government (Senate and Congress) were also in attendance, as with representatives from the international development partners such as the World Bank, USAID, DAI, ADB and Australian embassy. There was also representation from the civil society organizations.

The expected deliverables and outputs from the national convention and workshop are the following:

- Conference Documentation Report
- A list of priority issues that the government agencies will commit to act upon based on the findings of the first and second EITI report;
- A set of recommendations collectively formulated by all sectors (NGAs, LGUs, CSOs, industry) to address gaps in government systems as surfaced by the report
- A list of recommendations on how to improve EITI implementation

B. KEY FINDINGS OF THE PH-EITI 2ND COUNTRY REPORT

To start the National Conference, PH-EITI focal person and MSG chairperson Asst. Sec. Ma. Teresa Habitan of the Department of Finance gave an overview of the key findings of the 2nd EITI Country Report which was submitted to the EITI International Secretariat on Dec. 30, 2015. Below are the highlights of the presentation:

The report has 2 volumes:

Volume 1: Contextual information of the extractive sector and the Reconciliation report

Volume 2: Disclosures beyond the EITI Standard (report on the EIS of companies, highlights of the 2015 roadshow, SDMP document review, scoping studies on small-scale metallic and large-scale non-metallic mining, etc.)

VOLUME I: CONTEXTUAL INFORMATION

- Legal framework and fiscal regime of the mining, oil and gas and coal sectors
- Contribution of the extractive industry to the economy
- State participation in the extractive industries
- Distribution of revenues from extractive industries
- License register and allocation of licenses
- Beneficial ownership
- Information on IPs
- Evaluation of MMT reports for 2013
 - Findings: each regional MGB office has a different format and different information disclosed in its monitoring mechanism. Hence, the need to standardize
 - 79% of the reports were validation reports of the ASDMP while 68% were related to the monitoring of environmental concerns

VOLUME I: RECONCILIATION REPORT

- SCOPE:
 - Covered material companies: Companies with net sales of at least Php1 billion in 2013
 - 24 participating material companies (20 large-scale metallic mining and 4 oil and gas companies)
 - 12 non-material companies participated (11 mining; 1 oil and gas)
 - 7 government agencies (BIR, MGB, DOE, NCIP, PPA, BOC and DBM)
 - 59 local government units

A total of 57 companies were required to participate. Out of this number, 29 were material companies and 29 were non-material companies. Out of the 28 material companies, 24 participated and out of the 29 non-material companies, 12 participated.

Key Findings:

- 87% of total revenues in the mining, oil and gas sectors are covered by the report
- Total reconciled collection for 2013: Php 40,699,726,417
- DOE and BIR were the highest collecting government agencies. Payments to DOE account for 55% of revenues (P22.2 Billion) while BIR collections account for 40% (P16.28 Billion).
- Agencies with least amount of discrepancy:
 - DOE: -0.4% (Php89,824,064)
 - BIR: 0.6% Php94,047,536
- Entities with the highest percentage of unexplained variance:
 - **NCIP:** 22.2% - Php53,829,852
 - **LGUs:** 14.3% - Php43,007,948
- For the mining sector, the most significant revenue streams were corporate income tax (P1.48 Billion) and excise tax (P1.43 Billion) on minerals
- For the oil and gas industry, government share accounted for the highest percentage of revenue streams followed by corporate income tax, which covered 63% and 28% of total collection, respectively. These two revenue streams comprise 91% of the total payments made by oil and gas companies.
- LGU's percentage share from total collection: Php301,525,311 (1%)
- Highest collecting LGUs:
 - **Region VII:** Php93m (30.8% of total)
 - **Region V:** Php58m
 - **Region XIII :** Php44m
 - **NCR:** Php31m
- **Total unreconciled variance for 2013:** Php2.7m, which is only 0.01% of total reconciled revenue streams.

VOLUME II: SDMP review of 25 large scale metallic companies

- 7 companies spent more than 100% of the allocated amount for SDMPs for certain years.
- 6 companies had annual utilization rate lower than 50% of the allocated amount for a particular year.
- 11 companies had unspent funds from their SDMP budgets for the preceding years.

It must be noted though that to have a conclusive assessment of a company's compliance with its SDMP commitments, one must look at the entire 5-year program to see if the total allocated amount was utilized at the end of five years. It is possible that the low utilization rate for a given year is offset by high utilization rates for other years, and vice versa.

Comparison of the 1st and 2nd EITI Reports

- In terms of company payments and revenues, higher figures were recorded in the first EITI report covering 2012 data, compared to the 2nd report. The lower revenue can be explained by the low prices of commodities for the year covered.

The report also revealed that in 2013, there is a lower discrepancy between the reported payments of the companies and reported collection of government agencies.

- In terms of total reconciled revenue streams, reports showed that there was a decrease in total reconciled streams of P12.1 billion or approximately 23% from 2012 to 2013. Decrease in the reconciled revenue streams were noted for both mining and oil and gas sectors.
- In terms of variance, the reported variance for 2013 is P2.7 million, which is only 0.01% of total reconciled revenue streams, while there was a variance of P58.2 million or 0.11% of reconciled revenue streams in 2012. This is a 95% decrease in variance and thus an improvement from 2012 to 2013.

What is next for PH-EITI?

A key message of the National Conference is that EITI implementation should go beyond the process and beyond transparency in numbers. EITI aims to be a driver of reforms in the extractive sector. In this regard, Asst. Sec. Habitan presented the accomplishments of PH-EITI since the publication of the first EITI report.

The following provides an assessment of progress of various government agencies from the 1st to the 2nd Report:

Department of Budget and Management (DBM): Based on the recommendation of MSG in the 1st report, MICC tasked DBM to: (i) show the different types and sources of payment on a per company basis; and (ii) inform LGUs as to the type of revenue, date of payment, place of extraction and computation of LGU share.

DBM noted that they will amend some of their forms particularly the Notice of Authority to Debit Account Issued, including their online reports to include all the information needed by LGUs with respect to their shares in national wealth. This will be implemented this year (2016). The expectation is that as DBM moves forward in compiling information for the 3rd country report, there will be a much better data coming from the LGU and thus also from DBM.

Assessment: DBM's swift response to the MSG recommendations is commendable. Their action plan should retroact to previous years to track backlogs in the distribution of LGU shares.

Bureau of Internal Revenue (BIR): The issue in coming up with reconciled information for the EITI has always been the confidentiality provision in the National Internal Revenue Code (NIRC). Each year all companies participating in the EITI process have to submit a waiver on the confidentiality provision to BIR. This provision is actually a legal impediment to the full cooperation of companies in the EITI process and thus the recommendation was for the specific provision in the NIRC to be amended.

The particular tasks for the BIR were to: (i) propose amendments to the (NIRC) to make EITI reporting an exception to the confidentiality provision; and (ii) to disaggregate the reporting of final withholding taxes and revision of current recording systems and BIR forms.

In response, BIR coordinated with the DOF to propose amendment of NIRC. The agency has likewise implemented the second recommendation.

Mines and Geosciences Bureau (MGB): Most of the recommendations for MGB were focused on the improvement of their database and monitoring system and data on small scale mining. They were asked to activate or create MMTs and PMRBs.

There has been significant progress on disclosure of documents. It should be noted that MGB and EMB have provided copies of supporting documents such as environmental protection and enhancement program (EPEP), MMT reports, mine waste and tailings (MWT) report and environmental impact statement (EIS) among others. These supporting documents were uploaded in the EITI contracts portal.

According to MGB, actions on the other recommendations of the MSG are ongoing, these are:

- Activation of PMRBs
- Improvement of MGB's data base to include EITI data
- Ensuring coordination between companies and local development councils with regard to formulation of SDMPs
- Electronic submission of SDMPs and reports to MGB by satellite offices
- Adoption of transparent mechanisms in the selection and formation of MMTs and MFCRs

National Commission for Indigenous People (NCIP): The recommendations were for NCIP to: (i) develop a system for monitoring IP royalties; and (ii) require all companies to furnish NCIP with copies of deposits to the designated bank account for IP royalties.

In response, NCIP developed and adopted a monitoring system in collaboration with PH-EITI. Using this monitoring tool, the companies' compliance with stipulations in their MOA with the IPs will now be disclosed. This tool will also be used to monitor whether the legal requirements for management of royalties are met.

Assessment: It has to be noted that there is a significant decrease in the percentage of discrepancy from the first report (154%) to the second report (22%). Still, there should be follow up actions on NCIP's utilization of the EITI monitoring mechanism and improvement of its database. Also, NCIP should capacitate IP to monitor their own funds.

Department of Interior and Local Government (DILG) and Bureau of Local Government Finance (BLGF): The recommendations included: (i) digitization and disaggregation of LGU reporting system; (ii) disaggregation of BLGF reports on grants and donations from extractive industries; and (iii) review of legislation on the revenue sharing scheme between head office and host communities.

In response, DILG implemented the environment and natural resources data management tool (ENR-DMT) which aimed to capture disaggregated LGU collections from extractive industries.

ENR-DMT is integrated to the electronic statement of receipts and expenditures (ESRE) of LGUs. This system captures the local taxes and fees paid by extractive companies to LGUs hosting their operations. The system also includes a detailed account of the shares from national wealth received by LGUs as well as grants and donation from extractive industries.

Trainings on how to use the online reporting tool for LGUs have been given to local treasurers and their technical staff. BLGF, DILG and PH-EITI will continue with the roll-out of the ENR-DMT this year.

Assessment: The implementation of the online reporting tool is a significant progress in terms of ensuring timely, accurate and reliable data from LGUs.

