

PH-EITI 20th MSG MEETING

9:00 AM - 1:00 PM | January 23, 2015

Visayas Room, Department of Finance,

Roxas Blvd., Manila

Attendees:

9	Asst. Sec. Ma. Teresa S. Habitan	Department of Finance (DOF)
10	Febe Lim	DOF
11	Charmaine Bagacay	DOF
12	Engr. Romualdo Aguilos	Mines and Geosciences Bureau—Department of Environment and Natural Resources (MGB-DENR)
14	Nenito Jariel	Department of Energy (DOE)
15	Dr. Cielo Magno	Bantay Kita
16	Gina Tumlos	Bantay Kita
17	Prof. Maria Aurora Teresita W. Tabada	Visayas State University
18	Ronald Allan A. Barnacha	Philippine Rural Reconstruction Movement (PRRM)/ North Luzon
20	Roldan Gonzales	GITIB Inc.
21	Starjoan Villanueva	Alternate Forum for Research in Mindanao, (AFRIM) Inc.
22	Filomeno Sta. Ana III	Action for Economic Reforms (AER)/Bantay Kita
23	Nelia Halcon	Chamber of Mines of the Philippines (COMP)
24	Atty. Ronald Recidoro	COMP
25	Nida Sonano	Ore Aisa Mining and Development Corporation
26	Sabino Santos	Chevron Malampaya LLC/ Petroleum Association of the Philippines (PAP)
28	Bing Pingul	Shell Philippines Exploration BV (SPEX)/ PAP
29	Atty. Gay Alessandra V. Ordenes	Secretariat
30	Maria Meliza T. Tuba	Secretariat
31	Abigail D. Ocate	Secretariat
32	Liesel B. Empio	Secretariat
33	Grace A. Estacio	Secretariat

1 **AGENDA:**

- 2 • Minutes of the 19th MSG meeting
3 • Matters arising from previous MSG meetings
4 • TWG's recommendations for future reports
5 • Evaluation of PWC's performance
6 • TOR of Independent Administrator for the 2nd report
7 • MSG's response to EITI International Secretariat's comments
8 • Institutional assessment
9 • Validation
10 • Draft work plan
11 • Other matters

12
13
14 **1. Call to Order:**

15
16 1.1. The Philippine Extractive Industries Transparency Initiative (PH-EITI) Multi-Stakeholder Group (MSG)
17 meeting was called to order at 9:13 AM.

18
19 1.2. On the other matters, a CSO representative suggested that in the draft memorandum for regional
20 offices, the appointment of a focal person for EITI-related matters be included.

21
22 1.3. The same was noted by the Chair and the agenda, as amended was approved.

23
24 **2. Minutes of the 19th MSG Meeting**

25
26 2.1. The Chair noted that the minutes of the meeting was circulated to the Multi-Stakeholder Group (MSG)
27 and no comments were received by the Secretariat.

28
29 2.2. The body approved the minutes of the 19th MSG meeting.

30
31 **3. Matters Arising from Previous MSG Meetings**

32
33 3.1. According to the Secretariat, the first two items in the matters arising – both dependent on the MDTF –
34 have no movement since the last MSG meeting.

35
36 As an update, however, the Secretariat noted that the money is already with the Bureau of Treasury. The
37 Secretariat is waiting for DBM to issue the SARO and has sought the assistance of the DBM TWG
38 Representative. The Secretariat hopes that the MDTF will be released in two weeks.

39
40 3.2. *Communications plan:* The MSG and selected EITI stakeholders from the government, the industry and
41 civil society will have a communications and report analysis workshop on February 2, 2015.

1 3.3. *Rapu-rapu's status*: In previous meetings, the MSG instructed the Secretariat to invite Rapu-Rapu
2 Polymetallic (Rapu-Rapu) to one of the MSG meetings in order for the body to be enlightened regarding the
3 status of their operations. Unfortunately, however, and in spite of the Secretariat's efforts, Rapu-Rapu has
4 not responded to the request.

5
6 The Secretariat then asked the body if the MSG still intends to pursue this matter.

7
8 3.4. A representative from the industry responded by saying that the MSG should pursue the invitation to
9 Rapu-Rapu as they are the first mining company to implement a rehabilitation program under the mining
10 act. It is therefore very important for the MSG to see how the company is moving forward with this.

11
12 3.5. The Chair then noted that the body needs to be strategic about inviting Rapu-Rapu.

13
14 3.6. A CSO representative suggested that the invitation to Rapu-Rapu should come from the MGB, which the
15 Chair agreed to.

16
17 3.7. *Minutes of PAP and DOE meeting re contract disclosure*: The minutes of the meeting was forwarded to
18 the Secretariat by a CSO representative also present in the meeting and was previously circulated to the
19 MSG.

20
21 3.8. *Copies of BIR and MGB reports to DBM regarding their collections per LGU, per company*: The Secretariat
22 noted that there was an agreement last time that in doing data gathering for the second EITI report, the
23 MSG will ask the BIR and MGB to send the information regarding the report that they transmit to the DBM
24 on the LGU's shares from national wealth.

25
26 This will be implemented in the succeeding country report.

27
28 3.9. *Memo from MICC requiring all agencies to make all EITI relevant information available*: The Secretariat
29 was likewise tasked to draft a memo which should be executed by the MICC requiring all government
30 agencies to make available to EITI all relevant documents pertaining to the EITI reporting process. The
31 Secretariat has drafted the memo which is included in the kits and will be discussed later.

32 33 **4. TWG's Recommendations for Future Reports**

34
35 4.1. The Secretariat mentioned the Technical Working Group (TWG) meeting last January 21, 2015
36 (Wednesday). Some MSG members were also present in the TWG meeting.

37
38 4.2. The Secretariat encouraged the other MSG members to feel free to provide additional input, should
39 they have any.

40
41 4.3. The Secretariat then proceeded to summarize the recommendations proposed by the TWG members
42 during the January 21 meeting:

1 **Template revision**

- 2 • Widen scope of revenue streams to include new taxes and fees of LGUs based on local tax codes
- 3 • DOE: Remove the portion on Malampaya from the DOE template because the information on fund
- 4 balance is with the Bureau of Treasury, and the information on fund utilization is with COA
- 5 • DOE: Disaggregate government share in the template to distinguish between BIR, LGU collections
- 6 and the net government share
- 7 • LGUs: To avoid double counting, template should specify the basis for revenues included (whether
- 8 it's based national laws or local tax codes. Ex: wharfage fees which may be imposed by both PPA and
- 9 LGU)
- 10 • LGUs/DBM: Utilization of funds from natural resources should be included in the template
- 11 • MGB: Template for SDMPs should be revised to avoid double counting. Template for funds should
- 12 be revised to reflect company expenditures incurred on top of these funds.
- 13 • BLGF: Share from national wealth should identify the source of collections based on BLGF's
- 14 classifications: mining taxes, mineral reservations, utilization of hydroelectric, geothermal and other
- 15 sources of energy, forestry charges
- 16 • Instructions should be clearer as to the period covered (cash v accrual)

17 **Scope of report**

- 18 • It's possible to cover 2013 and 2014 data for the next report
- 19 • DBM should be added as a reporting agency
- 20 • COA should be added to report on revenue management of LGU shares, SA 151 and MGB royalties
- 21 • BTR should be included for information on Special Account 151

22
23 4.4. An industry representative clarified that with regard to Malampaya, the interface is between the
24 Malampaya Consortium and the DOE.

25
26 4.5. The Secretariat added that according to DOE during the TWG meeting, whatever is being collected
27 already constitutes the net government share. The entire amount then goes to the Bureau of Treasury;
28 nothing is retained by the DOE. DOE claims that the only information available to them is the government
29 share. Information as to the balance of that fund and how the fund is being managed should come from the
30 Bureau of Treasury.

31
32 4.6. The industry representative then stated that in the reporting template, they just reported how much
33 they have provided to the DOE.

34
35 4.7. The Secretariat replied that the TWG also said the same thing – the government share is the entire
36 amount remitted to the Bureau of Treasury. Thus, DOE maintained that here is no need to provide a
37 separate portion for Special Account 151 because whatever is provided in the template is already everything
38 that they need to report. It is the same amount reflected in Special Account 151, or the Malampaya Fund.

39
40 4.8. A Government representative then replied that those who attended the TWG meeting from the DOE are
41 from the Compliance Division.

