



Republic of the Philippines
Department of Environment and Natural Resources
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MEMORANDUM

TO : **The Directors**
Mines and Geosciences Bureau
Policy and Planning Service
Legal Affairs Service

FROM : **The Assistant Secretary**
Field Operations- Mindanao and Legislative Affairs

SUBJECT : **INVITATION FROM THE COMMITTEE ON NATURAL RESOURCES**

DATE : 26 January 2021

Forwarding herewith the letter dated 26 January 2021, from Representative **ELPIDIO F. BARZAGA, JR.**, Chairperson, Committee on Natural Resources, inviting DENR to a virtual Committee meeting on **10 February 2021 (Wednesday) at 9:30AM via Zoom Video Conferencing with Meeting ID: 880 6067 1187 Password: 172443**, for your information and appropriate action.

Kindly inform this Office of your attendance before the scheduled date of the meeting and submit presentation, comments and/or position paper in hard and soft at the Legislative Liaison Office at telephone number 8920-1761 and e-mail address denrlegislative@yahoo.com, for our reference.

Should you have any questions, the Committee may be reached at naturalresources.hrep@gmail.com.


JOAN A. LAGUNDA, D.M., D.P.A.

Encls:
As stated.
/juo005

MEMO NO. 2021-68

Invitation/Committee Meeting on 10 February 2021 via Zoom at 9:30AM re House Bill Nos. 1691, 6005, 5784 and 8276

From: legis lative (denrlegislative@yahoo.com)

To: central@mgb.gov.ph; mgb.lsd@gmail.com; legal@mgb.gov.ph; odpps@yahoo.com; las.denr@gmail.com

Date: Wednesday, January 27, 2021, 09:56 AM GMT+8

Dear Sir/Mam,

Good Day!

Please see attached letter from the Committee on Natural Resources for your perusal. Kindly acknowledge receipt of the email. Thank you.

Department of Environment and Natural Resources Legislative Liaison Office

Visayas Avenue, Diliman, 1100 Quezon City, Philippines

denr.gov.ph

Tel: 9201761



Memo Invite Natres 21021.docx

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Republic of the Philippines
HOUSE OF REPRESENTATIVES
Committee on Natural Resources

✉ Committee Affairs Department, 3/F Speaker Ramon V. Mitra Building, Batasan Complex, Quezon City, Philippines
☎ +63 (2) 931-5001 local 7161; Telefax: +63(2) 951-3003
Naturalresources.hrep@gmail.com

26 January 2021

Sec. ROY A. CIMATU

Secretary

Department of Environment and Natural Resources
Visayas Avenue, Diliman,
1104 Quezon City

Dear Sec. Cimatú:

The Committee on Natural Resources of the House of Representatives will be holding a virtual Committee Meeting via Zoom on **10 February 2021 (Wednesday), 9:30 in the morning**, for the consideration of the following measures:

I. Initial deliberation of the following measures:

1. **House Bill No. 1691**, entitled: "An Act Improving The Disclosure And Transparency Of The Extractive Industries", authored by **Rep. Luis Raymund "LRay" F. Villafuerte, Jr.**;
2. **House Bill No. 6005**, entitled: "An Act Providing For The Creation Of Philippine Extractive Industries Transparency Initiative And For Other Purposes", authored by **Rep. Eduardo "Bro. Eddie" C. Villanueva, and Rep. Domingo C. Rivera**;
3. **House Bill No. 5784**, entitled: "An Act Amending Republic Act 7076, Otherwise Known As The People's Small Scale Mining Act Of 1991", authored by **Rep. Eddiebong Plaza**;
4. **House Bill No. 8276**, entitled: "An Act Declaring The City Of Iligan A Mining Free Zone And Providing Penalties For The Violation Thereof", authored by **Rep. Frederick W. Siao**.

In light of this, we would like to invite you, or your authorized representative to attend the said meeting. May we also request your **position paper** on the aforementioned measures. Kindly submit the same on or before **8 February 2021**.

The Zoom meeting link is as follows:

Topic: Committee on Natural Resources
Time: Feb 10, 2021 09:30 AM Asia/Manila

Join Zoom Meeting

<https://us02web.zoom.us/j/88060671187?pwd=R0VVdE1OUmNDVmIrb0JYWlMzMll0QT09>

Meeting ID: 880 6067 1187

Passcode: 172443

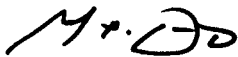
The Zoom meeting link will be open thirty (30) minutes before the scheduled time. Please join the meeting at least fifteen (15) minutes before 9:30 A.M., and use this time to set up your camera and microphone, and to check your internet connection.

We also request the submission of your sign-in details for the Zoom Meeting. In particular, please provide the name of the resource person and email address. Your presence in the meeting will be highly appreciated. Should you have any questions, the Committee may be reached at naturalresources.hrep@gmail.com.

We are looking forward to having a fruitful discussion with you on the said measures. Thank you very much and stay safe!

Very truly yours,

FOR CHAIRPERSON
REP. ELPIDIO F. BARZAGA, JR



RAUL G. TERSO
Committee Secretary

Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City

COMMITTEE ON NATURAL RESOURCES

February 10, 2021 (Wednesday) 9:30 AM
Zoom Virtual Meeting
Committee Meeting

AGENDA

- I. Call to Order/Roll Call/ Approval of the Minutes of the Previous Meeting**
- II. Acknowledgement of Members and Resource Persons**
- III. Opening Remarks of the Chairperson**
- IV. Deliberation on the following measures:**
 - 1. House Bill No. 1691**, entitled: "An Act Improving The Disclosure And Transparency Of The Extractive Industries", authored by **Rep. Luis Raymund "LRay" F. Villafuerte, Jr.**;
 - 2. House Bill No. 6005**, entitled: "An Act Providing For The Creation Of Philippine Extractive Industries Transparency Initiative And For Other Purposes", authored by **Rep. Eduardo "Bro. Eddie" C. Villanueva, and Rep. Domingo C. Rivera**;
 - 3. House Bill No. 5784**, entitled: "An Act Amending Republic Act 7076, Otherwise Known As The People's Small Scale Mining Act Of 1991", authored by **Rep. Eddiebong Plaza**;
 - 4. House Bill No. 8276**, entitled: "An Act Declaring The City Of Iligan A Mining Free Zone And Providing Penalties For The Violation Thereof", authored by **Rep. Frederick W. Siao**.
- V. Other Matters**
- VI. Adjournment**

Invited Guests:

1. Department of Environment and Natural Resources (DENR)
2. Mining and Geosciences Bureau (MGB)
3. Department of Finance
4. PH-Extractive Industries Transparency Initiative Multi-Stakeholder Group
5. Chamber of Mines
6. League of Provinces of the Philippines
7. National Commission on Indigenous Peoples
7. Bantay Kita

Zoom Meeting Link:

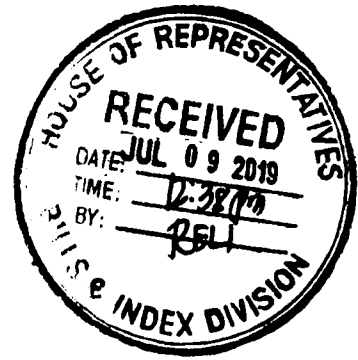
<p>Topic: Committee on Natural Resources Time: Feb 10, 2021 09:30 AM Asia/Manila</p> <p>Join Zoom Meeting https://us02web.zoom.us/j/88060671187?pwd=R0VVdE1OUmNDVmIrb0lYWlMzMll0QT09</p> <p>Meeting ID: 880 6067 1187 Passcode: 172443</p>

House Rules for the Virtual Meeting:

1. The meeting link will open thirty (30) minutes before the scheduled meeting. Please enter the Zoom link at least 15 minutes before the meeting, and use this time to set up your camera, microphone and check your internet connection.
2. Please change your Zoom name to this format: "Name of Agency: (Abbreviation), Complete Name)". This is for easy identification during the meeting.
3. Please put your Microphone and Video on mute upon entering the Zoom Meeting. Also ensure that your Microphone is on mute while the meeting is ongoing, unless recognized or allowed by the Chairperson or Presiding Officer to speak.