Department of Energy (DOE): Though the DOE website contains information on the location of the service contractors, the agency should also maintain an online license register where all information on licenses can be accessed. On requiring companies to participate, DOE has not been able to require Semirara Corporation to participate in the EITI process.

MSG recommendations included: (i) reports should be per company and not per service contract; (ii) centralize information on payments; and (iii) require oil and gas and coal companies to participate.

DOE noted that they will report revenues on per company and per consortium basis provided that companies agree to follow this system of reporting.

Assessment: DOE should exercise its mandate as a regulatory agency to require companies to comply with EITI process. The agency should maintain an online license register where all information on licenses and licensees are disclosed. Lastly DOE should disclose all contracts including Semirara's contract.

Philippine Ports Authority (PPA): Recommendation is for the agency to revise the system of reporting payments to indicate principals of subcontractors.

PPA expressed difficulty in revising its current reporting system. The agency suggested that it should be the companies who should initiate the changes with respect to how they issue receipts to their subcontractors.

Assessment: PPA should require companies to disclose the names of their subcontractors who transport their commodities.

Bureau of Customs (BOC): Recommendations included: (i) data for VAT and customs duties should be disaggregated; and (ii) revise current systems of recording data.

According to BOC, starting January 2016, they will identify capital equipment that are imported by entities and their corresponding rates of duty. Also in its reporting template, BOC provided disaggregated data for VAT and customs duties as recommended.

Assessment: The MSG recommends a more active participation from BOC in the PH-EITI.

All relevant government agencies submitted their action plans except for Bureau of Investment (BOI) and Philippine Economic Zone Authority (PEZA). The recommendation of the MSG to these two agencies is to disclose the incentives given to extractive industries.

To summarize, the following have been achieved after 2 years of EITI implementation:

1. Disclosure of information that have not been previously disclosed
2. Surfacing of issues through sustained and informed dialogues
3. Recommendation of reforms, a few of which have been implemented

A quick review of the objectives of EITI implementation as formulated by the MSG would show that majority has been achieved after only 2 years of EITI implementation:

1. Show direct and indirect contribution of extractives to the economy
2. Improve public understanding of the management of natural resources and availability of data
3. Strengthen national resource management / strengthen government systems
4. Create opportunities for dialogue and constructive engagement in natural resource management in order to build trust and reduce conflict among stakeholders
5. Strengthen business environment and increase investments. Currently this is being reviewed by the MSG on how to better translate this into something which can be seen more clearly and which will be more relevant.

It was repeatedly emphasized during the presentation that transparency is a good start but this is not the finish line. Emphasis should be more on the impact rather on the process. Disclosure is just the starting point. The ultimate objective is an EITI process that translates to good governance of the sector.

The more important questions to ask now are: Has the EITI been responsive to the issues of the stakeholders? What does EITI report mean to the IPs, local communities, mining companies, petroleum sector and policy makers?

In the last MSG meeting, there was discussion on the planned outcome of the EITI process in 2016. The consensus is to move beyond transparency. The 2016 Workplans thus have the following priorities:

1. Effectively communicate the findings of the report and to elicit discussion of issues.
2. Influence policy reforms on extractive sector governance
3. Raise the bar of transparency through the following:
 - Disclosing more relevant information. The scope of our EITI process will continue to be defined according to the demands of stakeholders e.g. small scale mining, large scale non metallic
 - Adopting open data policies– a move towards online reporting and machine readable data that allows further analysis.
 - Sustaining dialogues–capitalizing on EITI’s multi stakeholder approach will be continued as this enables all sectors to come together and discuss issues in an open and participatory manner

4. Major Activities for 2016 include: LGU roadshows, briefings for companies, policy forums which will be conducted all year round, push for EITI legislation, validation as an EITI compliant country in July, and publication of 3rd EITI country report in December.

B.1 FORUM ON THE 2ND COUNTRY REPORT FINDINGS

PH-EITI MSG members representing each sector from government, industry and CSO, were invited as panellists to discuss and give their reactions and comments on the 2nd Country Report Findings. The panel was composed of the following: i) Assistant Secretary Ma. Teresa Habitan representing the government sector (DOF); ii) Dr. Cielo Magno, National Coordinator, Bantay Kita/Publish What you Pay Philippines and representative of the CSO sector; iii) Mr. Gerard Brimo, - President and Chief Executive Officer of Nickel Asia Corporation and industry representative of Chamber of Mines in the Philippines; and iv) Mr. Sebastian Quinones, General Manager and Managing Editor of Shell Philippines Exploration B. V. and industry representative of Petroleum Association of the Philippines.

From Dr. Cielo D. Magno (CSO): For 2013 the total contribution of mining to government revenues is about P5.6Billion. But P5.6 billion needs to be assessed in relation to other sectors. To facilitate analysis, the CSOs use EITI data and combine it with the financial statement of companies. Thus looking at companies' income before profit, industry income can be estimated to be about P30.8 billion before tax. So if government received P5.6 billion, the share of government in the total income of the sector in 2013 is just about 18%.

Another interesting study that can be done with EITI data is an analysis of the sales of each company. The CSOs are currently doing a comparison of 3 companies that are extracting the same kind of minerals. If one looks at sales, it fluctuates because it is correlated with production. In the study, when sales was divided by production, data for the first two companies showed that price fluctuates which is consistent with global price cycle. But the third company shows that price is constant, it is linear and flat. It is quite interesting to find out that there is one company that is not affected by global price fluctuation. This just shows that if more information is provided, further analysis can be done and this will help establish information. It has to be recognized that there are some companies who pay honestly and there are some who really evade tax.

Another interesting development is that EITI today is beyond financial disclosures. There are additional environmental and social documents available online through the MGB.

Looking at the quality of mining monitoring reports and the environmental work programs that are being submitted to MGB, one can surmise that the agency does not even know what they are monitoring. For some, it is even their first time to see EIS and EIA. So if people

who are supposed to do monitoring has not even seen or are new to EIS and EIA, how will they know what to monitor?

Theoretically there is already a good governance structure, there is the MMT and it is supposed to be a multi-stakeholder group where CSOs are also represented. It has to be recognized that CSOs are not just bleeding heart activists. They are intelligent and capable of analysing information so they can assist the government and provide inputs to industry. CSOs clearly know their roles which include challenging ideas and questioning traditional paradigms because at the end of the day, their concern is really for the good of the public.

Mr. Sebastian Quiniones, Jr. (Industry, Petroleum Association of the Philippines)- Petroleum sector has provided 86.7% of the revenues in 2013. It was substantially higher a year prior to that. The reason for the drop is the shutdown of the Malampaya in 2013.

In the oil and gas (O&G) sector, there are very few players, all 4 of whom are operating companies that have joined the EITI. O&G companies who are members of oil and gas global are required to be transparent in reporting. Add to that, DOE has set up a mechanism where companies are able to report what needs to be reported in a very transparent way. Thus the industry claims that transparency is nothing new to them. The aspiration though is for the country to make the fiscal and policy reforms that are necessary for the extractive industry sector to continue.

The O&G sector is under severe pressure. World oil prices have dropped to more than 70%. One of their member company is operating at a loss and is reviewing their operation, on a weekly basis, whether or not to continue with the business. Despite this, companies still comply with the laws and regulations of the country.

O&G are reservoirs and soon they will deplete. In a decade or so, Malampaya and Galoc will be gone. The 87% revenue they are generating will disappear. Exploration activities have not been successful too. There are many issues and concerns with LGUs and still many other challenges ahead, but a difficult one is the current financial crisis in the sector. There is hardly any exploration because companies are basically cash negative. The industry representative assured that despite the challenges they are here for the longer term.

But what the industry needs is for government to come up with firm policy decisions on what the country intends to do with regards to energy in particular. Will the country focus on the development of indigenous energy, hence all the policies and laws to encourage the industry should be made towards this end? Or will the country be converted to become an energy importing country, in which case policies would have to be adjusted as well.

With the transparency and open policy, constructive dialogues can be sustained. The request though is for government to assist the struggling industry through the formulation and implementation of longer term policies for sustainable business so that contribution to the country can be sustained as well.

Mr. Gerard H. Brimo (Industry – Chamber of Mines of the Philippines) Mr. Brimo is amazed at the amount of work done in the EITI in the last 2-3 years. He has been in the industry for so long and the challenge has always been how to educate and inform people about mining. There was never any forum or a way of doing it, until the EITI.

Importantly, EITI talks about how to strengthen and govern the industry and how to improve the governance process. Some gaps have been identified and thoroughly discussed in the report.

The industry is happy and delighted to be part of the EITI initiative because there is now a mechanism for disseminating information about the industry. They gave full support in the continuing drive towards transparency. Accordingly, if the report is not enough, the Chamber of Mines commits to support the institutionalization of EITI.

Hon. Ma. Teresa S. Habitan (Government) Working in government, to a large extent, is difficult. The government is compelled to do and produce reports, but no one reads them even if it pertains to certain sectors.

Few major reasons include, but are not limited to, poor communication and poor accessibility of information. These are areas that EITI has somehow improved upon. Now, data portals are being opened and information are made easily accessible. The relevant government agencies such as BIR, BOC, MGB, DOE, are now disclosing and sharing the data that they have compiled. The major driver for this innovation is the recognition of the need to inform policy makers and other people of how certain laws are being implemented. Any legislation would be difficult if there is no firm and reliable database to use as foundation for better laws. This is the reason why EITI is important, hence the push for more active participation. This gives the government a reason for being. This also tells the government why there is a need to improve its capacity and what kind of capacity needs to be developed or further enhanced.