1 4.9. The same Government representative clarified that all government shares from energy resources go to
2 Special Account 151. However, what the DOE does not have is information regarding the balance or what is
3 left of Special Account 151—an information that should come from BTr.
4

5 4.10. A CSO representative then asked to retain the item on SA 151 in the DOE template as the MSG needs
6 to know the disaggregated amount and balance, including the different money that enters the DOE coffers.
7

8 The same CSO representative suggested that in succeeding reports, the MSG should request from the
9 Bureau of Treasury information on the balance. The same CSO representative further suggested that the
10 MSG also request for the audit report from COA.
11

12 4.11. The same CSO representative explained that looking at the records of the Bureau of Treasury and COA
13 should enable the MSG to determine how the money was spent. However, the actual transfer of the money
14 from the company to the government is through the DOE, hence the need to retain the item in the reporting
15 template.
16

17 4.12. The Chair suggested that DOE should clarify this matter in-house as the MSG is interested in
18 reconciling what the company pays, which have to be reflected and properly reported by the DOE.
19

20 4.13. The Chair further notes that with regard to the breakdown of BIR and LGU payments, these figures
21 must also be reflected in the template.
22

23 4.14. A CSO representative further noted that since the transfer to DOE and the Malampaya Fund are
24 different, these figures should be disaggregated.
25

26 4.15. A Government representative stated that perhaps what the TWG sought to change was only the
27 description, i.e., Malampaya Trust Fund.
28

29 The same Government representative suggested to rename the item.
30

31 4.16. A CSO representative then suggested to change the item to reflect Special Account 151 instead.
32

33 4.17. Another CSO representative further suggested to send the template back to the agencies for
34 comments, with the instruction that should there be issues with the definition of terms or if certain terms
35 need to be changed, then these changes should be reflected accurately on the template.
36

37 4.18. The Chair agreed, in the interest of clarity.
38 The Chair further stated that the MSG should use the experience from last year to make a better second EITI
39 report.
40

41 4.19. The Secretariat then discussed the template for SDMP and Funds, stating that Engr. Aguilos had
42 volunteered to send to the MSG the revisions of the MGB template.

1 4.20. An industry representative then noted that aside from the regular LGU impositions, there are several
2 new impositions that should also be included in the template.
3

4 4.21. The Chair agreed, noting that the list of revenue streams should be updated.
5

6 4.22. Regarding areas that are not yet declared industrial or production zones but are still classified as forest
7 areas, a CSO representative noted the difficulty in assessing the basis for LGU revenue collection.
8

9 4.23. According to the same CSO representative, while the Sangguniang Bayan should be the body declaring
10 certain areas as production zones or mining zones, this is not the case on the ground.
11

12 The problem, according to the same CSO representative, is that LGUs base their collection using forest area
13 rates which are lower than production area rates.
14

15 4.24. The Chair then responded that it is the LGU's Sanggunian that should declare certain sites as
16 production areas, and as such, the fees they impose should be according to such classification. The issue
17 now is that they don't declare an area as a production area, but impose a fee which is based on production.
18

19 4.25. Another CSO representative then remarked that land use has to be reflected in the LGU's
20 comprehensive land use plan (CLUP). If this is reflected in the CLUP, then certain sites can be delineated or
21 identified for specific uses.
22

23 4.26. Another CSO representative then suggested that the MSG should document these practices as basis for
24 the LGUs and use the findings to determine whether there is a similar trend happening in other jurisdictions.
25

26 4.27. The Chair further noted that LGU's have fiscal autonomy, therefore, the MSG can only document these
27 practices and flag them as areas of concern.
28

29 The Chair agreed that these have to be examined to determine if there is indeed a trend and if this is
30 happening in other provinces as well. This can then be included as a finding in the next report, with
31 recommendations regarding what can be done to address these areas of concern.
32

33 4.28. Regarding the share from national wealth, a CSO representative asked whether it is feasible to
34 disaggregate LGU shares.
35

36 4.29. The Secretariat shared that according to the BLGF whenever LGUs submit reports to bureau, they
37 already follow a disaggregated format (mining taxes, mineral reservations, utilization of hydroelectric,
38 geothermal and other sources of energy, forestry charges).
39

40 4.30. The same CSO representative further pressed if this can then be undertaken in 2013, because
41 presently, the LGUs are unaware where the money is coming from, and what the basis for their national
42 share is.

1 4.31. The same CSO representative then asked if COA monitors how the LGUs are spending the funds.
2
3 The Secretariat then replied that according to DOE and DBM, COA is supposed to audit LGU expenditures;
4 However, it should be verified whether COA is actually doing this.
5
6 4.32. The Secretariat further underscored that the report does not necessarily state how the government is
7 managing revenues from the extractive industries, as this has been pointed out in earlier forums as well.
8
9 4.33. The Chair then stated that there is going to be a change in the leadership of COA in February because
10 the term of the current COA chair is expiring. She then asks the body if there is a motion to write to COA to
11 involve them in EITI.
12
13 The body agreed.
14
15 4.34. The Secretariat was then tasked to draft a letter to COA.
16
17 4.35. The Chair further stated that COA audit reports are usually available two years after it has performed
18 the initial audit. What the agency can report on, therefore, will be results from 2012. Thus, the COA data will
19 not be the same as the data covered in the next EITI report.
20
21 However, the Chair noted, the MSG can document the COA findings and refer these to the 2012 EITI report.
22
23 4.36. A CSO representative suggested that COA be engaged by the PH-EITI. Currently, COA audits do not
24 necessarily identify whether funds are properly spent or not. COA will only indicate whether it is PS, MOOE
25 or CO.
26
27 4.37. The same CSO representative suggested that this can be a gap in terms of revenue monitoring. The
28 same CSO representative further suggested that the body simply reach out to COA to see what will come out
29 of the discussion.
30
31 4.38. The Secretariat then clarifies if the letter should be addressed to COA and also the Bureau of Treasury.
32
33 4.39. The Chair affirms this and notes that DBM should be included as well.
34
35
36 4.40. On the issue of disclosing incentives which remains confidential according to BOI, one CSO
37 representative suggested that in the planned meeting between BOI and BIR, top level officials including the
38 Secretaries should be involved.
39
40 The same CSO representative suggested that Secretary Purisima of the DOF and Secretary Domingo of the
41 DTI be part of the meeting along with other major stakeholders.
42

1 4.41. The Chair suggested, however, that the MSG explores the matter at a technical level first before it is
2 brought to high level officials.
3

4 4.42. On the reconciliation procedure, the Secretariat discussed that there was a suggestion that follow up
5 meetings be had with companies before releasing the draft of the report to the MSG. A CSO representative
6 clarified what the objectives of the respective follow-up meetings between the IA and the companies are.
7

8 4.43. The Secretariat clarified that the objective of the follow-up meetings was to eliminate last minute
9 comments, which was what happened during the first report. The last minute comments resulted in rushing
10 the MSG to review the documents---something that should be minimized if not entirely eliminated in the
11 second report.
12

13 4.44. The Secretariat suggested that the BIR waivers be made perpetual so that companies do not have to
14 execute the same every year.
15

16 4.45. Additionally regarding incentives, an Industry representative shared that according to the BOI, it is BIR
17 that has the data on incentives.
18

19 According to the same industry representative, if it is the BIR that has data on incentives, then the MSG
20 should think about including the incentives as part of the BIR waiver. This, however, according to the same
21 Industry representative, is problematic as it will widen the scope of the waiver.
22

23 4.46. The same representative further suggested that the easier route would be to get the BOI to report on
24 incentives without the need for a waiver.
25

26 4.47. A CSO representative asked whether an interested party such as a public organization can legally
27 challenge BOI to compel it to disclose the incentives.
28

29 4.48. The Secretariat responded that for a legal action to prosper, there has to be an actual case or
30 controversy, or an actual injured party who is asking for that information and there is a denial on the part of
31 the BOI.
32

33 4.49. The Chair recalled that Semirara invoked their availment of incentives as the reason why they did not
34 want to participate in the EITI. The Chair expressed that it is questionable why the public should be denied
35 information regarding tax incentives.
36

37 4.50. The same CSO representative inquired whether the Secretariat can review the pending bill on FOI and
38 if such a bill will be passed, will the request for incentives disclosure be covered by the law or will it be part
39 of the exemption.
40

41 The same CSO representative further suggested that a bill on fiscal incentives transparency be also looked
42 into.

1 4.51. The Chair commented that with regard to fiscal transparency in general, part of this is already being
2 addressed by the draft public finance management reform bill which is also pending.