4. During the meeting, please wait to be recognized by the Chairperson before speaking. For questions and clarifications, you may use the chat box, or the raise hand function in Zoom and wait to be recognized. Upon recognition by the Chairperson or Presiding Officer, you may then unmute your microphone.
5. To facilitate the speedy and smooth conduct of our meeting, please limit the initial statement of position and comments to a **MAXIMUM OF THREE (3) MINUTES**. Moreover, please keep all comments and responses succinct, brief and straight to the point.
6. You may opt to turn your video off unless specifically asked by the Chairperson to turn the video on. When speaking before the Committee, please inform the Committee beforehand if you are going to turn the video off (e.g. to save on bandwidth in case of intermittent or weak internet connection.)
7. The Committee Meeting is being recorded by the Committee/House Secretariat.

Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City



EIGHTEENTH CONGRESS
First Regular Session

HOUSE BILL NO. 1691

Introduced by HON. LUIS RAYMUND "LRAY" F. VILLAFUERTE, JR.

EXPLANATORY NOTE

This bill intends to ensure sustained transparency and improve disclosure in the extractive industries by committing the government to disclose timely, complete, and accurate information and documents pertinent to resource extraction to enable evidence-based management. The expected report is projected to contain information on fees, taxes, and other mandatory payments by mining, oil and gas companies and may be expanded to include discussions on social and environmental costs and benefits as well as economic linkages.

Extractive industries are operations that harvest resources such as metals, minerals, aggregates, and other items from the earth. This industry accounts for 0.75% of the country's GDP, close to 4% of government revenue and 11.5% of exports in 2014, according to the PH-Extractive Industries Transparency Initiative¹. However, the Philippines is still the only country that has yet to meet international standards in extractive industries governance². The proposed bill intends to address this issue and strengthen this lucrative industry, as well as maintain stringent regulation thereof.

The approval of this bill is earnestly sought.


LUIS RAYMUND "LRAY" F. VILLAFUERTE, JR.

¹ <https://eiti.org/philippines>

² <https://news.abs-cbn.com/news/10/06/17/ph-lone-country-to-meet-intl-standards-in-extractive-industries-governance>

Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City

EIGHTEENTH CONGRESS
First Regular Session

HOUSE BILL NO. 1691

Introduced by HON. LUIS RAYMUND "LRAY" F. VILLAFUERTE, JR.

AN ACT
IMPROVING THE DISCLOSURE AND TRANSPARENCY OF THE EXTRACTIVE
INDUSTRIES

*Be it enacted by the Senate and House of Representatives of the Philippines
in Congress assembled:*

SECTION 1. *Short Title.* – This Act shall be known as the "Open Extractives Data Act".

SECTION 2. *Declaration of Policy.* – Under Section 7, Article III of the Philippine Constitution, the right of the people to information on matters of public concern shall be recognized – access to official records, and to documents and papers pertaining to official acts, transactions, or decisions shall be afforded the citizen. Accordingly, the following are declared policies of the State:

- a. The State shall adopt and implement a policy of full public disclosure of all its transactions involving public interest;
- b. All natural resources are owned by Filipinos represented by the State. The State shall be under the full control and supervision of the exploration, development, and utilization of natural resources;
- c. The State shall be responsible for promoting the rational exploration, development, utilization, and conservation of the country's mineral resources through the combined efforts of government and the private sector in order to

enhance national growth in a way that effectively safeguards the environment and protects the rights of affected communities;

- d. The State shall protect and advance the right of the people to a balanced and healthful ecology in accord with the rhythm and harmony of nature.

SECTION 3. Objectives. – In pursuit of Section 28, Article II of the Philippine Constitution, this Act shall have the following objectives:

- a. To ensure sustained Philippine government's commitment to participate in the Extractive Industries Transparency Initiative (EITI) that sets international standards for transparency and accountability in the extractive industries and in government;
- b. To promote better understanding of the public on the nature of extractive industries and the benefits of transparent and accountable governance of our natural resources;
- c. To promote genuine participation of civil society in the design, implementation, evaluation and modification of policies and actions of the government associated with resources governance in the Philippines;
- d. To require all entities engaged in the extraction of natural resources to participate in such initiative;
- e. To ensure that the initiative is effectively integrated in other related government reform agenda and make the information required by EITI available and accessible through government reporting systems and structures; and
- f. To ensure material information is disclosed and payments are reconciled.

SECTION 4. Definition of Terms. – For purposes of this Act, the following terms shall be defined as follows:

- a. Beneficial owner – refers to the natural person/s who directly or indirectly ultimately owns or controls the corporate entity;
- b. Contract – refers to an agreement between the Government and a contractor for the exploration, development, production and utilization of natural resources for commercial and other uses as authorized by law;

- c. Contractor – refers to a qualified person acting alone or in consortium who is a party to a contract as defined under this Act;
- d. Extractive Industries – refer to the mining, oil, gas, and coal sectors and all other sectors that require the extraction of natural resources for commercial and other uses.

SECTION 5. *Institutionalization of the PH-EITI.* – The Philippine Extractive Industries Transparency Initiative (hereinafter referred to as PH-EITI) is hereby institutionalized to ensure that all of what is due to the Filipino people and the Government on account of the exploration, development, production and utilization of natural resources are (a) verifiably paid; (b) duly accounted for; and (c) judiciously utilized for the benefit of all Filipinos and on the basis of intergenerational equity and sustainability.

SECTION 6. *Applicability and Coverage.* – For the purposes of this Act, the following sectors shall be covered by and within the scope of the PH-EITI: (a) the mining sector; (b) the oil and gas sector; (c) the coal sector; and (d) such other sectors as may be determined by the PH-EITI Multi Stakeholder Group, as defined in the succeeding section.

SECTION 7. *Composition of the PH-EITI Multi-Stakeholder Group.* – The PHEITI shall be implemented and operationalized through the Multi-Stakeholder Group (MSG) chaired by the Secretary of the Department of Finance (DOF) and co-chaired in rotation and by fixed term of the Secretary of the Department of Environment and Natural Resources (DENR) and the Secretary of the Department of Energy (DOE).

It shall specifically consist of the following members:

- a. Six (6) government representatives from the DOF, DOE, DENR Environmental Management Bureau, DENR Mines and Geosciences Bureau, Department of Interior and Local Government (DILG), National Commission on Indigenous Peoples (NCIP);
- b. Six (6) business group representatives which shall include, but not be limited to, a representative from the mineral industry, from the oil and gas sector, from

the coal sector, and other sectors as may be determined by the PH-EITI MSG;
and

- c. Six (6) Civil Society Organizations (CSOs) representatives, which must include at least one indigenous peoples (IP) representative and one (1) Labor Union representative in the extractive industries.

The Business group and the CSOs shall each designate six (6) full and six (6) alternate representatives to the PH-EITI-MSG. Each organization, upon the decision of its members and through its own independent processes and governance mechanisms, can at any time replace their representatives in the PH-EITI-MSG; Provided, that such replacement shall only serve for the unexpired term of the representative replaced. Permanent and alternate members shall attend and participate in the PH-EITI-MSG meetings.

SECTION 8. Powers and Functions of the PH-EITI-MSG. – The PH-EITI-MSG shall have the following powers and functions:

- a. Define the strategic direction and scope of EITI in the Philippines;
- b. Craft, publish, review, and update a work plan in consultation with key PH-EITI stakeholders and oversee the implementation of the same;
- c. Procure the services of an independent administrator to perform reconciliation of payments and mandatory expenditures with receipts by government and other covered entities, applying international auditing and professional standards;
- d. Require relevant government agencies to disclose to the PH-EITI MSG all information required by it for the production of regular and annual reports;
- e. Produce all regular reports with contextual information about the extractive industries as may be required by the PH-EITI implementation;
- f. Direct and supervise the PH-EITI Secretariat in its various activities and establish its internal rules of procedure;
- g. Conduct outreach activities and road shows to promote better public understanding of the extractive industries and benefits of transparent and accountable governance of our natural resources;

- h. Identify discrepancies and undertake measures to enhance capacity of any relevant organ of the Government or local government authority having statutory responsibility to monitor revenues and payments by all extractive industry companies to the Government; and
- i. Perform such other functions as may be germane to the purpose for which it was created and consistent with this Order and the EITI Principles.

SECTION 9. *PH-EITI Secretariat.* – The PH-EITI shall be assisted by a PH-EITI Secretariat whose composition shall be determined by the Secretary of Finance, in consultation with the PH-EITI-MSG.

The PH-EITI Secretariat shall be composed of administrative and technical personnel as the PH-EITI-MSG may deem necessary to assist the PH-EITI-MSG in efficiently and effectively carrying out its powers and functions. The creation of plantilla positions and hiring of personnel to carry out the functions enumerated herein shall be authorized in coordination with, and subject to the approval of the Department of Budget and Management (DBM).