A brief Open Forum followed the panel discussion. Below were the reactions/ questions/ concerns raised by a number of participants and the responses from the panelist:

1. A representative from municipality of Cantillan raised his concerns and asked what PH-EITI can do to help address some serious problems in their community.

EITI has already produced its 2nd report yet the quality of life of their people has never improved. There have been many protest activities against the mining company in Cantillan. This would not have happened if the government did something about the permitting processes. One case in point is the Marcventures Mining and Development Corporation operating in the area despite the absence of business permit. Apparently, the company was allowed to operate using a permit issued by a neighboring town. The municipality where it actually operates is not receiving any national wealth as the company has not paid any local tax.

A case has been filed against the company but they have bribed some people's organization to withdraw the case filed against them. The community has suffered a lot of social, human, environmental problems apparently resulting from the presence and operation of the mining company to which they have not given their permit or consent in the first place.

This issue has been raised to the government regulators some 2 years ago, but the only answer given was that it has to do with politics, a reason which is not acceptable. People feel they are being manipulated by the mining companies and politicians in their own area.

In summary, the questions raised were: (i) What can PH-EITI do to help address the serious problem in the community; (ii) how to communicate what is happening at the community level; (iii) What different parties should be involved in the process of monitoring the quality of life in the community; and (iv) How to improve transparency in the permitting process.

Response from Mr. Brimo: Mining companies, whether or not they are members of the Chamber of Mines, have to follow the governing rules and procedures in the operation of their business. Meanwhile, the government has a very strong role in the extractives sector. They should monitor and regulate things that are going on in the area. The concerns and issues raised should be officially reported and discussed with MGB who has to render decision on the case.

Response from Asec. Habitan: There is really a need to push the government to do what is right for the people, not only in the national but more importantly in the local level. This coming election is a very good opportunity/avenue to do something about the "political" issue.

EITI is not a silver bullet which can address all the many issues related to EI. What it does is to look into several aspects of the industry which are very important for the country. There is a need to get adequate objective information and data about the industry.

About the non-payment of companies, the LGU reporting system will be disaggregated soon, it will now show how much of the LGU revenues are coming from the extractive industries. There will now be a tool that already includes the EITI information requirements. These are all important especially for those communities where mining companies operate.

2. A follow-up reaction was raised by another representative from Cantillan, Surigao del Sur. There was an administrative case filed with the DENR against the company, but the case was dismissed. A motion for reconsideration was filed. It has been years but to date there are no actions still. Meantime, another case was filed against the company for environmental protection order. The new law says that cases filed must be acted upon and solved within a year. It has been 4 years, but similarly nothing has happened. The mining company has even used the Social Development Program in bribing people.

The question is: Who are responsible for the responsible entities for mining in the Philippines? Can EITI, in moving forward, do something about monitoring people who are responsible, e.g. DENR or MGB or NCIP?

Response from Asec. Habitan: It is, ultimately, the government which has to be responsible for the regulation and monitoring. The concerns raised can be an ombudsman case. This is one strong disciplinary tool which civil society can use to ensure that people in government do what they are supposed to do. Ombudsman can even act or instigate action on anonymous letter even without proof of documents. If there are several actions that have been initiated by the community, this can be used to allow the case to prosper.

3. A representative from Cavite in Dinagat islands raised the question whether a study was done to compare the income and profit against the value and cost of environmental degradation?

From the EITI report, it is interesting to know that billions of money were generated from the extractive industries. The assumption is that there is economic productivity from mining. But environmental valuation has to be considered too. The balance between environmental sustainability and economic development needs to be achieved.

MGB has been requested to provide results of study on the status of Dinagat Islands because of the extraction activities that are being done in the area. But MGB has not responded to this. The main concern is: where are we in the balance of environmental sustainability against the profit earned by the mining companies?

Response from Dr. Magno: EITI tried to develop a template but this did not capture environmental and social cost as the data was focused more on the financial side. The template was not completed. But outside EITI, what the society or CSOs can do is to look at the mining monitoring reports where information and data on the environmental and social costs can supposedly be tracked.

Unfortunately, if one looks at the mining and monitoring report, costs are difficult, if not totally impossible to be estimated. This reflects the reality that there is really no monitoring being done on the social and environmental cost of mining. EITI has an important value added, it has identified the weakness in MGB's system and functions in terms of natural resource governance.

The environmental and social impact and costs cannot be measured if information on the EIS and other relevant data especially baseline information are not shared and made accessible. The challenge for civil society is to get copy and review all documents to identify how systems can be strengthened. There is value in MMT as this is multi-stakeholder.

4. A representative from Sibuyan Romblon expressed their interest to know how the government is spending the collection. He raised the following queries: Where are the revenues that were collected from the extractive industries? Do we have any data where these were spent?

Response from Asec. Habitan: 60% of the P40Billion collected in 2013 was retained by government for its disbursement program. The balance of 40% was distributed in various forms to LGU allotments, in forms of IRA. Portion of this was shared through national wealth.

DBM reports how much it has downloaded to the host communities and how much host communities has received in their share of national wealth. However not all LGUs who are supposed to be reporting are involved and engaged. The number of reporting LGUs in the EITI has increased but there is still a need to improve the number of LGUs reporting.

Important too is the need to find out how was the revenue spent at the local level, particularly for the host LGUs. There are provisions in the law that prescribes where funds should be spent, either for livelihood or energy development. Leaders should be made accountable for how and where the share in national wealth which came from the national government was spent.

B.2. NATIONAL GOVERNMENT SUPPORT TO THE PH-EITI PROCESS

Key representatives from the national government were invited as panelists in the discussion which mainly focused on government support to the PH-EITI process. The panel was composed of the following: i) Assistant Secretary Patrick T. Aquino of the Department of Energy (DOE); ii) Director Ana Liza F. Bonagua of the Department of Interior and Local Government (DILG); and iii) Assistant Director Juancho Pablo S. Calvez of the Mines and Geosciences Bureau of the Department of Environment and Natural Resources (DENR)

There were two questions raised to the panelists:

1. What does it mean for their agency to be part of the EITI process?
2. What recent developments in the sector have occurred that is important for the EITI implementation and what do they hope to see happen in the continuing EITI process?

From DILG: The department expressed support to the EITI initiatives considering DILG is pursuing, promoting and advocating campaign for transparency, accountability and participation. DILG also supports government campaign for partnerships and one area where they encourage LGUs to participate, is in fostering transparency in the extractive industry.

With regard to the full disclosure policy, LGUs were encouraged to disclose to the public around 14-15 financial bids and annual report documents via the agency's disclosure portal. At present, 99% of LGUs have their financial documents included in the portal.

DILG strongly campaigns for LGUs to be transparent and for the communities and civil society to demand for information and services from their local government and to make them accountable to all constituents. These initiatives and campaigns require transparency and openness to the information that LGUs have.

On the recent development front, for the last 5 years, DILG has linked performance of LGUs with incentives so that LGUs will not just comply but improve their performance in the delivery of basic services as well as in the operation and management of their units. The financial incentives, which LGU can get if they pass certain performance level, can be used to further improve the services to their locality and facilitate implementation of their projects/programs in their area.

DILG has worked with several partners, particularly DOF towards improving the reporting process of LGUs. The incorporation of EITI information requirements in the statement of receipts in the expenditures of LGUs has started in 2015. It is expected that such data and information will already be included in the 2016 EITI report.

From MGB-DENR: According to MGB, being part of EITI process means being truthful with what the agency reports. One cannot advocate transparency if he cannot tell the truth. MGB has been transparent and proof to this is the existence of their website where information on mining industry is shown. But having participated in EITI, the agency became more responsive to information needs and gained better awareness on the need for more improvements in their initiatives.

In line with EITI process, MGB has introduced some reforms in the management of natural resources through several Department Orders (DO), one of them is the harmonization of Philippine environmental impact statement or EIS system with the Philippine Mining Act of 1995 in terms of implementing environmental projects. The agency has also issued Department Administrative Orders (DAO) which required mining companies to secure ISO 14001. Under EO79, the agency has revised the implementing rules on Small Scale Mining Act.

With the EITI, the information relevant to the extractive industries are now in digital form and can be accessed through the Open Data Portal. Now, public has access to the data and can now be informed of what companies are doing in relation to community and environmental development.

The DILG committed to fully support EITI in the disclosure of information and to introduce new reforms and innovation in their systems in order to have an improved database as well as contribute to the successful implementation of the EITI.

From DOE: DOE welcomes the transparency initiative espoused by EITI. This is a continuing commitment from DOE under its mandate to veer towards more transparency, examples of which are direct contract negotiation or awarding through open and competitive means. Recently, the agency had the Philippine Energy Contracting Round or PECR5 where areas were tendered only after a consultation process was done to make sure that the consent of the people in the area are first secured. The need to consider areas with IP issues and coordination with other government bodies were surfaced as well. From inception DOE has conducted, in a competitive and public way, the contracting rounds/activities for the coal, petroleum and gas sectors.

DOE welcomes disclosure of information as it enforces companies and support the drive to greater accountability for all stakeholders. This leads to everybody getting what is due them.

While DOE is mindful of the recommendations for their agency contained in the 2nd EITI report, the agency highlighted the following points:

- a) Among the entities being monitored by EITI, DOE is one of the highest collecting agency, P22.2 billion out of the total collection of P40.7 billion. The agency reported the least

amount/rate of discrepancies, at -0.4%. These reflect that efforts of DOE in the area of administration, with or without EITI, is quite good already. Nevertheless, the recommendations from PH-EITI are noted and DOE will move towards having the information for licenses and others to be made more accessible to the public.