3
4 The Chair further suggested that the MSG studies how it can be worked into the existing standard and try to
5 define incentives disclosure in such a way that it should also be part of the mandatory reporting of
6 companies.

7
8 4.52. A CSO representative noted that the international standard talks about transfer. Transfer, the CSO
9 representative said, can mean both ways: transfer to the government, and transfers from the government to
10 the companies.

11
12 4.53. The Chair replied, however, that in that sense, fiscal incentives are forgone revenues, a possible reason
13 for the hesitation of BOI. By ascribing the incentive disclosure issue to the BIR, the BOI is essentially asking
14 the BIR to do the actual computing.

15
16 4.54. A CSO representative then proceeded to recap the following agreements – first, for the Secretariat to
17 review how applicable the FOI bill will be to the PH-EITI; second, for the Secretariat to review the two bills
18 (fiscal transparency and the public finance management bills) and how these relate to what the EITI is doing.

19
20 4.55. An industry representative then moved that the issue on incentives be kept on the table for the next
21 meeting.

22
23 The same industry representative then suggested that the MSG invite BOI or DTI to attend the next MSG
24 meeting, and clarify the issue as the body is now getting ready for the 2015 report.

25
26 4.56. The Chair agreed.
27
28 4.57. Another industry representative affirmed the motion about keeping the issue of incentives on the
29 table for the next meeting.

30
31 The same industry representative further suggested that the MSG ask the BOI whether it is also monitoring
32 the benefits of the incentives, what benefits have accrued to the communities, what benefits have accrued
33 to the government. This is important as the industry would want to show if the awarding of incentives is
34 indeed justifiable.

35
36 4.58. Regarding the amendment of BIR forms, the Chair requested the other DOF MSG representatives to
37 talk to the BIR to see how the process can be started.

38
39 The Chair further instructed the DOF representatives to identify the proper officials from BIR with whom the
40 MSG can discuss the matter with.
41

1 4.59. As for the “proper valuation of donations in-kind because the NCIP only relies on company valuation”,
2 the Chair asks whether this is part of the capacity building needs of the NCIP.
3
4 4.60. A CSO representative noted that for the short term, the MSG can adjust the template to accommodate
5 reporting in kind and the actual company valuation.
6
7 The same CSO representative further stated that this can then be identified as a gap since there is currently
8 no mechanism to validate this practice.
9
10 The Chair agreed.
11
12 4.61. The same CSO representative further stated that for all the effort exerted in developing the template,
13 companies and government agencies did not completely fill-up and answer the same. For the second report,
14 the IA should ensure that all templates must be completed by the reporting entities.
15
16 The same CSO representative also remarked that production data was not reported in the 2014 report as
17 the companies did not report it, however, this information might still be made available through the
18 website.
19
20 The same CSO representative suggested that the MGB can report the production of each company in 2012,
21 including the price, in order for the MSG to compute for the revenue and make an individual validation of
22 the data. Otherwise, the MSG can just accept the report as is without having to analyze it further.
23
24 4.62. Another CSO representative noted that if a company does not fill-up the template accordingly or there
25 are missing data, this should also be reflected in the report.
26
27 The Chair agreed.
28
29 4.63. A CSO representative further suggested that the MSG meetings be calendared already, and for the
30 MSG to already identify the venues of future meetings.
31
32 4.64. The body agreed.
33
34 4.65. An industry representative then inquired whether the body will disclose the pricing of commodities.
35
36 The same industry representative notes that there are certain competitiveness aspects surrounding the
37 matter and it will be difficult to get companies to disclose such pricing.
38
39 4.66. In response, the Chair asked what price data are available in the MGB.
40
41 A government representative replied that what is currently available is production value based on the
42 reports submitted by the companies, which are based on the estimates made by the companies.

1 4.67. The Chair then stated that whatever data is presently available with the MGB and the DOE will be
2 collected by the MSG, as these are government data anyway and should be made available to the public.

3
4 4.68. A government representative also noted that in addition to the above-mentioned TWG
5 recommendations, it was also discussed that an action plan be included for what needs to be done with the
6 companies who did not participate in the first cycle of EITI implementation.

7 8 **5. Evaluation of PWC's Performance**

9
10 5.1. The Secretariat mentioned that the IA had asked for an evaluation by the MSG of its performance. The
11 Secretariat mentioned that the said evaluation will be used by the PWC in considering whether or not they
12 will bid again for the next report.

13
14 5.2. The body was informed that the Secretariat prepared a guide to facilitate the discussion of the MSG. It
15 was suggested that the IA be evaluated based on the following criteria:

- 16 • technical competence
- 17 • knowledge of the EITI process and requirements of the standard
- 18 • ability to meet deadlines
- 19 • quality of their output including writing proficiency and the ability of the IA to incorporate the
20 comments of the stakeholders.

21
22 5.3. In terms of technical competence in the reconciliation procedure, the Secretariat mentioned that other
23 MSG members should comments on the accounting aspect. However, with regard to the reconciliation
24 process as mandated by the EITI standard, the Secretariat commented that the IA was able to do the
25 reconciliation according to how it should be done.

26
27 5.4. The Secretariat noted that PWC's knowledge of the EITI process and requirements of the standard is
28 also satisfactory. However, it was pointed out that not all requirements were met, which is as evident from
29 the comments of the International Secretariat.

30
31 5.5. In terms of data integrity, a CSO representative remarked that the IA was not able to at least describe
32 the validation of the process and integrity of the data. The same representative also pointed out that the
33 tables in the first draft of the IA were not really the data that are relevant to the MSG.

34
35 5.6. According to the Secretariat, the IA's ability to meet deadlines was a bit problematic because the IA
36 asked for several extensions especially during the latter part. It was also mentioned that there were
37 instances wherein the IA was one week delayed in submitting their output and this caused a delay in the
38 review of the MSG.

1 5.7. An industry representative commented that they would have wanted the IA to come up with stronger
2 recommendations and identification of gaps found in the report, including recommendation to address the
3 gaps.
4

5 5.8. For the next EITI report, a CSO representative stated that the MSG might need to hire an economist
6 consultant who can work with the IA.
7

8 5.9. The Chair responded that one option is to hire an IA that has an economist in the team. It was then
9 noted that this requirement can be included as part of the IA's TOR.
10

11 5.10. A representative of the industry sector explained that PWC's role, based on their TOR, is to reconcile
12 the amounts reported by the companies and government agencies. However, during the process of
13 implementation, it was noted that there were other conditions that were given to the IA that was not really
14 part of their original TOR. The same representative mentioned that that these additional conditions are
15 what the MSG felt the IA was not able to provide.
16

17 5.11. In addition, the same representative commented that the process of producing the first report was
18 really challenging for all of stakeholders involved. The industry representative shared that there were also
19 challenges on the part of the companies since they way they record their transactions is not aligned with the
20 government's recording system and also with the reporting template. Because of this, companies had to
21 come up with a lot of manual interventions that were not actually seen by the MSG. The same
22 representative added that everybody did their share in producing the report.
23

24 5.12. The Chair mentioned that the MSG should learn from the experiences during the first year of EITI
25 implementation. It was noted that all the work that the MSG wants the IA to do should already be indicated
26 in the new TOR so that any bidding firm will be really informed regarding the required amount and nature of
27 work.
28

29 5.13. A CSO representative recalled that originally, the MSG hired a scoping consultant who was supposed to
30 write the main report and do the analysis after the IA produced the data. After the scoping consultant, it
31 was also mentioned that the MSG thought of hiring a team of writers and a senior consultant to do the
32 analysis but eventually, because of lack of time and budget, the MSG members ended up writing sections of
33 the report. In relation to this, the same representative asked if the task of doing the data analysis should be
34 given to the IA or a separate consultant.
35

36 5.14. The Secretariat recommended that for the next meeting, MSG members should envision from the start
37 what they want to see in the second report.
38

39 The members of the MSG were asked to thoroughly review the draft TOR and provide comments or
40 recommendations on what they want to include.
41

42 5.15. The body was informed that the bidding for the next IA should start by mid-February.