SECTION 10. *Disclosure of Material Information and Reconciliation of Payments.*
– Disclosure shall adhere to the open data principles. All contractors shall disclose all fiscal payments and mandatory expenditures while all government and concerned entities shall disclose complete, timely and accurate information on receipts to the PH-EITI-MSG for reconciliation for the production of the annual EITI report. Utilization of shares in national wealth which are subject of special accounts shall be reported to PH-EITI. It shall be published in the government website and any widely accessible media, among others.

SECTION 11. *Disaggregation of Shares from the National Wealth by Sector.* – Local government units shall report the direct and non-direct payments made by extractive industries, and shall provide a detailed expenditure report against these collections and receipts through the Environment and Natural Resources Data Management Tool (ENRDMT). The report shall include the following:

- a. Receipts of shares from national wealth within the LGU's jurisdiction;

- b. Expenditures of LGUs coming from receipts/collections from the extractive industries and share from national wealth; and
- c. Such other monetary and non-monetary benefits received by the LGUs from extractive industries and shared from national wealth.

The reports shall be submitted quarterly. The ENDRMT data shall be uploaded by all concerned local treasurers of each respective local government units to the system on or before the following dates:

- a. For the first three quarterly reports: on or before the 30th month following the end of each quarter; and
- b. For the year-end report: on or before April 30 of the subsequent fiscal year.

SECTION 12. *Annual Report.* – The PH-EITI shall submit an annual report to the President and Congress, in any case not later than April 30 of each year.

The annual report to be prepared, submitted and published by the PH-EITI shall include, but not limited to:

- a. Report of Payments and Revenues including government spending of these proceeds;
- b. Report and Audit of Contracts and Monitoring Reports;
- c. Civil Society assessment of the EITI Process.

The annual report shall comply with the international standards of EITI and include additional reporting requirements as agreed upon by the PH-EITI MSG.

SECTION 13. *Beneficial Ownership.* – A publicly available register of the beneficial owners of the corporate entities that apply for, or hold a participating interest in an exploration or production oil, gas or mining license or contract, including the identities of their beneficial owners, the level of ownership and details about how ownership or control is exerted, shall be developed and maintained.

Information about the identity of the beneficial owner should include, but not be limited to:

- a. Name of the beneficial owner;
- b. Nationality;
- c. Country of residence;
- d. Tax Identity Number;
- e. Date of Birth;
- f. Residential or service address;
- g. Contact details.

Disclose information on beneficial ownership shall also be included in the Annual Report.

SECTION 14. *Penalties.* – Non-participation in or non-disclosure of the information required by the PH-EITI shall constitute a breach or violation by extractive companies of their contracts as defined under this Act, and shall be meted the appropriate penalties, including suspension or termination of the contract.

Failure of extractive companies to comply with requirements provided by the PH-EITI-MSG shall cause suspension of the pertinent Environmental Compliance Certificate (ECC) and non-issuance of Ore Transport Permit and/or Mineral Export Permit.

Failure of government agencies to comply with the requirements of this Act shall constitute grounds for disciplinary action against the responsible officer/s under the Administrative Code of 1987, and shall be penalized accordingly.

SECTION 15. *Transitory Provision.* – The existing PH-EITI Secretariat created under Executive Order No. 147, s. 2013 shall continue to operate until such time that the Secretariat has to be constituted under the provisions of this Act.

SECTION 16. *Appropriations.* – The Secretary of the Department of Finance shall immediately include in the department's program the implementation of this Act, the funding of which shall be included in the General Appropriations Act.

SECTION 17. *Exemption from Confidentiality Clauses.* – Confidentiality provisions stated under the Section 270 of the National Internal Revenue Code and Article 81 of the Omnibus Investments Code shall not be applicable to extractive companies insofar as their participation in the PH-EITI process is concerned.

SECTION 18. *Implementing Rules and Regulations.* – Within sixty (60) days from the effectivity of this Act, the Secretaries of Finance, Budget and Management, Environment and Natural Resources, Interior and Local Government, and Energy shall promulgate the necessary rules and regulations for the effective implementation of this Act.

SECTION 19. *Separability Clause.* – Should any provision herein be declared unconstitutional, the same shall not affect the validity of the other provisions of this Act.

SECTION 20. *Repealing Clause.* – All laws, decrees, orders, rules, and regulations or other issuances or parts inconsistent with the provisions of this Act are hereby repealed, amended, or modified accordingly.

SECTION 21. *Effectivity Clause.* – This Act shall take effect in fifteen (15) days after publication in the Official Gazette or in one (1) newspaper of general circulation in the Philippines.

Approved,



Republic of the Philippines
House of Representatives
Constitution Hills, Batasan Complex, Quezon City



EIGHTEENTH CONGRESS
First Regular Session

House Bill No. 5784

Introduced by Representative **EDDIEBONG G. PLAZA**
2nd District, Agusan Del Sur

EXPLANATORY NOTE

This bill seeks to amend the *People's Small-Scale Mining Act of 1991 (PSSMA)*, otherwise known as RA 7076, to modernize and empower Small Scale Mining Industry and make it an engine of growth and development in the countryside, especially in the uplands and in the ancestral domain of the Indigenous Peoples where poverty is concentrated, and contribute in the overall development of the Philippine mining industry and the nation.

Since its inception almost three decades ago, RA 7076s intended goal of encouraging growth and productivity is nowhere to be seen. Ordinary people engaged in small-scale mining and communities hosting *Minahan ng Bayan* remained to be mired in poverty burdened by social and health problems and the environment suffer from unregulated, unscrupulous, illegal practices. In order to address this, the government issued EO 79 in 2012 followed by the Department of Environment and Natural Resources issuance of Department Administrative Order (DAO) No. 2015-03 both sought to impose stringent rules and requirements in the implementation of the PSSMA. Following these issuances the reported gold production of the Small-Scale Mining sector fell drastically and continues to fall to a negligible level come 2018.

From its reported production value of Php 32 Billion in 2007, it steadily rose to its highest reported production value in 2010 almost reaching Php 50 Billion. It declined in 2011 to less than Php 35 Billion in 2012 and to barely a billion pesos in 2018. No gold is going into government reserve, no revenue for the LGUs and the National Government. The people and their communities, the environment and the Government equally are suffering under the present set up provided by the current RA 7076 and its attendant order and rules.

From the foregoing, it is clear that RA 7076 need to be amended in order to capture the sentiments and aspirations of the Small-Scale Miners, realize the National Government desires and plans for the sector, and make the Local Government Units active partner in managing the small scale mining operations on the ground.

In view of the foregoing, immediate passage of this bill is earnestly sought.



HON. EDDIEBONG G. PLAZA



Republic of the Philippines
House of Representatives
Constitution Hills, Batasan Complex, Quezon City

EIGHTEENTH CONGRESS
First Regular Session

House Bill No. 5784

Introduced by Representative **EDDIEBONG G. PLAZA**
2nd District, Agusan Del Sur

**AN ACT AMENDING REPUBLIC ACT 7076, OTHERWISE KNOWN AS THE
PEOPLE'S SMALL SCALE MINING ACT OF 1991**

Be it enacted by Senate and the House of Representatives of the Congress assembled:

Section 1. Title. – This Act shall be known as the "*People's Small-scale Mining Act of 1991.*"

Section 2. Declaration of Policy. It is hereby declared of the State to promote, develop, protect and rationalize viable small-scale mining activities in order to generate more employment opportunities and provide an equitable sharing of the nation's wealth and natural resources, giving due regard to existing rights as herein provided.