- b) On access to information on license registers, DOE assured that their website will be continuously updated to provide greater/easier link to other relevant sectors and to make them readily available to the public, particularly on information on contracts status
- c) DOE welcomes and support the EITI and they will provide the information in support of it.

A brief Open Forum followed the panel discussion. Below were the reactions/ questions/ concerns raised by a number of participants and the responses from the panelist:

- a) A representative from LGU of Benguet expressed their sentiment on the absence of transparency in their area in Tuba. Their municipality has been declared as no-mining zone from the MGB. However, it has to be noted that there was no consultation process done. The LGU, the mining industry and the majority of the community have not been heard. The suggestion is to recognize the need to review the process to ensure transparency.

The issue was noted.

- b) A representative from CSO in Agusan del Sur directed the question to DILG. Are there other incentives to LGUs aside from the seal of good housekeeping?

DILG talked about the Performance Challenge Fund which is for those LGUs that pass the seal of local good governance. This is a comprehensive assessment of LGU performance in the areas of financial accountability, business friendliness, environmental protection, social protection and peace and order. Currently, the amount given under the Performance Challenge Fund is P7 million for provinces, P5 million for cities and P3 million for barangays. In 2015, a total of P1 billion has been provided to 254 LGUs who passed the performance test. This information is available in the DILG website.

- c) A representative from CADTI 075, Zamboanga Peninsula raised their indigenous peoples (IP) concern on what to do if small scale mining comes and operates in their ancestral domain. Based on law, the entry of companies, whether big or small, would require consent of IPs. Under the law, before “Minahang Bayan” could be implemented or established, the IP should give their consent first. What should IP do if they have doubts if this procedure was followed?

MGB advised that in case there are doubts or suspicions if the processes were followed, they can proceed to the regional office of the MGB and report the problem so that appropriate assistance can be given.

d) A representative from Bantay Kita directed his question to DILG.

It has been observed that some LGUs have low tax rates while some are able to get a minimum of 2% of gross receipts. Are there efforts or initiatives to assess tax rates on mining? Are there initiatives in terms of ensuring that LGU benefits not just from national shares collected from excise tax?

Under the LGU code, tax rates have to be reviewed by the LGU every 5 years, after which 10% increase will be imposed on current rates. A particular example was cited wherein the Sanggunian or Board issued and enacted an ordinance that lowered the business tax rates. What is the view of the DILG in instances where LGU, instead of increasing the tax rates, reduced the rates in favour of mining companies?

What are the initiatives of the agencies to improve tax collection efficiency, because disclosure is not enough. It is important as well that LGUs improve and be efficient in their tax collection.

In response, DILG noted that the department's policy is to implement the mandate, a part of which is to encourage LGUs in updating their local revenue code. There is a joint advocacy with DOF/BLGF to encourage LGUs and even provide technical assistance in updating their local revenue code.

Before LGUs can revise or amend, it has to undergo the process of legitimization by the Sanggunian or Board. The process involves consultation with stakeholders and affected communities. The rates that LGU passes are assumed to have undergone consultation with stakeholders. If this has been passed, DILG will consider this as legal. If there are concerns on irregularities, anybody can question the resolution passed by the LGU.

As regard to the tax rates, DOF may be in a more appropriate position to enlighten on the proper rates that should be passed by LGUs.

e) The same representative from Bantay Kita raised another question this time for DOE. The law on coal exploration development is quite old. But DOE may have done integration of some provisions, particularly relating to FPIC. Based on DOE website, a number of contracts have already been awarded particularly in Lanuza, Carmen and Surigao del Sur. The issue is that there were a number of exploration contracts that have been issued in Surigao del Sur, when people have not heard that FPIC process has been

done. Was DOE able to incorporate the new guidelines re: FPIC in the awarding of contracts?

DOE responded and highlighted that while they issue relevant rules and guidelines in its sphere of responsibility, the agency has made efforts and taken great lengths to inform prospective investors on the need to consider and even integrate other provisions of the law and likewise the need to consult other stakeholders.

On the other issue raised, DOE informed that letters were sent to the LGUs, and prospective investors were advised that the areas where they are interested to operate will be needing the consent from IPs. Nonetheless, the concerns and inputs will be noted and will be integrated in the succeeding contracting rounds/activities.

Emphasis was placed on the agency's efforts in bringing in investments. DOE has provided an environment wherein private sector will come in to develop the infrastructure to bring in the investments. Support of partners were heeded that in the same way DOE is moving towards being transparent to prevent abuse, it needs to be pointed out that efforts of private sector in reaching out should also be commended.

It has been difficult for the government but more challenging for DOE because of the competing demands that need to be balanced. Energy is needed to move the economy, and thus investments are critically needed. Cooperation and fairness of partners are needed. The ultimate goal is geared towards the upliftment of all sectors, that public interest is protected, government gets its share and no one is abused. If the resource is not extracted and developed, people will not benefit from it.

- f) A follow-up reaction from Bantay Kita representative was directed to DOE which pertained to the non-submission of Semirara Mining Company in the 1st and 2nd EITI report. The refusal of Semirara Company to report cannot just be ignored as their production is significant and equates to 90% of total coal production which is comparable to roughly 10% of the total metallic.

Some of the important issues pointed out are about energy and climate change and about accounting for energy cost. DOE was asked to disclose the reason why they were giving incentives. Apparently in the loan covering coal, DOE is giving as much as 90% reimbursement of the operating costs. The agency was requested to provide copy of the Semirara contract. And the question was "What is really the effort of DOE for Semirara to report considering that the latter is a contractor of the government?"

DOE will find out why Bantay Kita, despite its repeated request, has not received copy of the report/contract, and if there is no issue, DOE will provide copy of the Semirara contract/report.

On the issue of not being able to assess the company due to absence of data/information, DOE disagreed. Semirara is a publicly listed and actively traded corporation, and they are required to make regular disclosures in the PSE. Their continued trading in the market is contingent with that compliance.

For EITI or Bantay Kita to say that they have no way to assess because there is no disclosure is tantamount to saying that every publicly listed corporation and actively traded company in the PSE are not making disclosures, are not paying taxes, not getting compliance permits, not reporting any material information. All these will affect the valuation of the company. Further, they file the required reports otherwise they will be delisted.

What EITI probably wants is for DOE to compel Semirara to accede to the waivers and consents. Related to this, DOE's suggestion is to legislate.

On the need to revise the incentives, DOE admitted that this is an archaic law so the agency will do what is needed to champion on this initiative.

On the fiscal incentives, DOE pointed on the need to balance the country's requirements for energy versus the environmental concerns versus all other concerns. DOE does its share in the reporting process and this is shown by the very small variance/discrepancy recorded at -0.04%. It shows that government gets what it is supposed to get.

- g) A follow-up reaction came from PH-EITI representative which disputed the argument that if a company is a publicly listed company, this is enough justification for them to not join the EITI process.

More than 50% of mining companies engaged in the EITI process are all publicly listed and as such it can be presumed that they comply with the reporting requirements of relevant agencies and authorities. Despite this, companies still opted to join voluntarily in the transparency initiative. It bears stressing that EITI looks for very specific information at a very specific level of disaggregation in accordance with the EITI standards and based on demand of stakeholders.

The way information are disclosed in SEC, unfortunately, is not enough for the level of disclosure that EITI needs. And that is the value of engaging in the EITI process. Semirara may be publicly listed, but their information disclosure is not enough.

DOE has the least variance and the agency is commended for this. But it has to take into account that the information is only from DOE oil and gas sector, if the coal sector will be included, the discrepancy will definitely increase. The only reason for the very low discrepancy right now is because there is only 1 major company, Shell/Chevron of Malampaya, that is being looked at. Fortunately, this company is very engaged and they produce all the reports and figures which tally with DOE figures.

C. HOW EITI REPORT CAN INFORM POLICIES

In his presentation on “How EITI should Influence Policies and Reforms”, Mr. Nathaniel Adams of World Bank commended the very strong MSG and the diligence of the National Secretariat in having produced one of the best reports he has seen. The Country Report was described as extremely thorough and very well researched. But the question that he poses next is: “*What happens now?*”

The goal of EITI for countries like Philippines who have quickly demonstrated that they can produce high-caliber reports is not data gathering nor financial reconciliation. The goal is to determine what to do next with the report.

Over the last ten years of EITI implementation across countries, the following are some of the learnings shared by the World Bank representative:

Impacts of EITI implementation that have been seen in other countries:

- Investment ratings and access to capital have been improved. Examples of countries which have experienced these improvements included:
 - *Fitch Ratings upgraded Azerbaijan's rating* based on it “being the first country to be fully compliant with the International Extractive Industries Transparency Initiative”.
 - Moody’s Investor Service made specific reference to Senegal’s EITI candidacy as part of its decision to *upgrade the government bond rating* from stable to positive.
 - S&P’s *Sovereign Government Rating Methodology and Assumptions*, includes a “political score” which considers the “transparency and accountability of institutions, data, and processes” that also accounts for the perceived level of corruption of the country itself.
 - Former Nigerian Finance Minister has publicly noted that *compliance with the EITI lifted Nigeria’s profile in the eyes of investors*, and that its improved credit rating led to sizeable increases in foreign direct investment.
- Budget monitoring and oversight have been strengthened.