1 5.16. According to the Secretariat, it is really ideal that the MSG hires one person to oversee everything
2 since one of the challenges encountered for the first report was how to tie the findings from IA report with
3 the contextual information. The Secretariat cited two options: 1.) the MSG engages an IA with expertise on
4 both accountancy and economics or 2.) the MSG hires an economist who will work with the IA throughout
5 the entire process.
6

7 5.17. One member of the MSG commented that it is unlikely to find an accounting firm with economic
8 expertise since their nature of work is different. It was suggested that the Secretariat start looking for a lead
9 person to do the analysis of the data that the IA will produce and also the updating of the contextual
10 information. The same representative then inquired if there are available funds to support this.
11

12 5.18. An industry representative clarified if the bidding of a new IA is required. It was mentioned that the
13 MSG should use the knowledge and the expertise that the previous IA has obtained.
14

15 5.19. The Chair explained that the procurement process requires the bidding of the new IA.
16

17 5.20. For the information of the body, it was mentioned that the budget for the new IA is Php 7.5 Million
18 while the budget for last year was around Php 3 Million.
19

20 5.21. In terms of timing, the Chair mentioned that having a separate lead consultant might be problematic
21 because there could be differences in the schedule between the lead consultant and the IA. The Chair
22 suggested that in the TOR of the IA, the required expertise of the members of the team should be identified.
23

24 5.22. The Secretariat suggested that the MSG create a sub-committee who will work closely with the IA.
25

26 5.23. There was a suggestion to revise the TOR to indicate that the PH-EITI is looking for a team of people
27 with identified expertise. A CSO representative explained that the post should not be specific to IA work
28 since the EITI definition of IA is only for reconciliation. The same representative explained that since the IA
29 will also be responsible in updating the contextual information and in the analysis of data then the generic
30 IA work is just one component of the task of the team.
31

32 The same CSO representative objects to the creation of a sub-committee.
33

34 5.24. Given the allocated budget, the Secretariat noted that only a firm can bid.
35

36 5.25. It was mentioned that the bidding firm can form a team with the identified expertise.
37

38 5.26. The chair agreed with the suggestion.
39

40 5.27. An industry representative proposed that a publication experience should be included as one of the
41 requirements for procuring the IA.

1 5.28. One MSG member shared that auditing firms are capable of doing the contextual information since
2 these firms have consultancy groups. It was mentioned that the MSG just has to be very specific and clear on
3 what the firm needs to deliver.
4

5 5.29. A question was raised whether the criteria being presented for evaluating the IA's performance are
6 based on the TOR of the IA.
7

8 5.30. The Secretariat responded that the criteria is based on the bid documents of the IA.
9

10 5.31. Going back to the evaluation, the Secretariat shared that it will not give the IA a passing rate for writing
11 proficiency. It was mentioned that first draft of the IA was not comprehensible and very technical even
12 though they were given instructions to make the report easier to understand. The Secretariat also shared
13 that the report had to be edited heavily to simplify the language.
14

15 5.32. In addition, it was mentioned that a lot of the comments were not incorporated by the IA in the final
16 version despite the fact that they were given enough time to do so because most of the comments were
17 given just after the first draft was submitted.
18

19 5.33. One member of the MSG recalled that there was suggestion during the TWG meeting that the IA
20 conduct follow-up meeting with the companies. A representative of the oil and gas sector clarified if this
21 would mean that after providing the data, the companies would need to sit with the IA and DOE.
22

23 5.34. The Secretariat responded that the meeting will be between the company and the IA.
24

25 5.35. The same oil and gas representative mentioned that the IA has to have an understanding of the
26 business in order to expound what the numbers represent. It was suggested that during reconciliation
27 process, there should be a venue wherein DOE for example, will sit down with the company if ever there are
28 unreconciled items. The industry representative explained that this is to identify the causes of the difference
29 which is also an input for the IA.
30

31 5.36. With respect to conflict of interest, the CSO representative stated that the MSG should try to hire a
32 firm that has no extractive industry client, if possible, to make sure that they are not protecting the interest
33 of any client.
34

35 5.37. According to the Secretariat, majority of the big firms really have clients either in the mining or oil and
36 gas sector. If these firms will be excluded, the concern of the Secretariat is that there could be a failure of
37 bidding.
38

39 5.38. In addition, the Chair mentioned that knowledge of the industry is also something that the IA needs to
40 possess. According to the Chair, the MSG needs to be very strict with regard to conflict of interest but not to
41 the extent that of excluding all firms which have previous dealings with mining or oil and gas companies.

1 5.39. A CSO representative commented that since the report is mainly a technical report, the conflict of
2 interest issue can be addressed by good supervision of the MSG.
3

4 5.40. With regard to supervision, one member of the MSG commented that the MSG members should meet
5 and walk through the entire report and not just the outline. In this way, the MSG can decide as a body on
6 what to include in the report.
7

8 5.41. A CSO representative mentioned that a complete draft should be available and the MSG members
9 should read the draft before coming to the meeting to discuss.
10

11 5.42. The Secretariat further stated that in addition to what has already been mentioned, what caused the
12 delay was the late submission of the various reporting entities.
13

14 The Secretariat underscored the need to prepare an action plan for the sixteen companies that did not
15 participate, and at the same time, also lay out measures that will ensure the continued commitment of the
16 other participating companies.
17

18 The Secretariat also mentioned that it intends to send BIR waivers earlier in the process and will exert more
19 effort in ensuring that more companies will accomplish aforementioned waivers.
20

21 4.43. The Chair agreed. The Chair also stated that the waiver needs to be redrafted if the MSG wishes for it
22 to be perpetual. However, it still depends on the companies if they will agree to such an arrangement.
23

24 4.44. A CSO representative noted that with regard to the format of the next report, volumes 1 and 2 be
25 merged so that the contextual information will lend meaning to the numbers that the IA is presenting.
26

27 4.45. The Chair agreed.
28

29 4.46. An Industry representative also suggested that the TWG work closely with the IA to the extent that
30 they also go over the draft report in order for them to provide much needed input as the process moves
31 along.
32

33 The TWG can already provide corrections or adjustments to the draft report before it is presented to the
34 MSG.
35

36 4.47. The Chair agreed.
37

38 4.48. The Chair then proceeds to ask the body about its final verdict on the IA's performance during the first
39 cycle of EITI implementation.
40

41 The Chair summarized the findings, suggesting that the MSG objectively state what the IA did well and what
42 needs improvement.

1 4.49. An Industry representative likewise added that the IA should be assessed on the basis of the TOR.

2
3 The IA can also be rated on the basis of responsiveness, resilience and their resourcefulness on the basis of
4 the add-ons that the MSG requested that they work on.

5
6 4.50. A CSO representative suggested that a set of criteria listed under each item. The evaluation document
7 can then be sent to the MSG, after which, the Secretariat can consolidate all responses in order for the body
8 to have something objective.

9
10 4.51. The Chair agreed, and suggested that the evaluation be presented in the form of a matrix. The MSG
11 members can then tick off their respective responses.

12 13 **6. TOR of Independent Administrator for the 2nd Report**

14
15 6.1. The Secretariat presented the draft TOR of the next IA. While some of the changes discussed earlier
16 have not yet been integrated into the draft TOR, the Secretariat pointed out the major changes made: first,
17 the data covered is 2013 and 2014; second, there is a provision that the next IA should likewise update the
18 contextual information, the scope, the revenue streams and the participating companies if necessary; third,
19 the IA will also provide recommendation on how to revise the next template; fourth, the IA should provide
20 an assessment of how the findings of the previous report, specifically with regard to the gaps, have been
21 addressed by the MSG.

22
23 6.2. The Secretariat then discussed the timetable, which it had adjusted in order for the process to be
24 started two months earlier than the previous timetable. The dates for data collection were also adjusted so
25 that they fall earlier than they did last year; the new draft TOR shows that data collection will commence by
26 April 2015. As for the amount, it has increased to Php7.5M; this figure is based on the experience from the
27 first cycle of implementation. If there is a move to ask the IA to work on the contextual information, then
28 that and the operational expenses of the undertaking must also be taken into consideration.

29
30 The additional details that emerged from the discussion earlier will likewise be integrated into the draft TOR.

31
32 6.3. The Secretariat then requested the MSG to send in the additional information that the body wants to
33 see in the next report.