Section 3. Definitions. – For purposes of this Act, the following terms shall be defined as follows:

- (a) **"Artisanal Mining" which refers to "mining activities which heavily rely on manual labor using simple implements" with a capitalization of not exceeding 10 million pesos.**
- (b) "Active mining area" refers to areas under actual exploration, development, exploitation or commercial production as determined by the Secretary after the necessary field investigation or verification including contiguous and geologically related areas belonging to the same claim owner and/or under contract with an operator, but in no case to exceed the maximum area allowed by law;
- (c) "Claim owner" refers to a holder of an existing mining right;

- (d) **"Director" refers to the regional director of the Department of Mines and Geosciences Bureau.**
- (e) "Existing mining right" refers to perfected and subsisting claim, lease, license or permit covering a mineralized area prior to its declaration as a people's small-scale mining area;
- (f) "License" refers to the privilege granted to a person to legitimately pursue his occupation as a small-scale miner or processor under this Act;
- (g) "Mineralized areas" refer to areas with naturally occurring mineral deposits of gold, silver, chromite, kaolin, silica, marble, gravel, clay and like mineral resources;
- (h) "Mining plan" refers to a **three-year** program of activities and methodologies employed in the extraction and production of minerals or ore-bearing materials, including the financial plan and other resources in support thereof. **The term is extendible to five-years;**
- (i) "Processor" refers to a person issued a license to engage in the treatment of minerals or ore-bearing materials such as by gravity concentration, leaching, beneficiation, cyanidation, cutting, sizing, polishing and other similar activities;
- (j) "Small-scale miners" refer to Filipino citizens who, individually or in the company of other Filipino citizens, voluntarily form a cooperative, **partnership, corporation** duly licensed by the **Small-scale Mining Regulatory Board** to engage, under the terms and conditions of a contract, in the extraction or removal of minerals or ore-bearing materials from the ground;
- (k) **"Small scale mining" refers to mining activities which are undertaken by private individual or group of individuals, associations, cooperative, partnership, corporation which may include the use of explosive, light machineries and modern devices, with a capitalization of more than 10 million pesos but not exceeding 50 million pesos.**
- (l) "Small-scale mining contract" refers to co-production, joint venture or mineral production sharing agreement between the State and a small-scale mining contractor for the small-scale utilization of a plot of mineral land;
- (m) "Small-scale mining contractor and operator" refers to an individual, or a cooperative of small-scale miners, **partnership and corporations** registered with the Securities and Exchange Commission or other appropriate government agency, which has entered into an agreement with the State for the small-scale utilization of a plot of mineral land within a people's small-scale mining area;
- (n) "Secretary" refers to the Secretary of the Department of Environment and Natural Resources.

Section 4. People's Small-scale Mining Program.- For the purpose of carrying out the declared policy provided in Section 2 hereof, there is hereby established a People's Small-scale Mining Program to be implemented by the Secretary of the Department of Environment and Natural Resources, hereinafter called the Department, in coordination with other concerned government agencies, designed to achieve an orderly, systematic and rational scheme for the small-scale

development and utilization of mineral resources in certain mineral areas in order to address the social, economic, technical, and environmental connected with small-scale mining activities.

The People's Small-scale Mining Program shall include the following features:

- (a) The identification, segregation and reservation of certain mineral lands as people's small-scale mining areas;
- (b) The recognition of prior existing rights and productivity;
- (c) The encouragement of the formation of cooperatives;
- (d) The extension of technical and financial assistance, and other social services;
- (e) The extension of assistance in processing and marketing;
- (f) The generation of ancillary livelihood activities;
- (g) The regulation of the small-scale mining industry with the view to encourage growth and productivity; and
- (h) The efficient collection of government revenue.

Section 5. *Small-Scale Mining Regulatory Board.* - There is hereby created under the direct supervision and control of the Secretary a Small-scale Mining Regulatory Board in every province/city herein called the Board, which shall be the implementing agency of the Department, and shall exercise the following powers and functions, subject to review by the Secretary:

- (a) Declare and segregate existing gold-rush areas for small-scale mining;
- (b) Reserve future gold and other mining areas for small-scale mining;
- (c) Award contracts to small-scale miners;
- (d) Formulate and implement rules and regulations related to small-scale mining;
- (e) Settle disputes, conflicts or litigations over conflicting claims within a people's small-scale mining area, an area that is declared a small-mining;
- (f) Perform such other functions as may be necessary to achieve the goals and objectives of this act.

Section 6. *Composition of the Small-Scale Mining Regulatory Board.* The Board shall be composed of the Department of Environment and Natural Resources representative as Chairman; and the provincial governor or city mayor, or his representative, as the case may be, one (1)

small scale mining representative, one (1) big-scale mining representative, **representative from the Indigenous Communities** and a representative from a nongovernment organization who shall come from an environmental group, as members.

Section 7. Declaration of People's Small-scale Mining Areas. The Board is hereby authorized to declare and set aside people's small-scale mining areas in sites suitable for small-scale mining, (subject to review by the Secretary) immediately giving priority to areas already occupied and actively mined by small scale miners before August 1, 1987: *Provided*, That such areas are not considered as active mining areas: *Provided, further*, That the minerals found therein are technically and commercially suitable for small-scale mining activities: *Provided, finally*, **that if the areas are covered by existing forest rights or reservations and have been declared as tourists or marine, parks and wildlife reservations, clearance or consent shall be obtained before such area is declared as people's small scale mining area.**

Section 8. Future People's Small-scale Mining Areas. – The following lands, when suitable for small-scale mining, may be declared by the Board as people's small scale mining areas:

- (a) Public lands not subject to any existing right;
- (b) Public lands covered by existing mining rights which are not active mining areas; and
- (c) Private lands, subject to certain rights and conditions, except those with substantial improvements or in bona fide and regular use as a yard, stockyard, garden, plant nursery, plantation, cemetery or burial site, or land situated within one hundred meters (100 m.) from such cemetery or burial site, water reservoir or a separate parcel of land with an area of ten thousand square meters (10,000 sq. m.) or less.

Section 9. Pangasiwaang Lokal ng Minahang Bayan (PLMB). It is hereby created a **Pangasiwaang Lokal ng Minahang Bayan** which shall "ground manage" the small-scale mining operations. It shall be headed by an administrator appointed by the provincial governor or the city mayor provided that he is a geologist, a mining engineer, or a graduate and/or a licensed practitioner of any related fields. It shall be composed of the following: the Research, Monitoring and Evaluation Officer (RMEO); IP Coordinator (IP Coord), Community Organizer (CO); Sanitary and Health Officer (SHO); Security and Safety Officer (SSO); and, the Administrative and Finance Officer (AFO).

Section 10. PLMB's General and Specific Tasks and/or Mandate. The **Pangasiwaang Lokal ng Minahang Bayan** is hereby mandated to perform general and specific tasks. It shall carry out the general tasks which are as follows:

1. Enforcement of rules and regulations as stipulated in RA 7076 (Sec. 13) as well the contract provisions of each SSM contractor on a day-to-day basis;
2. Formulate, implement and maintain consistent health and safety standards;
3. Maintain peace and order in the mining communities;
4. Provide administrative infrastructure for the formulation and implementation of an integrated poverty reduction program in communities surrounding the SSM area;

5. Adopt measures that promote environmental sustainability by providing intensive environmental management guidance within the *Minahang-Bayan*;
6. Protect the Indigenous Peoples (IPs) rights and promote their general welfare and preservation of their culture and tradition in Certificate of Ancestral Domain Title (CADT) areas hosting the *Minahang-Bayan*;
7. Petition for the declaration of an area for an *Minahang- Bayan*; and
8. Conduct exploration for small-scale mining operation.

It shall also be mandated to perform and execute the following specific functions:

1. Facilitation of licensing for Small-Scale miners;
2. Facilitation of easement rights off SSM contractor;
3. Facilitate voluntary and contractual agreement between SSM contractors and claim owners in case the declared PSSMA is covered by an existing mining rights;
4. Facilitate voluntary and contractual agreement between SSM contractors and Private landowners covered by PSSMA;
5. Administer and manage the operation of custom mills and assay laboratories;
6. Perform as holding agent for the national government's production share;
7. May serve as buying agent for Central Bank or facilitate buying transactions;
8. Facilitate the implementation of Government support in training and skills development in environmental management of small-scale miners and livelihood programs for mining communities;
9. Submit bi-annual report to Small-scale Mining Regulatory Board (SSMB).

Section 11. *Funding Requirements.* The City/Provincial Government shall provide initial financial assistance to the *Pangasiwaang Lokal ng Minahang Bayan (PLMB)* until it achieved self-sufficiency and sustainability. It shall derive its financial resources from the revenues generated and other fees collected in the *Minahang Bayan*.

Section 12. *Small-scale Mining Exploration.* Any bonafide residents in the concerned province, may requests clearance and assistance from the provincial government to explore and conduct a preliminary study on an area for feasibility of mining deposits within its jurisdiction provided that there is a prior submission of working plan setting out the activities to be conducted and the financial and technical resources of the applicant.

The exploration shall be conducted with the PLMB.

The said applicant may be required to pay compensation to the landowner if the activities causes damage to the property, deprives the owner of the land's beneficial use and restricts the right of way.