- In Indonesia, the *EITI process has highlighted the challenges associated with the collection of non-tax payments*, particularly royalties in the mining sector and the issues related to the awarding and management of mining licences.
- Investigations into discrepancies identified in the *Democratic Republic of Congo's 2010 EITI report* led to *significant improvements in auditing practices of government agencies* and the recovery of US \$70 million that had not been transferred to the Treasury.
- The governance issues across the extractives value chain have been provided with diagnostics.
 - In Ghana, *recommendations from EITI reports have informed a wide-range of policy reforms in the mining sector*, including changes to mineral royalty payments and ground rent as well as an increase in the corporate tax rate from 25 per cent to 35 per cent.
 - In Mongolia, *the EITI has helped to harmonize and enforce auditing practices across government agencies*, which has strengthened public financial management practices.

Other possible impacts of EITI implementation for the Philippines:

- Broader anti-corruption and good governance agenda will be reinforced.
 - *Effective EITI programs can make corrupt practices more difficult to hide*. EITI participation promotes a more favorable regulatory environment, which can help to reduce corruption.
 - *Participation in the EITI can establish precedents for improving transparency in other areas of government*, and can have a positive impact on countries' standings in international transparency and good governance ratings.
- Hostilities between or among governments, companies and communities or citizens will be reduced. The multi-stakeholder model is intended to build trust among these actors, and EITI can create a safe forum for dialogue, understanding and resolution. In the Philippines, collegiality is evident as government, CSOs and companies have worked collaboratively towards the achievement of goals.
- Good corporate citizens will be rewarded.
 - *The EITI is strongly supported by the international business community (including some of the world's largest publicly listed companies)*. Improved disclosure requirements protect honest companies being undercut by other firms that may use secrecy as a means of gaining unfair advantage. Transparency creates an open and competitive market.

- *EITI reports strengthen the ‘social licence’ to operate by showing to host populations the financial contribution they make to public revenues, which in turn reduces the likelihood of conflict.*

How to amplify the impact of EITI implementation:

From the lessons from the rest of the world, there are 3 broad themes that can amplify the impact of EITI implementation. These are: i) ambitious but realistic objective-setting; ii) innovative communications and public outreach; and iii) greater formalization and mainstreaming of the EITI in national systems.

- Setting national objectives. EITI is a standard that applies to all country but each country is expected to use it differently. Different countries have different objectives. There are no standard outcomes under the EITI Standard. Some examples of country’s national objective:
 - *in Kyrgyz Republic*: “Reduce conflict among local communities, companies and the government and increase investor confidence.”
 - *in Madagascar*: “Improve transparency with regard to procedures for awarding mining permits.”
 - *in Mauritania*: “Show the direct and indirect contributions of the extractive industries to the national economy, and how these contribute to sustainable development.”
 - *in Albania*: Track how revenues are allocated and spent, in particular at local levels.

But while different in their objectives, they have something in common: they are specific, ambitious, but achievable objectives. This is something that the Philippine EITI has taken to heart as reflected in their 2016 Workplans.

- Creative public outreach is critical. EITI requires reports that are comprehensible, actively promoted, publicly accessible, and contribute to public debate.

Comprehensible report means that the report is presented in a manner where information is very easy to understand and thus conveyed effectively. This is why part of every EITI report are summary reports which can be presented with infographics. Likewise, the importance of a clear narrative cannot be discounted. It says who, what and when. Communication and policy dialogues will be much more powerful and engaging if these are applied.

Active promotion is important. Producing an EITI report is not an objective in itself but the beginning of a process. When it comes to advocacy engagements, it bears stressing that different audiences will have different interests. National perspectives will be

different from local. The industry, civil society and government will have their own interests to protect and concerns to be addressed. Thus in the EITI promotion, the perspectives and interests of the audience should always be taken into consideration.

- Formalizing and mainstreaming EITI into national systems.

The idea of legislating EITI has been discussed. Some say it may not be a good idea because while it may help companies to comply, if legislation is not written properly, it may result to constraints. If a legal instrument has to be established to compel and lock companies into adherence to EITI standards, flexibility must be considered. There are other ways that can encourage companies to report.

The ENR-DMT which has been piloted by BLGF is a concrete example of mainstreaming EITI. This is the kind of option that companies and other government entities should consider, to upload information online without being asked. The information will be updated annually. This will mean not just significant savings, but more timely data, less legwork and this may even expose weak links in data reporting. This will lower the long-term cost of EITI implementation.

What is holding back EITI's impact?

- Strategic relevance– What do you want EITI to *accomplish*?
- Timeliness of data– Can current reform efforts be informed by data that is 2-3 years old?
- Meaningful data analysis– We have lots of numbers... so what now?
- Too much focus on compliance rather than outreach–

PH-EITI validation: What to expect?

In April 2013, the Philippines submitted its application for candidacy to the EITI International Board and in May of the same year, the country was admitted as an EITI candidate. Three years later, in July 2016 the country will again submit its application, this time to become an EITI compliant country subject to the successful outcome of the validation.

The validation process is a quality assurance mechanism for both the Country report and the process undertaken. The process takes the following considerations, among others, into account: “Does the MSG function? Are there adequate consultation in every step and process? What efforts were done to achieve the desired impact and outcome?”

As part of the process, the MSG reviews and approves the proposed validator which is to be procured by the International Secretariat. The validation commences on July 1, 2016 and this would lasts up to approximately 4 months. The first 2 months would basically be data gathering (compiling of documents for desk review; meetings with all stakeholders during field visit; responding to validator's further inquiries; reviewing and commenting on draft

report; final validation report). The last 2 months on the other hand will basically be for Board deliberation & approval.

D. EXTRACTIVE SECTOR ISSUES AND NATIONAL PRIORITIES

One of the more important part of the 4th PH-EITI National Convention was the group workshop that aimed to generate inputs from participants in identifying issues and areas for reforms in the PH-EITI particularly in the following areas: i) Regulation of the Extractive Sector; ii) Local Government Revenues; iii) Revenue Collection and Management at the National Level; iv) Indigenous Peoples Concerns; and v) Strengthening the EITI Reporting Process.

The issues identified by stakeholders are discussed below:

On the Regulation of the Extractive Sector

1. There are no clear strategic policies as regards extractive industries.
2. There are laws that are not implementable on the ground- issues with Small Scale Mining (SSM) Activities and Policies.
3. Lack of capacity of IPs on how to work and deal with industry and related-issues and concerns
4. Although data is now available through EITI, it is still expensive to pursue cases against SSM/illegal miners.
5. Weak Monitoring and Compliance
6. Is there a monitoring system on SDP projects? What are the controls so SDP does not come out as 'bribery'?

On Revenue Collection and Management at the National Level

1. There is need to amend the wealth sharing process/procedure of National and local governments.
2. There is a need to amend the National Internal Revenue Code (Section 270) that will relax BIR limitation under the confidentiality clause prohibiting them to free up all channels of information to the LGUs.
3. There is a need to increase government share of revenues coming from the extractives Currently BOC collects permit fee which is more or less Php 1,000 per vessel. According to BOC the suggested fee is different from the wharfage dues collected by the PPA
4. There is prevalence of gold trading in the black market especially among small scale miners who choose not to transact with the Bangko Sentral ng Pilipinas to purposely avoid their tax obligation. It is the local government that has knowledge and know-how of the small scale miners.
5. Transparency in national government reports is wanting. There needs to be some administrative reforms to improve level of reporting.

On Local Government Revenues

1. There are issues in the timely release of shares from national wealth, particularly in the identification of the right recipient community/ barangay and in the issuance of permits.
2. Improper taxation of mining corporation
3. Issue on LGU shares from the revenue
4. There is a need to review existing LGU Tax Codes for the improvement of the affected communities and to ensure that tax rates are beneficial to all
5. There is a need to amend Section 294 of the local government code to provide lower cost of electricity
6. There is a need to harmonize EO 79 and RA 7160
7. Other priority issues identified:
 - Undue delay of the payments of Local Taxes
 - Push EITI in Local Government revenues
 - Bigger share for LGUs in the Occupational Fees

On Indigenous People (IP) concerns

1. Memorandum of Agreement (MOA) particularly on the provisions on royalty and monitoring mechanisms.
2. Free and Prior Informed Consent (FPIC)
3. Representation in local/national/EITI monitoring process
4. Environmental Issues
5. EITI Monitoring
6. Other issues:
 - Under the rules, the mining company is required to enter into a MOA with the IPs. The terms and conditions, however, are governed by NCIP Guidelines.
 - The Environmental Impact Assessment (EIA) only include environmental issues, but not the impact of mining on the cultural situation in the affected area.
 - According to the IPs, mining companies are not giving them correct data. Hence, they are not capable of computing the right amount of royalties to be given to them. At present, the IPs only rely to their own computation.