34
35 The Secretariat also encouraged the MSG provide their revisions to the template early on to avoid the
36 experience of having to continuously add items to it as the process moves along.

37
38 6.4. The Secretariat then raised the possibility of including small scale mining data in the next report.

39
40 6.5. The Chair responded that the issue of small scale mining should be raised as an agenda to the MSG. The
41 Chair then opened the discussion regarding small scale mining to the MSG, that is, whether small scale
42 mining will be included, if not this this year, then in future reports.

1 6.6. The Chair noted that the MSG will need a plan on how to best cover the small scale miners, noting
2 especially, what the sources of information are for the sector and how the MSG will get the sector to
3 participate in the first place.
4

5 The Chair further elaborated that the MSG needed to consider how government agencies currently manage
6 and regulate the small scale mining industry as there might not be enough information to reconcile. This
7 statement has been repeated many times over, and the EITI process can validate this.
8

9 6.7. The Chair stated that while the MSG does not need to decide immediately, it needs to proceed on the
10 matter carefully. The Chair then underscored the need for an action plan on how it intends to tackle small
11 scale mining.
12

13 6.8. A CSO representative suggested that since some LGUs have good regulatory systems in place to manage
14 small scale mining activities, the MSG can study certain sites on how they monitor and regulate small scale
15 mining operations in their areas.
16

17 6.9. The Chair agreed and noted that the MSG needs to choose which sites they can study as pilot areas. The
18 Chair further stated that given data constrains, the MSG can consider “Province X” because it already has an
19 existing structure for reporting and monitoring small scale mining operations.
20

21 6.10. The CSO representative suggested that the MSG look at two pilot sites: Compostela Valley and South
22 Cotabato, further stating that the advantage of Compostela Valley is that Governor Arthur Uy has already
23 issued an EO implementing EITI in the province. South Cotabato on the other hand already has a system in
24 place in terms of taxation and monitoring of small scale mining.
25

26 6.11. The Chair then inquired if this will be included in the work of the IA.
27 The body agreed.
28

29 6.12. A representative of the industry sector recommended that a representative from these areas be
30 invited to a meeting so that the MSG would have an idea on what their current capacity is.
31

32 6.13. A CSO representative suggested that the cost for the participation of representatives from the two
33 provinces be incorporated in the budget that will be requested from the development partners. With this,
34 the said representatives can regularly attend the MSG meeting.
35

36 6.14. One member of the MSG asked how will the data on small-scale mining be reconciled if MGB does not
37 have enough data on small-scale mining activities in these areas.
38

39 6.15. A representative of the CSOs explained that the LGUs or the national government agencies will not be
40 forced to produce a data that does not exist. According to the same representative, since this is a case study,
41 the MSG would at least know which data or information exists, what are the gaps and how to move forward
42 in terms of monitoring.

1 6.16. The same representative proposed that representatives from the two provinces and also the MGB
2 regional offices in charge of monitoring, be involved in the TWG and MSG.
3
4 6.17. The Chair asked the MGB representative if the said MGB regional offices can participate in TWG and
5 MSG meetings.
6
7 It was mentioned that the MGB representative would need to report this first to their Director.
8
9 6.18. The Chair mentioned that the Secretariat can follow this up with letter addressed to the MGB Director
10
11 6.19. Since small-scale miners sell their gold to BSP, the industry representative pointed out that the best
12 gage to estimate small-scale gold production is to coordinate with BSP.
13
14 The same representative recommended that someone from BSP be invited to attend an MSG meeting and
15 shed light on matters relating to small-scale mining.
16
17 6.20. A government representative shared that small-scale mining operators do not sell their gold to BSP
18 anymore.
19
20 6.21. An industry representative shared that the reason why small-scale miners do not sell their gold to BSP
21 is because of the 5% withholding tax that was imposed by the BSP on top of the 2% excise tax.
22
23 6.22. Going back to the TOR, the Secretariat stated that the MSG needs to agree whether both 2013 and
24 2014 data will be covered. In relation to this, MGB and DOE should submit a new list of operating companies
25 in 2013 and 2014.
26
27 6.23. It was mentioned that the MSG members should inform the Secretariat if there are any additional
28 information that they want to include apart from what had been discussed.
29
30 6.24. The Chair requested the MSG members to submit the additional information by no later than the end
31 of next week.
32
33 6.25. A CSO representative recalled that the MSG made a list of all the documents to get from the national
34 government agencies. According to the same representative, these documents should already be collected
35 and analyzed so that these could be incorporated in the contextual information.
36
37 6.26. The Secretariat mentioned that as discussed during the last TWG meeting, the target is for all
38 supporting documents to be available by the end of the first quarter.
39
40 6.27. Going back to the TOR, the Secretariat stated that they will wait for the additional recommendations
41 of the MSG members by the end of next week. It was mentioned that the Secretariat will send the revised
42 TOR after they have incorporated additional comments from the MSG.

1 6.28. According to the Secretariat, since they are hoping to start the bidding process by middle of February,
2 the approval of the TOR might be done through email. Besides, it was noted that the TOR was already
3 discussed substantially in today's meeting.
4

5 6.29. Given that the MSG has to bid for an IA every year, an industry representative suggested to include in
6 the TOR that the IA should have some sort of hand over transition to the next IA.
7

8 **7. MSG's Response to EITI International Secretariat's Comments**

9

10 7.1. The Secretariat mentioned that the comments of the International Secretariat can be categorized into
11 the following types:
12

13 First, comments that require only minor edits including alleged inconsistencies in the report. It was
14 mentioned that the Secretariat, together with the consultants, can take care of these comments but the
15 edits will still be subjected to the MSG's approval.
16

17 In another category are the comments that need to be addressed by the IA which are primarily relating to
18 the assessment of data quality and materiality threshold. The Secretariat shared that they are thinking of
19 asking the IA to address these comments and at the same time add in their scope of work the discussion on
20 beneficial ownership and reconciliation of subnational data which were not included in the original TOR of
21 the IA. Therefore, another contract with the IA needs to be executed, and according to the Secretariat, they
22 have funds for this under the MDTF.
23

24 7.2. To give context, it was explained that the International Secretariat is recommending that the MSG ask to
25 be validated. However, the comments of the International Secretariat have to be addressed before
26 validation.
27

28 7.3. With this, the Secretariat reiterated that it needs to execute another contract with the IA to do the
29 corrective measures on the first report and to produce the MSG's response to the comments of the
30 International Secretariat, which can be a Volume III of the PH-EITI report or a supplemental report.
31

32 7.4. The Chair asked if the proposed follow-up contract with the IA still needs to go through the
33 procurement processes of DOF.
34

35 7.5. According to the Secretariat, the contract has to go through DOF's process but since it's a continuation
36 of a previous project, single source procurement can be applied under World Bank guidelines.
37

38 7.6. The Chair asked the Secretariat to begin the processing of the said contract.
39

40 **8. Institutional Assessment**

41

- 42 • **Status of inactive members**

1 8.1. The Secretariat noted that some MSG members are inactive and the sectors might want to consider
2 appointing new representatives.
3

4 8.2. A representative of the industry sector asked to be clarified regarding the process of appointing new
5 members of the MSG.
6

7 8.3. The Chair explained that it is up to the sectors how they will appoint their representative to the MSG.
8

9 8.4. For the information of the body, it was shared that during their national conferences, CSOs are
10 publishing the attendance of their representative to the MSG so that people will know who are actually
11 attending MSG meetings. In relation to this, it was suggested that the attendance of the MSG members be
12 posted in the PH-EITI website.
13

14 8.5. The attendance of the MSG members was then presented by the Secretariat and the body agreed to
15 post it in the website.
16

17 8.6. The Secretariat shared that the new representative of the non-members of COMP, from Ore Asia Mining
18 and Development Corporation, is present in the meeting. It was recalled that the said representative was
19 elected last December.
20

21 8.7. A DOE representative recalled that in previous MSG meetings, there was a proposal to have workshops
22 with the regional offices of government agencies and involve them in EITI implementation.
23

24 8.8. The Chair noted that more outreach activities with the regional offices can be included in the work plan.
25

26 8.9. With regard to MSG meetings, one member of the MSG asked if there is a limit to the number of
27 representatives who can attend the meetings.
28

29 8.10. The Chair clarified that there is no limit to the number attendees. However, it was noted that
30 sometimes there are constraints in terms of space.
31

32 8.11. Going back to the inactive members, the Secretariat asked when will the sectors provide the names of
33 their new members.
34

35 8.12. A representative of the CSO recalled that there was an agreement that the members of the MSG are
36 not allowed to simultaneously leave the group and that a representative of each sector should stay for
37 another term.
38

39 8.23. To clarify, the Secretariat noted that what is only stated in the TOR of the MSG is that the sectors are
40 responsible for ensuring institutional memory within the MSG.
41

1 • **New member agencies**

2
3 8.24. The Secretariat recalled that there was a suggestion earlier to include BOI, DBM, COA, BIR, NCIP and
4 subnational representatives as MSG members. It was also noted that in previous forums, there were also
5 suggestions to include representatives from Congress.