Section 13. *No Prior Consent Required.* No prior consent from the large scale miners is required upon application provided that the existence of both the large scale and small scale mining operations in an area is non-hazardous to the environment, the health and safety of all as determined by the Mines and Geosciences Bureau; *Provided, further, that*

the materials to be extracted are of different commodities; otherwise, he who acquires the prior right shall be given preference.

Section 14. *Ancestral Lands.* – No ancestral land may be declared as a people's small-scale mining area without the prior consent of the cultural communities concerned: *Provided, That,* if ancestral lands are declared as people's small-scale mining areas, the members of the cultural communities therein shall be given priority in the awarding of small-scale mining contracts, **provided, further, the Indigenous Cultural Communities (ICC) shall be entitled to a minimum of 1% of gross production by way of royalty.**

Section 15. *Registration of Small-scale Miners.* All persons undertaking small-scale mining activities shall register as miners with the Board and may organize themselves into cooperatives, **partnerships or corporation** in order to qualify for the awarding of a people's small-scale mining contract.

Section 16. *Free, Prior Informed Consent (FPIC).* **Any individual, associations, cooperatives, partnerships and corporations that possess a free prior informed consent (FPIC) to declare an area "Minahang-Bayan" shall be considered as a substantial compliance to the FPIC requirement for purposes of securing a small-scale mining contract.**

Any member-petitioner of the Indigenous Communities shall be exempted from securing a free, prior informed consent (FPIC) provided that the area is within its ancestral domain; provided, further that the traditional processes of the ICC has been complied with relative to the establishment of the "Minahang Bayan"

Section 17. *Award of People's Small-scale Mining Contracts.* A people's small-scale mining contract may be awarded by the Board to a **private individual**, or individuals who have voluntarily organized and have duly registered with the appropriate government agency as an individual miner or cooperative, **partnership or corporation**; *Provided, that,* only one (1) people's small-scale contract may be awarded at any one-time to a small-scale mining operator within one (1) year from the date of award; *Provided, further,* that priority shall be given to small-scale miners **who are bonafide residents in the province or city** where the small-scale mining area is located.

Applications for a contract shall be subject to a reasonable fee to be paid to the **local government units** having jurisdiction over the area.

Section 18. *Extent of Contract Area.* – The Board shall determine the reasonable size and shape of the contract area following the meridional block system established under Presidential Decree No. 463, as amended, otherwise known as the Mineral Resources Development Decree of 1974, but in no case shall the area exceed twenty hectares (20 has.) per contractor and the depth or length of the tunnel or adit not exceeding that recommended by the director taking into account the following circumstances:

- (a) Size of membership and capitalization of the cooperative, **partnership and corporation**;

- (b) Capitalization of the private individual;
- (c) Size of mineralized area;
- (c) Quantity of mineral deposits;
- (d) Safety of miners;
- (e) Environmental impact and other considerations; and
- (f) Other related circumstances.

Section 19. Artisanal Mining. Artisanal miners may be granted a (3) three year contract which can be extended to five (5) years and renewable for the like periods. They may be awarded areas appropriate for their activities taking into consideration their safety, the effect to the environment, among others.

Section 20. Copper As By-Product. Small-scale miners shall be allowed to dispose or sold the secondary or by-products of gold, if viable.

Section 21. Easement Rights. – Upon the declaration of a people’s small-scale mining area, **the Board**, in consultation with the operator, claim owner, landowner or lessor of an affected area, shall determine the right of the small-scale miners to existing facilities such as mining and logging roads, private roads, port and communication facilities, processing plants which are necessary for the effective implementation of the People’s Small-scale Mining Program, subject to payment of reasonable fees to the operator, claim owner, landowner or lessor.

Section 22. Rights under a People's Small-scale Mining Contract. – A people's small-scale mining contract entitles the small-scale mining contractor to the right to mine, extract and dispose of mineral ores for commercial purposes. In no case shall a small-scale mining contract be subcontracted, assigned or otherwise transferred.

Section 23. Terms and Conditions of the Contract– A contract shall have a term of **three (3) years, extendible to five (5) years** renewable for the like periods, subject to verification by the Board provided that the contractor complies with the provisions set forth in this Act, and confers upon the contractor the right to mine within the contract area: provided, that the holder of a small-scale mining contract shall have the following duties and obligations:

- (a) Undertake mining activities only in accordance with a mining plan duly approved by the Board;
- (b) Abide by the Mines and Geosciences Bureau and the small-scale Mining Safety Rules and Regulations;
- (c) Comply with his obligations to the holder of an existing mining right;

(d) Pay all taxes, royalties or government production share as are now or may hereafter be provided by law;

(e) Comply with pertinent rules and regulations on environmental protection and conservation, particularly those on tree-cutting, mineral-processing and pollution control;

(f) File under oath at the end of each month a detailed production and financial report to the Board; and

(g) Assume responsibility for the safety of persons working in the mines.

Section 24. Working Condition. The contractor-employers shall safeguard the health and safety of its employees/laborers and shall ensure that the terms and conditions of the employment contracts are in consonance with labor standards, rules and regulations.

The employees/laborers shall be covered by the Social Security System, Pag-ibig and all other social benefits under the existing laws.

Section 25. Rights of Claim owners. – In case a site declared and set aside as a people's-scale mining area is covered by an existing mining right, the claim owner and the small-scale miners therein are encouraged to enter into a voluntary and acceptable contractual agreement with respect to the small-scale utilization of the mineral values from the area under claim. In case of disagreement, the claim owner shall be entitled to the following rights and privileges:

(a) Exemption from the performance of annual work obligations and payment of occupation fees, rental, and real property taxes;

(b) Subject to the approval of the Board, free access to the contract area to conduct metallurgical tests, explorations and other activities, provided such activities do not unduly interfere with the operations of the small-scale miners; and

(c) Royalty equivalent to one and one half percent (1 1/2%) of the gross value of the metallic mineral output or one percent (1%) of the gross value of the nonmetallic mineral output to be paid to the claim owner: provided, that such rights and privileges shall be available only if he is not delinquent and other performance of his annual work obligations and other requirements for the last two (2) years prior to the effectivity of this Act.

Section 26. Rights of Private Land owners. – The private landowner or lawful possessor shall be notified of any plan or petition to declare his land as a people's small-scale mining area. Said landowner may oppose such plan or petition in an appropriate proceeding and hearing conducted before the Board.

If a private land is declared as a people's small-scale mining area, the owner and the small-scale mining contractors are encouraged to enter into a voluntary and acceptable contractual agreement for the small-scale utilization of the mineral values from the private land: *Provided, that* the owner shall in all cases be entitled to the payment of actual damages which he may suffer as a

result of such declaration: *Provided, further,* that royalties paid to the owner shall in no case **less than one percent (1%)** of the gross value of the minerals recovered as royalty.

Section 27. Ownership of Milling. The small-scale mining contractor shall be the owner of all millings produced from the contract area. He may sell the tailings or have them processed in the *PLMB* custom mill in the area: provided, that, if the small-scale mining contractor decides to sell its millings, the claim owner shall have a pre-emptive right to purchase said millings at the prevailing market price. **Mine tailings and mineral ores may be transported within the province or city without the need of permit, provided that the health and safety of the residents is not compromised.**

Section 28. Sale of Gold. – Gold produced by small-scale miners in any mineral area shall be sold to the Central Bank, or its duly authorized representatives, which shall buy it at prices competitive with those prevailing in the world market regardless of volume or weight.

The Central Bank shall establish as many buying stations in gold-rush areas to fully service the requirements of the small-scale minerals thereat. **The PLMB with authorization from Central Bank may act as a buying station.**

Section 29. Downstream Development. Small-scale miners shall be allowed to utilize twenty percent (20%) of the gold produced for downstream development activities such as, but not limited to jewelry-making, ornament-crafting, provided that the same is used by the miners, its house-holds, and/or the communities where the small-scale mining operation is situated.

Section 30. Custom Mills. – The establishment and operation of safe and efficient customs mills to process minerals or ore-bearing materials shall be limited to mineral processing zones duly designated by the local government unit concerned upon recommendation of the Board.

The government shall construct custom mills upon the recommendation of the board based on the viability of the project.

The PLMB shall secure license from the Board to operate and manage custom mills and assay laboratories to service the *Minahan ng Bayan*. The PLMB shall also be constituted as the withholding agents for the royalties, production share or other taxes due to the government.

Section 31. Temporary Small-scale Mining Permit.- The provincial governor or the city mayor, as the case may be, may issue temporary small scale mining permit to individual, association or cooperative, partnership for a non-renewable period of six (6) months while their contract is on-process, subject to the terms and conditions and payment of the appropriate fees.