On Strengthening the EITI Reporting Process

1. Data-related issues
2. There is a need to conduct more outreach activities
3. There is a need for more capability-building activities
4. There is a need to develop a framework for subnational EITI implementation

F. ROADMAP FOR IMPROVING EXTRACTIVE SECTOR GOVERNANCE THROUGH THE EITI PROCESS

Action Plan: on Regulation of the Extractive Sector

Priority Issues	Recommendations	Responsible Office	Output	Timeline
No clear strategic policies as regards extractive industries.	<p>National Government to develop strategic policies on extractives: Oil and Gas; coal; mining. Once strategic goals are made, harmonize all laws and regulations (national and local level) and ensure strict compliance by all parties.</p> <p>Explore renewable energy. Current energy plan is 70% for coal and the balance is for renewables. But we can change and increase the percentage for renewables</p> <p>Policy discussion with regulators and to start to ask political candidates as to what they want to do as regards the extractives and engage them to help the stakeholders with what they want to achieve.</p>		Strategic Policies on Extractives	
There are laws that are not implementable on the ground. Issues with Small Scale Mining Activities and Policies	<p>Government should strengthen their regulation of the extractive industries esp., SSM.</p> <p>Conduct beneficial ownership study of small-scale mining operations.</p> <p>There is a scoping study of small scale mining. Small scale mining to be included is already work under progress according to MSG.</p> <p>QUANTIFY AND QUALIFY what SSM is. Differentiate artisanal mining vs SSM.</p>		<p>Clearer regulation policy for SSM</p> <p>Beneficial Ownership study of SSM operations</p> <p>Scoping study of SSM</p>	
Lack of capacity of IPs	<p>Strengthening Capacity of IPs.</p> <p>CSOs and NCIP to capacitate IPs to have better knowledge of how they could work with the industry. Release of LGU share should go directly to IPs instead of basing it on their capacity.</p> <p>NCIP should also help monitor IP and mining companies if they are indeed compliant with the laws and regulations.</p> <p>Help IP community in how they will plan the use of the royalties.</p>	NCIP	<p>Capacity building activities for the IPs</p> <p>Clear monitoring mechanism of SSM activities for IPs to use</p>	
Although data is now available through EITI, but it is still expensive to pursue cases against SSM/illegal miners.	<p>There needs to be scientific data in order to prove their claims of environmental destruction. Not just academic research but action research which can be the basis for policies.</p> <p>Mining companies and all government</p>		Expanded mining data and more Action Research	

Priority Issues	Recommendations	Responsible Office	Output	Timeline
	organizations related to mining should allocate 2% of their revenue from extractive industries to evaluation and research for environmental sustainability			
Weak Monitoring and Compliance	<p>Strengthen Monitoring and Compliance</p> <p>Monitoring form should be harmonized – set a minimum in terms of monitoring where we can use in other LGUs. Timing of monitoring is also critical. The direction should be towards prompt monitoring and compliance. If we want a roadmap to reform, what we should focus on is a strict monitoring.</p> <p>NCIP should monitor if the IP and mining companies are compliant.</p> <p>Veer away from merely monitoring profits but should focus now on monitoring operations.</p> <p>Posting in the Citizen’s Charter the Extractive companies compliance or non-compliance to the regulations</p> <p>Effect a More Transparent monitoring and reporting on the use of various environmental funds on mining (MRF, CLRF, Social Development Fund)</p> <p>Install system of transparency and accountability— independent monitoring body</p>		<p>Harmonized monitoring form</p> <p>Strict monitoring mechanism focused on prompt monitoring</p> <p>Policies on monitoring operations</p> <p>Independent monitoring body</p>	

Action Plan: on Revenue Collection and Management at the National Level

Priority Issues	Recommendations	Action Plan	Output	Timelines
Legislative action amending wealth sharing process of LGU and National government	<p>Push for a bill that will aim for the automatic retention of the LGU share in national wealth.</p> <p>A rule will also be established to rationalize the LGU use of the fund i.e. the DILG may step up to see that the money is properly spent.</p>	Need to seek help from the Congress		
Legislative Proposal aiming to amend the National Internal Revenue Code Section 270 for EITI purposes	Push for a bill that will relax BIR limitation under the confidentiality clause of Section 270 prohibiting them to free up all channels of information to the LGUs. Through the bill, a waiver that permits the sharing of information between two parties will no longer be necessary.	Need to seek help from the Congress		
Legislative Bill to increase government revenue from	Push for a bill that allows Bureau of Customs to increase government from additional Payment	Need to seek help from the		

the extractive industry	on per wmt of nickel ore loaded in foreign vessel to be collected by BOC.	Congress		
Legislative Bill to decentralize collection of excise tax on mineral especially small scale mining	<p>Decentralize collection of excise tax on mineral especially small scale mining</p> <ul style="list-style-type: none"> - <i>The proposal was raised by a participant from the Cordillera Region who attests to the prevalence of gold trading in the black market especially among small scale miners. The objective is to position a collection mechanism covering gold miners who choose not to transact with the Bangko Sentral ng Pilipinas to purposely avoid their tax obligation. It is the local government that has knowledge and know-how of the small scale miners.</i> - <i>The group has conflicting opinion regarding this proposal as other members of the group thinks that the solution is to regularize/legalize operation of small scale miners i.e. Minahang bayan</i> 	Consider Intensifying coordination between LGU, BIR and MGB in monitoring small scale miners		
Administrative reforms targeting to increase transparency in National Government Reports	<p>In relation to the suggested policy reform in information sharing, BIR has to furnish LGUs a copy of computation of Gross Receipts, basis for collections and Business Tax accrued to extractive company/ies the LGU is hosting.</p> <ul style="list-style-type: none"> • <i>Information sharing between EITI and BIR is permitted because mining companies sign a waiver for EITI purposes. In the interim, while the amendments in Section 270 of NIRC is not yet in place, LGUs may tap EITI platform to have a copy of desired documents.</i> • <i>For information sharing purposes, the DENR-MGB adds that in the interim they are furnishing host LGUs copy of how much an extractive company pay in terms of excise tax so that the LGU can have an idea of their share from the collection</i> <p>BOC to publish through EITI the value and volume of exported ore.</p> <ul style="list-style-type: none"> • <i>BOC has actual and credible data because they are tasked to do the actual weighing.</i> • <i>Further, DENR-MGB is also encouraged by the group to publish issued Ore Transport Permits.</i> <p>Through the EITI platform, MGB may publish actual sales contracts and not just MPSA of all extractive companies</p>			<p>BIR has limited ability unless Section 270 of NIRC is amended. EITI portal however is accessible for info sharing purposes</p> <p>BOC can implement the reform immediately</p> <p>No commitment from MGB because of confidentiality clause in the Sales Contract</p>

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Action Plan: *on Indigenous People (IP) concerns*

Priority Issues	Recommendations	Responsible Office	Output	Timeline
1. Memorandum of Agreement (MOA) a. Royalty b. Monitoring Mechanisms	<ul style="list-style-type: none"> Monitoring of royalties should not only be project-based but should be incorporated as a regular function of the NCIP Central Office Indigenous political structure NCIP to issue DAO re guidelines and procedures in the collection, utilization of IP royalty and its mechanism for sustainability, equity and transparency Review all MOAs specifying the following: schedule of payment, disclosure of production/sales 	NCIP	Revised/ Amended FPIC Guideline	Within the year
2. Free and Prior Informed Consent (FPIC)	<ul style="list-style-type: none"> Review FPIC Guidelines FPIC must be culturally sensitive Review of MOA of mining companies Genuine implementation of FPIC and the well representation of IP community as far as transparency and accountability is concerned 	NPIC	Amended guidelines	Within the year
3. Representation in local/national/EITI monitoring process	<ul style="list-style-type: none"> Regular membership of NCIP in the Mining Rehabilitation Funds Committee (MRFC) Expand additional representation of the IPs to the Multi Sector Group (MSG) of PH-EITI Other monitoring bodies (e.g. Regional Investigation Team) 	NCIP/EITI	MOA/MOU	Within the year
4. Environmental Issues	<ul style="list-style-type: none"> Regular dialogue (preferably once a week) between IPs/members of the community and EI regarding concerns on environmental issues, etc. Include Cultural Impact Assessment 	NCIP/DENR	MOA/MOU	Within the year
5. EITI Monitoring	<ul style="list-style-type: none"> EITI should help in the monitoring and evaluation of cultural injustices suffered by IP communities due to mining and exploitation in their CADT areas EITI to provide true and transparent data on the royalties of Extractive Industries to host ICCs/IPs 	NCIP/EITI	Monitoring mechanism /system	Within the year

Action Plan: *on Local Government Revenues*

Priority Issues	Recommendations	Action Plan	Output	Timeline
Timely release of shares from National Wealth	<u>Immediate:</u> Circular for further streamlining of the timely	Issue another Joint Circular		

Priority Issues	Recommendations	Action Plan	Output	Timeline
- Identifying the Right Recipient Community/Barangay - Issuance of Permits	release of shares Bring together different agencies involved in the issue: review the process, and identify the challenges <u>Long-Term:</u> LGC Amendment	and amendment to the LGC		
Improper Taxation of Mining Corporation	<u>Immediate:</u> Clarifications on what the law provides	Local finance circular		Within the year
Increase revenue shares & LGU	<u>Immediate:</u> Clarifications on timeline			
Review existing LGU Tax Codes for improvement; to ensure tax rates are beneficial to all	<u>Immediate:</u> Regular dialogue (preferably once a week) between IPs/members of the community and EI regarding concerns on environmental issues, etc. Include Cultural Impact Assessment Review of the existing Local Government Code <u>Long-term:</u> Amendment of the Law	Tagging of Expenditures		Within the year
Amend Section 294 of the LGC to provide lower cost of electricity	<u>Long-term:</u> LGC Amendment			
Situs of Taxation	<u>Long-term:</u> Mining Tax Amendments			
Undue delay in the payment of Local Taxes		Strict Implementation		
Push EITI in Local Government	<u>Immediate:</u> Extensive activity in the communities	Roadshows to reach more extractive areas		
Bigger Share for LGUs in the Occupational Fees	<u>Long-term:</u> LGC Amendments			
Harmonization of EO79 and RA7160	<u>Immediate:</u> Review of the existing laws <u>Long-term:</u> LGU to insist its power in the governance of the law	Monitoring mechanisms/system, Review of the existing laws, LGU to insist its power in the governance of the law		