6
7 8.25. A CSO representative commented that the MSG should only identify specific agencies because adding
8 all the suggested agencies will have an effect on the quorum. Though, this will not have an effect in terms of
9 voting which is being done in consensus, the same representative explained that the body has to identify the
10 agencies that are critical in producing the EITI report.

11
12 8.26. The Chair remarked that DBM and BIR are critical. It was mentioned that BIR is already a member of
13 the TWG.

14
15 The Chair then suggested that the BTr be included as part of the TWG while the BOI be invited to become a
16 member of MSG.

17
18 8.27. One member of the MSG raised a concern regarding the allowed number of agencies per sector. It was
19 explained that based on EO 147, there should only be 5 agencies per sector.

20
21 8.28. A representative of the CSO proposed that the composition of the MSG be amended to add more
22 members from the government.

23
24 The body agreed.

25
26 8.29. To summarize, the Secretariat mentioned that DBM, BOI, NCIP and BIR will be invited to become a
27 member of the MSG. In addition, BTr and COA will be added as part of the TWG.

28
29 8.30. The Chair mentioned that the representatives from the regional offices of MGB and DOE will also be
30 invited to be part of the TWG.

31
32 8.31. A CSO representative commented that the regional offices of NCIP should also be invited. The same
33 representative expressed that the cost of regional office participation should be added to the presentation
34 for the donors' meeting.

35
36 8.32. An industry representative commented that COA is not really a collecting government agency.

37
38 8.33. The Chair explained that the International Secretariat is also looking for a discussion on fund utilization
39 and COA is the agency that is supposed to validate how funds are being spent. It was further elaborated that
40 the MSG needs to know how COA monitors where the LGUs spend their share in national wealth or if this is
41 even part of their monitoring process.

1 8.34. A CSO representative added that though the interaction of COA is not with the companies, COA is
2 needed to look into the accountability of government agencies on how they spend the money being
3 transferred from the companies.

4
5 8.35. With regard to the participation of regional offices, the MGB representative raised that they do not
6 have a budget to cover the transportation cost if ever representative from their regional offices will be
7 invited to attend TWG meetings.

8
9 8.36. A representative of the CSOs responded that the funds will be requested from the developing partners.
10 It was explained that the participation of regional offices will be incorporated in the institutionalization of
11 EITI at the regional level that the donors will be asked to support.

12
13 8.37. A CSO representative suggested that Hon. Elisea Gozun be appointed as 'piso' consultant since she is
14 often invited to attend MSG meetings. This is to formalize her involvement with the MSG.

15
16 The body agreed.

17
18 8.38. It was clarified that the said appointment will be an MSG appointment.

19
20 • **MSG meetings**

21
22 8.39. The Secretariat mentioned that the members of the MSG might want to revisit the regularity of MSG
23 meetings.

24
25 8.40. The Chair asked the MSG members if they would want to meet more often than once a month.

26
27 8.41. Given the amount of work that will be encountered, a CSO representative asked for the
28 recommendation of the Secretariat regarding regularity of MSG meetings. The same representative stressed
29 that an MSG meeting should be conducted if there is a need for the MSG, as a whole body, to make policy
30 directions or decision. It was mentioned that based on the TOR, MSG meeting will be conducted quarterly.

31
32 8.42. According to the Secretariat, there are certain matters that the MSG needs to approve as a body under
33 the standards such as materiality and scope of the report. Therefore, the Secretariat commented that the
34 MSG members should meet in February and March before the start of data gathering in April.

35
36 8.43. The Secretariat also remarked that after data gathering, what will be crucial are the reforms that the
37 body would want to implement, which under the standards does not need an en banc MSG approval. Given
38 the considerations, the Secretariat recommended that the MSG members meet every month until March,
39 specifically last Friday of both February and March. After the month of March, it was mentioned that MSG
40 meetings can be conducted every other month.

41
42 The body agreed.

1 8.44. There was also a suggestion to explore rotating the meeting venue among the member agencies.
2
3 8.45. An industry representative commented that the MSG might also want to schedule another visit to a
4 mine site.
5
6 8.46. The Chair asked the Secretariat to prepare a list of possible meeting venues. The Chair then
7 encouraged the members of the MSG to volunteer their offices and coordinate with the Secretariat.
8
9 • **Creation of sub-committees**
10
11 8.47. The Secretariat clarified that the sub-committees are for the major tasks that the MSG will be doing for
12 the year. It was mentioned that the MSG is expected to implement reforms based on the findings from the
13 report, communicate the report to local stakeholders through road shows as well as produce the next
14 report. Validation is also one major task if the MSG decides to be validated this year. The Secretariat noted
15 that an oversight is also needed if the MSG wants to do subnational implementation.
16
17 8.48. A CSO representative commented that most of the reforms to be implemented are on the part of the
18 government.
19
20 8.49. The Chair noted that many of the reforms that needs to be implemented by the government will need
21 legislative actions.
22
23 8.50. The same CSO representative stated that since the areas for reforms were already identified, these can
24 already be forwarded to the MICC.
25
26 8.51. According to the Chair, the MSG needs to report to the MICC and inform them that the PH-EITI report
27 has been submitted. It was also mentioned that the recommendations of the report and ways forward
28 should also be reported to the MICC.
29
30 8.52. A CSO representative suggested that the body ask for 2 resolutions from the MICC; one is a resolution
31 on the reforms and the second one is a resolution for the cooperation of the different agencies in terms of
32 the disclosure of data for EITI.
33
34 8.53. One government representative pointed out that the additional members of the MSG might also be
35 raised during the MICC meeting.
36
37 8.54. Since the composition of the MSG is defined in the EO, the Secretariat expressed that the suggestion to
38 add more MSG members needs to be flagged to the MICC.
39
40 8.55. According to the Chair, if the MICC will be informed regarding additional MSG members, the MSG
41 would need to justify why, and the next step for this is amending EO 147. Therefore, the Chair suggested

1 that the identified agencies will be simply invited to attend MSG meetings while the MSG and Secretariat
2 work on making them a full member.
3

4 8.56. With regard to communications, the Secretariat elaborated that the objective of having a sub-
5 committee is to identify MSG members who will join the LGU roadshows. According to the Secretariat, it is
6 important to have consistent messaging, as the delivery of the message will be the same if it is from the
7 same people.
8

9 8.57. A representative of the CSOs commented that this is not a problem for them since they have
10 representation in Luzon, Visayas and Mindanao.
11

12 8.58. The MGB representative proposed that the MSG communicate with the focal person of regional offices
13 regarding this matter.
14

15 8.59. One member of the MSG commented that it is not certain that the focal person of regional offices can
16 communicate the EITI message.
17

18 8.60. The Secretariat noted that at the minimum, they need someone from the MSG who will go with them
19 in every area that they will visit.
20

21 8.61. The Chair expressed that once the calendar of activities is already prepared, the MSG can look at it and
22 split the areas among the members.
23

24 8.62. With regard to validation, the Secretariat stressed that the MSG might need to create an oversight
25 team since the validation process will require a lot of consultations with the MSG.
26

27 8.63. The Secretariat was asked to explain the validation process.
28

29 8.64. During validation, the Secretariat explained that the validators will have consultations with the
30 different sectors and with the MSG as a whole. It was mentioned that the validators will also go to different
31 regions to make sure that the EITI report was communicated. The validators will also meet with the
32 Secretariat and examine all EITI documents.
33

34 8.65. A CSO representative recommended that the MSG members decide first whether they we want to be
35 validated this year or next year when the new members of the MSG are already on board.
36

37 8.66. The Chair commented that body should request to be validated this year since the current MSG
38 members are the ones who worked on the EITI report.
39

40 8.67. However, according to the same CSO representative, the challenge is that the MSG would have to be
41 able to address all the issues raised by the International Secretariat before validation.