Section 32 . Ladderized Development Scheme. The Department, in coordination with the local government units, is hereby directed to devise a mechanism, system and a monitoring scheme to check and validate the annual production of the small-scale mining operations.

In case the annual production exceeds 100,000 dry metric tons, the concerned small-scale mining operations shall be entitled to the rights and obligations of a large scale mining companies in accordance with the existing law, rules and regulations.

Section 33. *People's Small-scale Mining Protection Fund.* – There is hereby created a People's Small-scale Mining Protection Fund which shall be twenty percent (20%) of the national government's share due the Government which shall be used primarily for the benefit of the small-scale miners and the communities where the mining operations are situated. Fifteen percent (15%) of the funds shall be used in information dissemination and training of small-scale miners on safety, health and environmental protection, and the establishment of mine rescue and recovery teams including the procurement of rescue equipment necessary in cases of emergencies such as landslides, tunnel collapse, or the like.

The fund shall also be made available to address the needs of the small-scale miners brought about by accidents and/or fortuitous events.

Five (5%) percent of the fund shall be allocated to assist the downstream activities of the communities where the small-scale operations are located.

The funds shall be managed by the PLMB for the planning and implementation of its social and environmental programs. Such fund shall be subjected to existing auditing rules and regulations.

Section 34. *Small-scale Mining Compensation Fund.* **All small-scale miners actively engaged in small scale mining activity and all its processes shall contribute to a compensation fund to be maintained by the Pangasiwaang Lokal ng Minahang Bayan (PLMB) to be used to compensate damages to areas affected by the operation of small-scale mining activities.**

Section 35. *Government Share and Allotment.* – The revenue to be derived by the Government from the operation of the mining program herein established shall be subject to the sharing provided in the Local Government Code.

Section 36. *Rescission of Contracts and Administrative Fines.* – The noncompliance with the terms and conditions of the contract or violation of the rules and regulations issued by the Secretary pursuant to this Act, as well as the abandonment of the mining site by the contractor, shall constitute a ground for the cancellation of the contracts and the ejection from the people's small-scale mining area of the contractor. In addition, the Secretary may impose fines against the violator in an amount of not less than twenty thousand pesos and not more one hundred thousand pesos (P100, 000.00). Non-payment of the fine imposed shall render the small-scale mining contractor ineligible for other small-scale mining contracts.

Section 37. *Reversion of People's Small-scale Mining Areas.* The Secretary, upon recommendation of **the Board**, shall withdraw the status of the people's small-scale mining area when it can no longer be feasibly operated on a small-scale mining basis or when the safety, health and environmental conditions warrant that the same shall revert to the State for proper disposition.

Section 38. *Actual Occupation by Small-scale Miners.* – Small-scale miners who have been in actual operation of mineral lands on or before August 1, 1987 as determined by the Board shall not be dispossessed, ejected or removed from said areas: provided, that they comply with the provisions of this Act.

Section 39. *Administrative Supervision over People's Small-Scale Mining Program.* The **BOARD**, shall exercise direct supervision and control over the program and activities of the small-scale miners within the people's small-scale mining area.

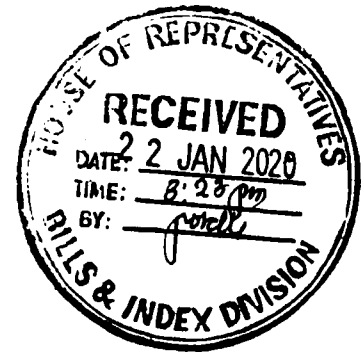
Section 40. *Penal Sanctions.* –Violations of the provisions of this Act or of the rules and regulations issued pursuant hereto shall be penalized with imprisonment of **not less than three (3) months but not more than (1) year** and shall include the confiscation and seizure of equipment, tools, and instruments.

Section 41. *Repealing Clause.* –All laws, decrees, letters of instructions, executive orders, rules and regulations, and other issuances, or parts, thereof, in conflict or inconsistent with this Act are hereby repealed or modified accordingly.

Section 42. *Separability Clause.* –Any section or provision of this Act which may be declared unconstitutional shall not affect the other sections or provisions hereof.

Section 43. *Effectivity.* – This Act shall take effect fifteen (15) days after its publication in the Official Gazette or in a national newspaper of general circulation.

Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City



EIGHTEENTH CONGRESS
First Regular Session

House Bill No. 6005

Introduced by CIBAC Party-List Representatives
Eduardo "Bro. Eddie" C. Villanueva and Domingo C. Rivera

AN ACT
PROVIDING FOR THE CREATION OF PHILIPPINE EXTRACTIVE
INDUSTRIES TRANSPARENCY INITIATIVE AND FOR OTHER
PURPOSES

EXPLANATORY NOTE

The extractive industries have the capacity to contribute to the national growth and development, especially in resource-rich countries like the Philippines. They have the potential to provide livelihood opportunities, create jobs, and channel additional government resources to host communities. The gains from the oil, gas, and mineral resources, nevertheless, do not always translate to benefits for the general public. Across the globe, extractive industries are marred with various issues on environmental degradation, fiscal misconduct, poverty, and corruption.

In response to these issues, the Extractive Industries Transparency Initiative (EITI) was launched to allow for full disclosure of and public access to information regarding the extractive industry. The EITI is an internationally recognized framework and practice that monitors revenue and public benefit from mining and other extractive resources. Composed of representatives from the government, extractive industry players, and civil society organizations, EITI provides a platform for the regular and systematic reporting, review, and assessment of information concerning the industry. It also strengthens multi-sectoral participation in crafting and implementing regulatory policies governing the extractive industry.

In the Philippines, the EITI was established on November 26, 2013 pursuant to Executive Order No. 147 entitled "Creating the Philippine Extractive Industries

Transparency Initiative.” Since its inception, the Philippine EITI (PH-EITI) served as an effective platform for public disclosure of information on fees, taxes and other payments made by mining companies. The later expansion of PH-EITI enabled the coverage of oil and gas industries. Furthermore, regular reports published by the PH-EITI also later expanded to include publicly disclosed information on social and environmental impact of the extractive industries.

Among the impacts of this initiative, the PH-EITI strengthened the capacity of local government units (LGUs) – as well as other stakeholders such as community groups, civil society organizations, and indigenous people – in monitoring the mining activities in their respective areas through regular disclosure of the share of LGUs in the revenues from extractive industries. Over the years since its inception, PH-EITI data collection and reporting provided different stakeholders the instrument and proper platform to formulate real governance reforms on the ground.

To ensure the continuation of the reforms introduced and established by the said initiative, this bill seeks to institutionalize the creation of the Philippine EITI. Institutionalizing the PH-EITI will enable the multi-sectoral initiative not only to continue its efforts but also pursue other reforms that will allow the country to further maximize the benefits from the extractive industry.

The immediate passage of this bill is earnestly sought.



HON. EDUARDO “BRO. EDDIE” C. VILLANUEVA



HON. DOMINGO C. RIVERA

Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City

EIGHTEENTH CONGRESS
First Regular Session

House Bill No. 6005

Introduced by CIBAC Party-List Representatives
Eduardo "Bro. Eddie" C. Villanueva and Domingo C. Rivera

AN ACT
PROVIDING FOR THE CREATION OF PHILIPPINE EXTRACTIVE
INDUSTRIES TRANSPARENCY INITIATIVE AND FOR OTHER
PURPOSES

Be it enacted by the Senate and House of Representatives of the Philippines in Congress assembled:

CHAPTER I
GENERAL PROVISIONS

1
2
3
4 **SECTION 1. *Title.*** – This Act shall be known as the "*Philippine Extractive Industries*
5 *Transparency Initiative Act.*"
6

7 **SECTION 2. *Declaration of Principles.*** – All natural resources are owned by
8 Filipinos represented by the State. It shall be the responsibility of the State to ensure
9 that the present and future generations benefit from these finite resources. The State
10 must then establish a mechanism by which the Filipino people are fully aware of how
11 proceeds from their finite resources are being utilized.
12

13 **SECTION 3. *Definition of Terms.*** –

- 14 a) **Agreement** means a contract between the Government and a Contractor,
15 involving financial or technical matters;
16 b) **Contractor** means a qualified person acting alone or in consortium who is a
17 party to a mineral agreement or to a financial or technical assistance
18 agreement.