Action Plan: on Strengthening the EITI Reporting Process

Priority Issues	Recommendations	Action Plan	Output	Timeline
Related to Data	<ul style="list-style-type: none"> • Quantitative rather than purely qualitative report re: small scale mining • EITI should include the distribution of collected revenues by province, cities and barangays, not in %, but in actual figures • Report should capture tax dues/ potential revenues • EITI process should also include the non-metallic sector and the legitimate small scale mines to have a more inclusive picture of the economic contribution of mining; 	For MSG's consideration:	<ul style="list-style-type: none"> - Inclusion of Congress, BLGF and IP representatives in the MSG - Conduct of forum with small scale miners and large scale non-metallic 	
Outreach Activities	<ul style="list-style-type: none"> • Engage BIR to clarify and disaggregate data for LGU revenues • For PH-EITI to conduct presentation of report to every LGU or affected communities. For the community to be informed, LGU roadshows are not enough • Involve host communities in monitoring policy/ program implementation: include this in reports • Strengthen capacity of LGUs to comply with EITI process • LGU Roadshows <ul style="list-style-type: none"> - Create pool of speakers for roadshows and invite media - Target cluster of provinces, instead of regions • Subnational implementation 	<ul style="list-style-type: none"> - MSG to decide on the possibility of creating subnational EITI - Development of a framework to define roles - Conduct of study on the implications of subnational EITI implementation in the scope of the report - Standardize reporting of companies to MGB <p>Steps:</p> <ul style="list-style-type: none"> - Identify gaps in the EITI national implementation that can be addressed by the subnational EITI - Define scope of subnational EITI - Conduct workshop with regional MGB directors - Develop online reporting for companies and government agencies. 		
Capacity Building Activities	<ul style="list-style-type: none"> • More advocacies to extractive industries for them to appreciate the need for quality and reliable information to EITI • There should be an effective and efficient monitoring and evaluation to be done in 			

Priority Issues	Recommendations	Action Plan	Output	Timeline
	mining industries and transparency <ul style="list-style-type: none"> Legislate EITI and require "ISO" to all large scale mining 			

G. CURRENT INITIATIVES

PH-EITI has made significant progress particularly in the area of strengthening the quality of data and broadening the disclosures on contractual obligations. Presentations were given during the Conference highlighting PH-EITI's accomplishments and plan of action to improve data quality.

EITI's Open Data

Improving the accessibility and comparability of EITI data is essential to realize the Open Data principles and objectives that were adopted by the EITI International Board in December 2015. These objectives are: (i) to increase transparency; (ii) to increase awareness about how natural resources are used; and (iii) to promote accountability and good governance, through access to information.

Under the principles of the EITI, countries are encouraged to:

- a) Orient government systems towards open data by default
- b) Ensure that data are fully described for better processing and analysis (*the disclosure should not to be taken out of context by readers, hence data analysis is provided*)
- c) Release data as early as possible, allow users to provide feedback, and then continue to make revisions to ensure the highest standards of open data quality.
- d) Release data under an open license that allows users to freely obtain and re-use it. (*data should be free*)
- e) Share technical expertise and experience with other countries to maximize the potential of open data (*US and Mongolia have implemented good reforms in this area which the Philippines can learn from*)
- f) Work to increase open data literacy
- g) Ensure that data is interoperable with national and internal standards. (*should enable readers to compare Philippines' data with that of other country's data*).
- h) Where possible, use unique identifiers to link data across years of reporting or different sources – (*are there improvements in terms of revenue collection? of discrepancy rates?*)
- i) Works towards mainstreaming the creation of open data for EITI into government systems – (*this will ensure timeliness, data quality and cost effectiveness; EITI should not be a standalone initiative. The aspiration is that in the future, EITI will be in the mainstream, such that all government units will also adopt open data policy.*)

- j) Provide data in granular machine readable formats (*data will be disaggregated to the most detailed level as possible to allow for further analysis*)

What is current status of Philippines in terms of data generation?

The following illustrates the status of data generation for government agencies that have been engaged in the EITI process. It describes the area/s of consideration, the needed support and action points to make sure that reliable data from government agencies are generated:

- a) Political commitment from all national agencies to implement open data policies is needed. EITI should be used only as a platform but the goal is to veer away from it being a purely EITI-initiated task to one which is government-led.

The culture of open data needs to be created and the policy instruments need to be in place. Mid-level management and technical people need to be trained. As an action point, high level commitment from heads of agencies of EITI reporting entities will be secured.

- b) Legal framework. Currently, there are confidentiality provisions in the Tax Code and the Omnibus Investment Code which are relevant to the EITI implementation. EITI process can be an instrument to recommend the amendment of the confidentiality provisions to remove the legal impediments in the disclosure of relevant information.
- c) Creation of central database and strategic implementation (from data generation to data digitization to archiving). Currently agencies have no systems specifically for EITI reporting. Many agencies have their own way of generating data thus there is no standardized data across agencies. The independent auditor (IA) is left to cull out information from the database.

Data sets for the extractives needs to be created and integrated in existing systems and technology. In addition, information structure has to be created and scoping of current data needs to be done to determine baseline and assess how much should be done. IT systems need to be improved as well. The support needed for this includes resources and training of EITI Open Data practitioners within agencies.

As an action point, agencies must change their mindset towards digitization. Missing data should be supplied and the different timetables/period covered for data gathering must be harmonized.

- d) Linkages with other data initiatives and international best practices. Currently, PH-EITI is collaborating with Open Data and is now using GFS classification system. This kind of collaboration with other initiatives must be facilitated and sustained.
- e) Simplifying data. EITI reports are highly technical. In attempt to simplify the data contained in the report, the secretariat also produced executive summary, brochures and infographics. Trainings on data visualization and data driven journalism, including media outreach have been conducted not just for better understanding of the EITI process but also for better communication and dissemination of information. All these need to be sustained and even improved to become more demand-driven.

The following informs us about the current status of public demand for data and information from PH-EITI.

- a) Demand for EITI in open format. The desire and goal is to have a steady and sustained demand for extractives data in open format. To realize this, there must be formal policy from agencies to make EITI data available in open formats. As an action point, the mechanism for demanding data must be established.
- b) There must be capacity building on the use data. Currently there are varying levels of capacity so there should be trainings particularly in understanding EITI data to avoid misuse and taking information out of context.
- c) Access to technology is one major area of concern. In the EITI roadshows conducted over the last 2 years, the recurring concerns include poor internet connection and access and absence of equipment. These issues can hinder the objective of adopting open data policies. The national government needs to look into this.

PH-EITI's Open Contracts Portal

The concept of Open Data can literally mean opening the data, looking and reading the data in open format. Documents in pdf form are not in open format. The advantage of converting the documents to open format, i.e. in Excel or Word format, is that it enables one to work around the data which will allow and facilitate further analysis.

The disclosure of contracts is one of PH-EITI's initiatives that was implemented and is considered one of the important milestones in 2015. It must be noted that prior to EITI implementation, contracts cannot be accessed by the public unless official request are approved by relevant authorities. Contracts were in pdf format, hence it was difficult to utilize data and information as these cannot be manipulated or worked around for further analysis. There was demand from stakeholders to disclose contracts and annexes. Hence

together with the Natural Resource Governance Institute (NRGI), EITI created the Open Contracts Portal. The expectations were that violations of contractual obligations will be monitored and readers will be empowered to compare contractual stipulations between companies.

Today, information on contracts can be accessed online. Those interested to analyse data submitted by the companies and government agencies can now easily access the information in the EITI website through the open data portal which is very user friendly. Data can be read or downloaded either in pdf or open format to make it convenient for users. Considering the difficulty of some to understand the contract provisions, annotation of the contracts was provided to simplify and enable understanding. Key words were provided to facilitate easy search and direction to intended topics. To capture greater interest and sustained engagement from readers, some particular information were presented in infographics.

Currently, there are 41 mining contracts, 3 O&G contracts and 468 annexes and supporting documents uploaded in the portal. The list of supporting documents include:

- Documents under Declaration of Mining Project Feasibility (DMPF)
- Environmental Protection and Enhancement Program (EPEP)
- Final Mine Rehabilitation and Decommissioning Plan (FMRDP)
- Social Development and Management Program (SDMP) monitoring/ validation report
- 5-year Social Development and Management Program (SDMP)
- Multi-Partite Monitoring Team (MMT) report
- Integrated Safety and Health, Environment and Social Development Management (ISHES) monitoring report
- Mine Rehabilitation Fund Committee (MRFC) report
- Mine Waste and Tailings (MWT) report
- Environmental Impact Statement (EIS)

Other resources such as the following were also uploaded in the PH-EITI website:

- Scoping Study on Local Revenue Streams and Subnational Implementation
- Legal Framework
- Completed Reporting Templates (1st and 2nd report)
- Annual Activity Reports
- MSG Documents (TOR, Internal Rules, Selection Process, Work Plan)
- General Information Sheet
- Documentation of Activities
- Local Tax Codes
- Relevant Laws
- Information Materials

Bureau of Local Government Finance's (BLGF) Portal for Reporting of Local Government Units

With the increasing number of LGUs participating in the EITI, the solution is to integrate EITI data requirements in the enhancement of reporting systems of local governments. The expected results of this integration and innovation are: (i) mandatory and regular reporting of local government units; (ii) uniform and standardized reporting across LGUs; (iii) accurate data; and (iv) easier access for the public.