1 8.68. The Chair noted that the MSG will address all the issues. It was mentioned that the extension of the
2 IA's contract has to be processed as soon as possible.

3
4 8.69. A representative of the CSOs commented that there is no need to form a sub-committee on validation,
5 the MSG members will just work on the logistical arrangement if the validators are already in the country.

6
7 The body agreed.

8
9 8.70. If ever the validation will be conducted by the 3rd quarter, a representative of the industry sector
10 asked if there is an expectation to include what the new IA have already accomplished at that time.

11
12 8.71. The Secretariat clarified that the work of the new IA will not be included since the MSG will be
13 validated on the basis of the first report.

14
15 8.72. Regarding subnational EITI, the Chair asked the members of the MSG to think what actions need to be
16 done in order to move forward with the subnational implementation of EITI. According to the Chair, the
17 MSG will work first on the pilot areas and if the MSG has already completed the action plan for subnational
18 implementation, then that that is the time that the body will decided about forming a sub-committee.

19
20 In connection with this, the members of the MSG were asked to submit ideas on how to proceed with
21 subnational implementation.

22
23 8.73. One member of the MSG instructed the Secretariat to do a scoping on the feasibility of subnational
24 implementation in South Cotabato and Compostela Valley.

25
26 • **Transition upon end of term**

27
28 8.74. The Secretariat shared that according to the internal rules of the MSG, the term of the members lasts
29 for three years. It was then noted that current MSG members are already in their third year. Thus, they only
30 have until December 2015.

31
32 In relation to this, the Secretariat reiterated that the sectors have to develop a mechanism to ensure
33 institutional memory within the MSG.

34
35 8.75. A CSO representative inquired if they are allowed to select their replacement in the MSG after
36 December 2015. For example, they decided to elect new MSG members in March 2016.

37
38 8.76. The Chair pointed out that it is up to the sector to decide when they would want to select their new
39 MSG representatives.

1 • **Additional staff for the secretariat**

2
3 8.77. The body was informed that the Secretariat needs additional staff given the amount of work that is
4 being required. The Secretariat shared that under the work plan, two additional staff will be funded by the
5 MDTF.

6
7 8.78. One member of the MSG asked the Secretariat to report their status of operation.

8
9 8.79. It was mentioned that currently, there are six personnel in the Secretariat. The body was informed that
10 the contract of the National Coordinator with the World Bank ended last December and her new contract
11 with DOF, under the MDTF, is still being processed.

12
13 Under the DOF, the Secretariat shared that two of their staff have consultancy arrangement while three
14 have job order contracts which are being renewed every 6 months. According to the Secretariat, the
15 renewal of the contracts is usually takes a long time to process.

16
17 8.80. A representative of the CSO commented that while the MSG is considering the institutional memory
18 among the sectors, the core is actually the institutional memory within the Secretariat. Therefore, it was
19 mentioned that the MSG should consider the institutionalization of the Secretariat.

20
21 8.81. The Secretariat recalled that there were previous discussions within DOF regarding the incorporation
22 of the Secretariat in the DOF plantilla.

23
24 8.82. The Chair asked the Secretariat to follow this up with the human resource department of DOF.

25
26 8.83. Since there are challenges in the employment status of the Secretariat, one member of the MSG
27 suggested that the group already discuss how they envision the institutionalization of PH-EITI and the
28 Secretariat, including preparations to be made in order to achieve this goal. The same representative asked
29 whether the Secretariat is still relying on donors for operational expenses.

30
31 8.84. According to the Secretariat, aside from the salary of the National Coordinator which will be funded by
32 the MDTF, the five personnel are covered by the DOF funds. However, it was mentioned that the contract of
33 the National Coordinator will end by December 2015 since the MDTF is only good for one year. The
34 Secretariat also noted that most of the operational costs are covered by the government but there are still
35 activities that will be funded by the development partners.

36
37 8.85. A CSO representative explained that after the period covered by the MDTF and the support from other
38 development partners, the Philippine government is expected to finance the whole EITI implementation.
39 However, there will be constraints since the government cannot fund CSO representations from the
40 different regions. Given this concern, the same representative stated that PH-EITI needs to be legislated.

41
42 8.86. The Chair asked if the bill institutionalizing EITI can already be drafted.

1 8.87. The Secretariat stated that the drafting of the said bill is included in the PH-EITI work plan and this is
2 one of the target outputs for year 2015.
3

4 8.88. The Chair stated the draft bill should be very simple.
5

6 8.89. Since the Secretariat will be doing a presentation to the MICC, a representative of the CSOs noted that
7 the MSG might want to also present the draft bill.
8

9 8.90. With regard to the institutionalization of the Secretariat, the Chair mentioned that the challenge is to
10 maintain the relatively high positions of Secretariat. The Chair explained that to do this, the Secretariat
11 should be exempted from certain requirements of the civil service. However, the exemption of the
12 Secretariat must be justified.
13

14 8.91. One member of the MSG inquired whether it will be easier if the institutional structure of PH-EITI will
15 be that of an independent commission.
16

17 8.92. The Chair asked the MSG to clarify whether they want to expand the Secretariat within DOF or they
18 want the Secretariat to have its own organic existence. It was mentioned that the advantage of having the
19 Secretariat within DOF is that they can use the human resource department and the general services
20 division of the DOF. However, the disadvantage is that the structure of the Secretariat will be questioned
21 once higher positions will be given to the Secretariat.
22

23 On the other hand, the Secretariat will have a bigger bureaucracy if they will be independent or autonomous
24 from DOF. However, the Chair remarked that this may also raise concerns from DBM.
25

26 The Chair noted that the MSG needs to find a balance regarding this matter.
27

28 8.93. A CSO representative asked the Chair, as the one who is overseeing the operationalization of EITI, if it
29 is better to maintain the status quo and have the EITI as an additional work of an Assistant Secretary or have
30 a separate commissioner for EITI.
31

32 8.94. The Chair stated that EITI implementation is a full time work.
33

34 8.95. Another CSO representative commented that the MSG needs the opinion of DBM regarding
35 institutionalization.
36

37 8.96. According to one MSG member, part of the challenge in institutionalization is how to finance CSO
38 representation. This is because government funds cannot be used to cover the cost of CSO participation.
39

40 8.97. A representative from the CSOs explained that in terms of funding, the work of EITI is dependent on
41 how huge the extractive sector is, which will be determined more or less by the amount of revenues. In this
42 regard, it was suggested that if a separate agency on EITI will be created, a certain percentage of the

1 revenues from the extractive companies being covered should be used to fund EITI implementation. The
2 same representative pointed out that in this set-up, when the extractive sector increases, the amount of
3 work and funding will also increase.
4

5 8.98. One member of the MSG asked if the funds for EITI implementation can be sourced from the
6 Malampaya Fund.
7

8 8.99. The Chair noted that Malampaya fund is still government fund thus, legislation is still needed.
9

10 8.100. A CSO representative shared that there is a certain provision in the service contract that DOE can ask
11 support from the oil and gas companies. The same representative then asked the DOE representative if the
12 said amount can be used to fund EITI implementation assuming EITI will not be legislated.
13

14 8.101. The DOE representative mentioned that they would need to ask the service contractors if they are
15 willing to contribute to EITI. However, it was noted that this could raise issues with regard to conflict of
16 interest.
17

18 8.102. The Secretariat agreed that there could be an issue of conflict of interest since the request for
19 support from the service contractors are subjected to negotiations.
20

21 On the other hand, the Secretariat commented that it might be easier to get the funding from the royalty in
22 mineral reservations, which is actually mandated by law.
23

24 8.103. A CSO representative stated that royalty in mineral reservations is government funds and therefore
25 cannot be used for CSO representation.
26

27 8.104. According to the Secretariat, if the MSG will include CSO representation as part of EITI
28 implementation then the royalty in mineral reservation can fund this. However, the Secretariat noted that
29 they still need to study this matter further.
30

31 8.105. The Chair stated an appropriation is needed in order to use royalties.
32

33 8.106. The MGB representative was asked to clarify the nature on how decisions are made in terms of
34 utilizing the 10% mineral reservation fund. The same representative asked if the utilization of the said fund
35 is included in the GAA.
36

37 8.107. The representative of the MGB shared that the mineral reservation fund is included in the GAA as
38 Fund 151. According to the MGB representative, they will develop a work plan for the mineral reservation
39 fund and then they will request DBM to release the fund.
40

1 For the information of the body, it was mentioned that the Fund 151 for 2014 has not yet been rereleased
2 by the DBM.

3
4 8.108. As a way forward, it was then suggested that the Secretariat be given a directive to look into possible
5 funding sources and give a report to the MSG.