- 1 c) **Extractive Industries** refer to the mining, oil, gas and coal sectors and all
2 other sectors that require the extraction of non-renewable natural resources
3 for commercial use;
- 4 d) **Financial or Technical Assistance Agreement (FTAA)** means a contract
5 involving financial or technical assistance for large-scale exploration,
6 development and utilization of mineral resources;
- 7 e) **Independent Firm** refers to an accounting or auditing firm that has no
8 existing relationship with either the Government or any of the companies that
9 are part of the Philippines-Extractive Industries Transparency Initiative (PH-
10 EITI);
- 11 f) **Mineral Production Sharing Agreement (MPSA)** means an agreement
12 where the government grants to the contractor the exclusive right to conduct
13 mining operations within a contract area and shares in the gross output. The
14 contractor provides the financing, technology, management and personnel
15 necessary for the implementation of the agreement;
- 16 g) **Multi-stakeholder Group (MSG)** shall have the meaning given to it under
17 Section 14 of this Act; and
- 18 h) **State** refers to the Republic of the Philippines.

19
20 **CHAPTER II**
21 **ESTABLISHMENT OF THE PHILIPPINE**
22 **EXTRACTIVE INDUSTRIES TRANSPARENCY INITIATIVE**
23

24 **SECTION 4. *Creation of PH-EITI.*** – There is hereby created the Philippine
25 Extractive Industries Transparency Initiative (hereinafter referred to as PH-EITI).
26

27 **SECTION 5. *Composition.*** – The PH-EITI shall be composed of a broad coalition of
28 stakeholders, including representatives from the government, the private sector, the
29 indigenous community, and non-governmental organizations. The PH-EITI shall be
30 governed by a multi-stakeholder body (hereinafter referred to as PH-EITI MSG),
31 which shall be constituted in accordance with the provisions of Chapter V of this Act.
32

33 **CHAPTER III**
34 **OBJECTIVES OF THE PH-EITI**
35

36 **SECTION 6. *General Objectives.*** – The general objective of the PH-EITI is to
37 improve governance and management of the natural resources in the country and
38 ensure that all of what is due to the Filipino people and the Government on account
39 of the exploitation and/or extraction of the country's mineral, oil, gas and other
40 natural resources are (a) verifiably paid; (b) duly accounted for; and (c) judiciously
41 utilized for the benefits of all Filipinos and on the basis of intergenerational equity
42 and sustainability.
43

44 **SECTION 7. *Specific Objectives.*** – The specific objectives of the PH-EITI shall
45 include, but not be limited, to the following:

- 46 a) Ensure sustained political commitment for the initiative and mobilize
47 resources to sustain its activities and goals;
- 48 b) Require all companies engaged in the extraction of natural resources to
49 participate in such initiative;

- 1 c) Promote genuine participation of civil society in the design, implementation,
2 evaluation and modification of policies and actions of the Government
3 associated with resource governance in the Philippines;
4 d) Implement and ensure compliance to the standards and policies of the global
5 initiative;
6 e) Ensure that the initiative is effectively integrated in other related government
7 reform agenda; and
8 f) Promote better understanding of the public on the nature of extractive
9 industries and the benefits of transparent and accountable governance of our
10 natural resources.

11
12 **CHAPTER IV**
13 **SCOPE AND FOCUS OF THE PH-EITI**
14

15 **SECTION 8. *Applicability.*** – This Act shall apply to all extractive industries,
16 government agencies at the national and local level in the country. National and local
17 governments shall be mandatorily required to participate in reporting relevant data
18 pursuant to this Act.
19

20 **SECTION 9. *Scope.*** – The scope of the PH-EITI shall include:

- 21 a) Revenue transparency, which means the timely disclosure, reconciliation or
22 audit and publication of all data of material national and local payments and
23 revenues sourced from the extractive activities covered by the scope of the
24 PH-EITI;
25 b) Contract transparency, which means public accessibility of all concessions,
26 contracts/licenses, agreements and joint ventures that the Government enters
27 into related to the extractive sectors within the scope of the PH-EITI including
28 related documents and attachments to the contracts; and
29 c) Accessibility of data, information and reports on the extractive industries,
30 which means public release of data, documents, and information in a format
31 that allows the public to freely use, re-use and redistribute them, for any
32 purpose, without restrictions.
33

34 **SECTION 10. *Sectors Covered.*** – For the purpose of this Act, the following sectors
35 shall be covered by and within the scope of the PH-EITI: (a) the mining sector; (b)
36 the oil and gas sector; (c) the coal sector; and (d) such other sectors as the multi-
37 stakeholder group may subsequently determine and deem necessary. The covered
38 sectors shall submit relevant data, including, but not limited, to the cost of their
39 operations, amount minerals sold, which shall be disaggregated per transaction, and
40 include such information as the name of the buyer/s, country of destination, among
41 others, and other related costs, which shall also be disaggregated.
42

43 **SECTION 11. *Annual Report.*** – The PH-EITI shall submit an annual report to the
44 President and Congress, in any case not later than April 30 of each year.
45 The annual report to be prepared, submitted and published by the PH-EITI shall
46 comply with the international standards of EITI and include additional reporting
47 requirements as agreed upon by the PH-EITI MSG.
48

49 **SECTION 12. *Monitoring of Payments.*** – The payment and utilization of taxes,
50 fees, surcharges, and similar charges made by extractive companies and/or

1 contractors shall be closely monitored by the PH-EITI. All fiscal payments and
2 mandatory expenditures by contractors shall be disclosed to the PH-EITI MSG for
3 the production of the annual EITI report. National and local governments shall also
4 submit a report on how the proceeds from the extraction of resources were utilized.

5
6 **CHAPTER V**
7 **CREATION OF MULTI-STAKEHOLDER GROUP**
8

9 **SECTION 13. Composition.** – In accordance with the EITI International Standards
10 and with due regard to the Philippine context, there shall be created a multi-
11 stakeholder group (MSG) that will be in charge of PH-EITI.

12 The PH-EITI MSG shall be headed by a Chairperson to be appointed by the
13 President of the Philippines, who must be either: (1) a Cabinet secretary, (2) the
14 head of the interagency coordinating council on the extractive sector, or (3) a
15 presidential adviser. The functions of the Chairperson shall include convening the
16 group and organizing a secretariat.

17 The PH-EITI MSG shall consist of representatives from the following sectors:

- 18 a) Government Representatives. The government representatives shall be
19 composed of (1) senior officials from concerned agencies appointed by the
20 President of the Philippines, (2) representatives from local government units,
21 which shall be the president of the leagues of various local government units;
22 and (3) representatives from the Congress, to ensure that the findings of the
23 EITI will be used for more effective and more responsive policies;
- 24 b) Industry Representatives. The industry representatives shall be composed of
25 officials from the extractive industries included in the EITI;
- 26 c) Civil Society Organizations (CSOs) Representatives. The civil society shall
27 independently select their representatives in the EITI; and
- 28 d) Indigenous Peoples (IPs) Representatives. The IP representative shall be
29 selected by a caucus of IP organizations affected by mining operations.

30 Provided, That groups representing items (b), (c) and (d) above shall designate a
31 permanent and alternate representative to PH-EITI MSG. Each organization, upon
32 the decision of its members and through its independent process, can replace their
33 representatives in the MSG any time following their own governance mechanism.

34
35 **SECTION 14. Regular Meeting of PH-EITI MSG.** – The PH-EITI MSG shall meet
36 once a quarter or as often as necessary.

37 For urgent matters where decision is needed, necessary information shall be
38 circulated through email so that decisions can be made electronically by consensus.
39 Fifty percent (50%) of the members, with at least one representative from the
40 government, CSOs, IPs, and business sector shall constitute a quorum for the
41 transaction of business of PH-EITI MSG. The MSG, shall, in good faith, make
42 decisions by consensus.

43
44 **SECTION 15. Annual Meeting of PH-EITI MSG Members.** – The members of PH-
45 EITI MSG shall hold their annual meeting on the month of April of each year. The
46 agenda of the meeting shall include, but not be limited to, the approval of the
47 activities, reports, accounts and the activity plan of the PH-EITI, and any other acts
48 or matters which may be brought to the attention of the PH-EITI in pursuit of its
49 mandate as provided under this Act and relevant regulations.

50

1 **SECTION 16. *Notice of Meetings.*** – The Chairperson shall call and preside over
2 the meetings. Notices shall be sent out by the PH-EITI secretariat at least one week
3 before the date of the meeting. The secretariat shall handle the documentation and
4 preparations of the minutes of the meeting.