The Environment and Natural Resources Data Management Tool (ENR-DMT)

DOF thru BLGF was given technical and funding support by the Philippine's Poverty Environmental Initiative (Phase II) Project in developing and installing data management tool to capture data such as, among others, local fees, taxes and user charges paid by the extractive industries as well as detailed account of shares from national wealth received by LGUs.

This is expected to consequently enhance transparency, enforce accountability, uphold the highest standard of integrity and address the public's needs. Necessarily, LGUs have to be strengthened in order to effectively uplift the lives of the citizens, rejuvenate the financial system, and institute an environment of law and environmental sustainability.

ENR-DMT is a web-based interface that links electronic statement of receipts and expenditures or ESRE systems maintained by the DOF-BLGF as a platform that will enable national government agencies, LGUs and stakeholders to monitor financial information regarding the shares from national wealth of LGUs as well as direct payments made by the extractive industries and information on mandatory and other expenditures coming from LGU receipts or collections from the EI.

The tool was developed and installed in September 2015 and rolled out in December 2015 to 39 selected LGUs. Following this partial implementation, BLGF expects that in 2016, an estimate of 300 LGUs with shares from the national wealth will be deployed with the ENR-DMT systems. This will lead to improved compliance and accurate reports submitted by the LGUs to be reported annually by the PH-EITI. Furthermore, this will lead the country to be more transparent in reporting the revenue and expenditures of LGUs which is benefitting from the EI and other natural resources.

The ENR-DMT systems is divided into three functionalities:

- LGU transactions – refers to screens that perform various processes for end users. This module requires information that can be viewed and processed electronically, which includes: reporting year, general collections, receipt of shares from national wealth,

utilization of collection, infrastructure projects, gross sales from operations, and grants and donations whether in cash or kind;

- Code libraries – a module limited only for the administrator; and
- Reports which refer to screen that generates reports based on selected format indicated.

This tool provides assistance in the transparency and accountability initiatives of the national government through data and information management at the subnational level.

H. INCENTIVIZING EITI PARTICIPATION

PH-EITI recognized the significant contributions of partners in the pursuit of transparency and accountability in the extractive sector. Thus in acknowledgement of these contributions, 5 important awards were presented towards the closing of the 4th National Convention.

The 1st award is for a special citation for Quality Reporting Templates as measured by timeliness, comprehensiveness and completeness of data. The award was bestowed to 4 awardees, namely: (i) Chevron Malampaya LLC; (ii) Bureau of Internal Revenue; (iii) DOE; (iv) Carmen Copper

The 2nd Award is a special citation given to an agency for its contribution to the meaningful progress of EITI implementation through the swift implementation of EITI recommendations. This was awarded to the BLGF.

The 3rd Award is given to an agency for fully supporting the PH-EITI's disclosure requirements. The award was conferred to the Mines and Geosciences Bureau of the DENR.

The 4th Award is a group citation for companies, agencies, LGUs, with the least discrepancy in their figures. This was presented to: (i) Cagdianao Mining Corp.; (ii) Shell Philippines; and (iii) Bureau of Customs.

The 5th and last Award was given to Hon. Augusto Blanco Jr., IP mandatory representative for being a champion of EITI in the local communities.

H. KEY MESSAGES FROM PARTNERS AND STAKEHOLDERS

USAID Philippines was represented by its Mission Director Dr. Susan Brems during the national convention. Highlights of the message she delivered were the following:

- EITI is attractive because it is a global transparency campaign that embodies the principles of inclusive governance. Chief among these principles are openness, collective responsibility and participatory engagement.
- EITI campaign has a number of significant roles:
 1. It is a platform that government and citizens can use to increase transparency and accountability initiatives in the management of natural resource.
 2. It is a process that will help restore and strengthen trust among key stakeholders in the industry, government, companies and communities
 3. It is a governance tool that can help mitigate practices outside the norms of good governance
 4. It is an approach that if applied correctly, can help government collect the right amount of revenues and effectively redistribute wealth to widely embrace prosperity more broadly in the Philippines.
- US EITI. Recognizing the importance of transparency in the improvement of governance in the extractive sector, the US government has supported EITI since 2003. In 2011, US founded the open government partnership, an international endeavor to promote transparency, accountability, and open governance. Pres. Obama made EITI implementation a clear commitment under the US open government national action plan. In March 2014, US was accepted as EITI candidate country, joining a group of 49 countries. US is the first G8 country to be accepted as EITI candidate. Last 2015, US government released the first US annual EITI report and the new interactive data portal marking important milestone in US government steps to increase transparency and public trust in the governance of country's natural resource.
- USAID supported the 4th PH-EITI National Convention as the activity was deemed to offer excellent opportunity to engage in constructive dialogues, tackle remaining challenges, collectively identify strategy for the country's full membership in the EITI, as well as develop tangible action plans for sustaining and institutionalizing government reforms in the sector.
- Philippines remains steadfast in its steps to full membership in EITI. The country has achieved significant progress in meeting the requirements such as timely completion of two annual reports, reconciliation of revenue from extractive companies and more public access to EITI data. These accomplishments are commendable. But formidable challenges still lie ahead. Thus it is important to sustain the momentum for EITI implementation and institutionalization in the next administration.

The Philippine EITI represents the Filipino people's hope for a future where gains from extractive operations can enrich the communities and better the country as a whole.

- The participation of a great number of people in the conference reflected the willingness to undertake EITI process and commitment to build trust continuously and collectively share the responsibility of improving the management of the extractive sector.
- US government remains fully committed to support EITI and help government to promote openness, meaningful civic engagement and shared responsibility in managing natural resources sustainably. The country remains open to greater collaboration with Philippines EITI secretariat and non-government stakeholders in identifying strategies to help the country attain EITI compliance status by 2016.
- US and Philippines believe that a government's path and move for transparency, accountability and meaningful participation makes the government more open, engaged, effective and responsive to the needs of its citizens.

Message from the British Embassy was delivered by His Excellency Asif Ahmad, United Kingdom Ambassador to the Philippines. Key points in his message were the following:

- British began engagement, particularly its support to the transparency initiatives in the mining sector 3 years ago.
- There are three basic principles from where UK is addressing the issues on the extractive sector:
 1. UK is pro-environment who cares about this world from every dimension.
 2. UK is not anti-mining. This is an essential commodity. People have become dependent on what mother earth provides. While resources are finite, all the more that it should be developed and used responsibly by the people. In areas where extraction activities have been done, it should be ensured that the area will still be in a state fit for human habitation.
 3. UK believes and supports tax regimes that benefit the country.
- In supporting responsible mining, UK does not discount what has happened in the Philippines which is of concern. The industry in many cases has been harmful, people have suffered thus the advocacies put forward by a good number of activists.
- Because of indecisions in tax regime, there have been uncertainties and the negative attitude in the industry, hence part of the remedy has to come from the industry itself. It is not enough that they just sign up to the established principles but their behavior should demonstrate their commitment to what they are doing.

- The uncertainty of the tax regime in the Philippines has created doubt that whatever may be agreed now may not hold true in the future. The effect of the government's action or inaction and industry's reaction to this is a standstill as far as new projects are concerned, thus robbing the Philippines of the many benefits of responsible extraction.
- UK believes that transparency and fairness are truly at the heart of EITI. This is the reason why UK supported this initiative from the very start. Other reasons why UK espouses responsible mining and signed up to EITI are the following: 25% of the country still live in poverty despite the rapid economic progress, millions are unemployed, million go abroad and there are social costs because people cannot find jobs. Therefore, any industry undertaken responsibly is one that would add prosperity to the country.
- UK believes that for the companies to prosper, tax base needs to be wider, and deeper. Tax reforms should be fair to both community and investors.
- The Philippines is richly endowed with mineral resources but not enough is exploited and developed. The mining sector contribution to economy has fallen, it has contracted in 2015 compared to the previous year. This is real indication that the industry is not just at a standstill but it is in danger of going backwards.
- For investors, it matters that the rules of engagement are transparent, understood, consistent and predictable. Throughout the world, many investors have signed up to responsible mining, delivering jobs, developing nations where they invest and contribute to growth.
- The push for efficient and transparent mechanism is imperative. If you are true activists you can do a lot better in terms of pushing for better enforcement of the law that already exists. Many countries have successfully managed balance between environmental issues, governance and economic concerns.

EITI is the solution. UK desires for this solution to be nationally known by communities, government, enforcers and industry itself. All local government units should use EITI tools as an assessment tool in the mining progress as this is international standard, universally understood and observed.

In her brief closing remarks, DOF Asst. Secretary and PH-EITI Focal Person, Ms. Habitan, noted the following:

- This is the 4th national conference for the PH-EITI. This has not been a simple undertaking especially for those who had to travel long distance. We hope the outcome was worth the time of the participants.

- This activity hopefully will jumpstart the road towards more transparency and accountability in each of the localities represented in the convention.
- The PH-EITI Transparency awardees were once again complimented and Asec. Habitan hoped that the citations will inspire more to go beyond what EITI requires. Those who have started well will serve as example to those who are still reluctant to join.
- As in all conferences, there is the inevitable question: “Where do we go from here?”
- One take-away from the conference is that disclosing numbers is barely the tip of the iceberg. What is needed is a translation of the EITI process to good governance for the benefit of the communities. The cooperation of everyone in sharing the findings of the report is very important.
- The PH-EITI report has raised the bar of transparency in the Philippines. Asec. Habitan urged everyone to continue the open dialogues and meaningful engagements. She ended with her message: *“It has not been an easy task. But we can and we will.”*