5
6 **SECTION 17. *Review of the MSG.*** – The composition and number of
7 representatives shall be subject to regular review by the MSG. Other agencies may
8 form part of the MSG subject to the evolving needs and scope of the EITI
9 implementation; Provided, That all sectors should be adequately represented in the
10 MSG at all times; Provided further, That the existing PH-EITI created under
11 Executive Order No. 147, s. 2013 shall be henceforth constituted under the
12 provisions of this Act.

13
14 **CHAPTER VI**
15 **SECRETARIAT OFFICE AND FUNDING**
16

17 **SECTION 18. *PH-EITI Office.*** – There is hereby created the PH-EITI Office under
18 the Office of the President, to be headed by a National Coordinator selected by the
19 PH-EITI MSG.

20 The staffing pattern, including the duties, qualifications, responsibilities and
21 functions, and compensation scheme of the personnel of the PH-EITI Office shall be
22 determined by the MSG, upon the recommendation by the National Coordinator. For
23 this purpose, the creation of the corresponding plantilla positions is hereby
24 authorized.

25
26 **SECTION 19. *Funding.*** – The Congress shall allocate adequate funding for the
27 implementation of PH-EITI in the General Appropriations Act; Provided, That the said
28 amount shall not be less than the amount equivalent to one percent to two percent
29 (1% to 2%) of the gross proceeds of the sectors covered by and within the scope of
30 the PH-EITI, as defined in Section 10 of this Act.

31 The PH-EITI Office shall have the authority to receive, disburse, and manage
32 financial aid or grants from foreign and domestic entities to be utilized for the
33 implementation of the objectives of PH-EITI, subject to the usual accounting and
34 auditing rules and regulations of the government.

35
36 **CHAPTER VII**
37 **EXEMPTION FROM CONFIDENTIALITY CLAUSES**
38

39 **SECTION 20. *Exemption from Confidentiality Clauses.*** – Confidentiality
40 provisions stated under applicable laws, including, but not limited, to the provisions
41 of Section 270 of the National Internal Revenue Code, Article 81 of the Omnibus
42 Investments Code, among others, shall not be applicable to extractive companies
43 insofar as their participation in the PH-EITI process is concerned.

44
45 **CHAPTER VIII**
46 **PENALTIES**
47

48 **SECTION 21. *Penalties.*** – Failure to participate in PH-EITI shall be a ground for
49 suspension of the contractor's permit to operate and blacklisting for future projects. A
50 contractor that, without justifiable cause, unreasonably delays or causes the delay of

1 submission of the reporting template within the deadline set by PH-EITI, shall be
2 imposed a fine of One Million Pesos (Php1,000,000.00). Sanctions provided under
3 this Act shall be imposed by the responsible regulatory agency, as the case may be,
4 pursuant to the concerned agency's internal rules and regulations.

5
6 **CHAPTER IX**
7 **TRANSITORY AND MISCELLANEOUS PROVISIONS**
8

9 **SECTION 22. *Implementing Rules and Regulations.*** – Within sixty (60) days from
10 the effectivity of this Act, the Secretaries of Finance, Budget and Management,
11 Environment and Natural Resources, Interior and Local Government, and Energy, in
12 consultation with relevant stakeholders, shall promulgate the necessary rules and
13 regulations for the effective implementation of this Act.

14
15 **SECTION 23. *Separability Clause.*** – If any provision of this Act is declared
16 unconstitutional or invalid, other parts or provisions hereof not affected thereby shall
17 continue to be in full force and effect.

18
19 **SECTION 24. *Repealing Clause.*** – All laws, decrees, executive orders, rules and
20 regulations or parts thereof which are contrary to or inconsistent with this Act are
21 hereby repealed, amended or modified accordingly; provided, that nothing in this Act
22 shall be construed as a diminution of local autonomy or in derogation of ancestral
23 domain rights under the Indigenous Peoples' Right Act of 1997.

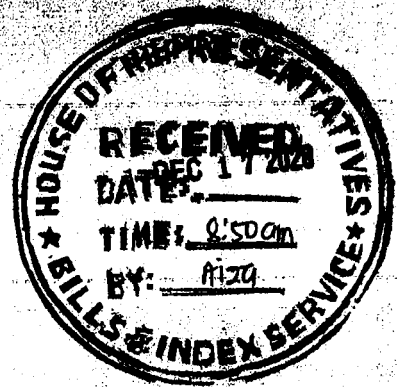
24
25 **SECTION 25. *Effectivity.*** – This Act shall take effect fifteen (15) days after its
26 publication in this Official Gazette or in any two newspapers of general circulation.

27
28
29 **Approved,**

Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City

EIGHTEENTH CONGRESS
Second Regular Session

HOUSE BILL NO. 8276



INTRODUCED BY REPRESENTATIVE FREDERICK W. SIAO

Mining and other extractive industries are among the most destructive activities on the planet, especially for indigenous and farming communities. The minerals, metals, fuel and timber that extractive industries seek are very profitable, that resisting them from the injurious utilization and degradation of the environment is a huge undertaking-much to the disadvantage of future generations.

The City of Iligan is endowed with rich natural resources specially in our Hinterlands (which comprises 80% of our land area), highly diverse cultures and is a strategic trading site in Central Mindanao. Protecting our Hinterlands is a necessary move for this Representation.

The right to a balanced and healthful ecology is solemnly incorporated in the fundamental law of our land. Section 16 Article II of the 1987 Constitution concerns the inter-generational responsibility to preserve and protect our environment that is capable of sustaining life.

The said right implies among many other things, the correlative duty to refrain from impairing the environment. It is founded in the behavior suitable to treat the environment as a valuable asset, rather than a collection of things to be exploited and discarded.

The catastrophic effects of mining are the conditions that our children and future generations will have to endure-a deadly inheritance abridging the right to life, livelihood, health and security.

We are the world that we live in, and the people of Iligan City choose to live free of mining.

Hence passage of this Bill is earnestly sought.

A handwritten signature in dark ink, appearing to read "Frederick W. Siao". The signature is written in a cursive style and is located below the text of the bill.

Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City

EIGHTEENTH CONGRESS
Second Regular Session

HOUSE BILL NO. 8276

INTRODUCED BY REPRESENTATIVE FREDERICK W. SIAO

AN ACT DECLARING THE CITY OF ILIGAN A MINING FREE ZONE AND PROVIDING PENALTIES FOR THE VIOLATION THEREOF

Be it enacted by the Senate and the House of Representatives of the Philippines in Congress assembled

Section 1. State of Policy -It is the policy of the state to protect and advance the right of the people to a balanced and healthful ecology in accord with the rhythm and harmony of nature. Towards this end, the State shall protect the people and the environment of its territories from the harmful effects of mining

Section 2. Declaration of Iligan City as a Mining Free Zone -The City of Iligan is hereby declared a mining free zone, thereby all forms of mining activity within its territorial jurisdiction is prohibited

For the purpose of this Act, mining shall refer to the extraction of valuable minerals or other geological materials from the earth and shall include such mining activities as exploration, feasibility, development, utilization and processing and large-scale quarry operations involving cement raw materials, marble, granite, sand and gravel construction aggregates. Provided, however, that the quarrying of gravel, sand and cement raw materials is exempted from the coverage of this Act, subject, however, to the requirements of existing mining and environment laws

Section 3. Penal Provision -Violation of this Act is punishable by no less than six (6) years but not more than twelve (12) years of imprisonment. Fines shall also be imposed in the amount of not less than One Million Pesos (P 1,000,000) but not more than Two Million Pesos (P 2,000,000)

If the violator is a corporation or association, the president and the manager of said corporation or association or its agent or representative in the Philippines, in the

... corporation or association, shall directly be held liable for the violation of this Act.

Alien offender who rendered service of his/her sentence and/or paid the fines imposed herein, shall be deported immediately.

Section 4. Implementing rules and regulations.- The Secretary of the Department of Environment and Natural Resources (DENR) shall formulate the necessary rules and regulations for the effective implementation of this Act.

Section 5. Separability Clause.- If any portion or provision of this Act is declared unconstitutional, the remainder of this Act or the provisions not affected thereby shall remain in force and in effect.

Section 6. Repealing Clause. - All laws, decrees, orders, rules and regulations or parts thereof inconsistent with the provisions of this Act are hereby repealed or modified accordingly.

Section 7. Effectivity.-This Act shall take effect fifteen (15) days following its publication in the Official Gazette or in at least two (2) newspapers of general circulation.

Approved.