6
7 8.109. A CSO representative noted that the report of the Secretariat should be in a matrix form. The same
8 representative mentioned that the report should contain recommendation for the short term, 6 months to
9 within the year, operation of PH-EITI as well as legislation. The said recommendation should cover the staff,
10 operational requirements and MSG support which is further divided into regional participation and CSO
11 representation.

12
13 8.110. The body agreed.

14 15 **9. Validation**

16
17 9.1. According to the Chair, based on the discussion earlier, the MSG wants to be validated this year. The
18 Chair mentioned that the validation process can start in July.

19
20 9.2. The body was informed that the International Secretariat can conduct a pre-validation workshop for the
21 MSG in May. According to the Secretariat, the MSG might opt to have the said workshop in order to asses if
22 they are really ready for validation.

23
24 9.3. The Chair agreed to the recommendation of the Secretariat.

25
26 9.4. One member of the MSG inquired whether legislation is one of the validation requirements.

27
28 9.5. It was clarified that legislation is not a requirement.

29 30 **10. Draft Work Plan**

31
32 10.1. Similar to the first work pan, the Secretariat shared that the draft work plan will be presented during
33 the national conference on February 3. The Secretariat explained that under the standard, it is a
34 requirement that the work plan be consulted with the broader public.

35
36 10.2. The Secretariat presented the draft work plan. It was mentioned that the work plan contains the major
37 activities that the MSG needs to do for the next reporting cycle. (The presentation material is attached as
38 Annex A)

39
40 10.3. The Secretariat noted that the activities in the work plan are still centered around the 5 objectives of
41 PH-EITI.

1 10.4. The Secretariat highlighted the following changes:
2

- 3 • A category on improving quality of data and addressing gaps in the first report was added.— This is
4 where the follow-up contract with PWC is included. PWC will have a comprehensive assessment of
5 auditing procedures of government and industry to assess the quality of our data. PWC will also be
6 responsible for tracking the distribution of LGU shares and reconciliation of LGU collections which
7 was not incorporated in the PH-EITI report. Since the International Secretariat noted that the
8 discussion on beneficial ownership is not substantial, PWC will also be asked to do a full study on
9 beneficial ownership.
- 10
- 11 • Expenses for validation was also included in case the MSG intends to undergo validation this year.
12
- 13 • Development of monitoring tools and systems for IP royalties, mandated funds and CSR projects was
14 added. – One of the gaps that was identified from the report is the lack on monitoring systems by
15 the government agencies, specifically NCIP and MGB.
- 16
- 17 • Formulation of new policies by the MSG was included.— The MSG will hire a consultant who can
18 consolidate the gaps surfaced in the first report and suggest possible ways forward given the gaps.
19

20 10.5. The Secretariat flagged that some of the activities in the work plan have no funding. It was shared that
21 there is a plan to conduct a donors’ forum on February 17 and therefore, the work plan should be finalized
22 before this event.
23

24 10.6. The Secretariat reported that the total amount of implementation is Php 52.2 Million.
25

26 10.7. For presentation purposes, the Chair asked the Secretariat to make a comparison of the 2014 and 2015
27 budget for EITI implementation. It was mentioned that the MSG should be able to justify why Php 52 Million
28 is needed for 2015.
29

30 10.8. The Secretariat explained that bulk of the funding will go to roadshows which is intended for the
31 dissemination of the EITI report.
32

33 10.9. The Chair reiterated that the 2015 budget should be compared with the previous year for better
34 analysis. In addition, the Chair also asked the Secretariat to report the actual expenditures for 2014 and
35 compare it with what was budgeted. Activities under MDTF that were eventually funded by the government
36 should also be identified according to the Chair.
37

38 10.10. An industry representative commented that the doability of the work plan should also be included. It
39 was mentioned that there is a portion of a budget for a consultant to draft the EITI law, but considering that
40 there will be a change in government administration, the same representative asked if this is actually doable
41 for this year.

1 10.11. The Chair responded that the bill can be drafted this year but the MSG can look for a sponsor the
2 following year.

3
4 10.12. The same industry added that there should be categorization on what items can be taken out if ever
5 there will be budget constraints.

6
7 10.13. The Chair explained that there is guaranteed funding for all the activities that are identified as
8 government or MDTF funded.

9
10 10.14. A CSO representative suggested that the MGB and DOE identify activities that can make EITI reporting
11 easier for their agencies.

12
13 The same representative explained these activities can be presented during the donors' meeting to raise
14 funds. It was mentioned that AUSAID or USAID might want to finance the information system of DENR or
15 DOE.

16
17 10.15. The Chair noted that the NCIP should also be included for this.

18
19 10.16. The Secretariat mentioned that after the event on February 3, the additional comments on the work
20 plan will be incorporated before finalizing it.

21
22 10.17. Since development partners will be present on February 3, it was suggested that the Secretariat
23 identify those activities with no funding yet.

24
25 10.18. It was mentioned that the Secretariat already indicated in the draft work plan whether an activity still
26 needs funding.

27

28 **11. Other Matters**

29

30 **• Draft memo for agencies**

31
32 11.1. It was recalled that during the previous meeting, there was recommendation from the MSG that the
33 Secretariat draft a memo for MICC's approval, requiring the government agencies to make the documents
34 available for EITI.

35
36 11.2. The Secretariat shared the draft memo.

37
38 11.3. A CSO representative commented that instead of a memo from the MICC, the MSG might need joint
39 memorandum circular from all the government agencies involved signed by the Secretaries of each agency.

40
41 11.4. The Secretariat asked if the proposed joint memorandum circular still needs to go through the MICC.

42

1 11.5. The same CSO representative stated that the joint memorandum circular can be discussed with the
2 MICC.

3
4 11.6. With regard to compliance of regional offices, one member of the MSG asked if a memo from each of
5 the agencies is more effective than a memo from the MICC.

6
7 11.7. The Chair mentioned that a memo from each of the agencies is more effective.

8
9 11.8. The Secretariat then suggested to include in the draft MICC memo that aside from making the
10 documents available, all government agencies should also issue the corresponding directive to their regional
11 offices.

12
13 11.9. The body agreed. However, the Chair stressed that the Secretariat needs to be conscious regarding the
14 language that will be used in the memo.

15
16 • **Upcoming activities**

17
18 11.10. The Secretariat shared that there will be a workshop on February 2, which is a whole day event. In the
19 morning, there will be a workshop on analyzing the EITI report. It was mentioned that resource speakers
20 from the International Secretariat, ICMM, NRGI and the World Bank will be coming.

21
22 11.11. According to the Secretariat, the MSG members will have separate meetings with the international
23 guests. The representative from ICMM will meet with the business sector, the International Secretariat will
24 meet with the government representative while the resource person from NRGI will meet with the CSOs.
25 The Secretariat shared that the separate meetings with the sectors will happen simultaneously over dinner.

26
27 11.12. With regard to the grand launch of the report on February 3, the Secretariat reported that Secretary
28 Purisima already confirmed for the morning session. However, the Secretariat has not received any
29 confirmation from the President. The Secretariat noted that the MSG members will be asked to participate
30 in the panel discussion. It was mentioned that the Chair will be presenting the key findings of the report.

31
32 11.13. According to the Secretariat, the draft work plan will be presented to the sectors in order to get their
33 feedback.

34
35 11.14. The body was informed that the grand launch will be held in Sofitel and that there will be cocktails
36 and entertainment after the event.

37
38 11.15. In addition to upcoming activities, it was mentioned that the EITI Secretariat and MSG members from
39 Myanmar are asking if they can come to the Philippines for a study tour during the last week of February.

40
41 11.16. The Chair asked what would the study tour entail.

1 According to the Secretariat, the said visit will involve one on one meetings or consultation with members of
2 the MSG and the Secretariat.

3
4 11.17. The Chair stated that the visit of representatives from Myanmar can be scheduled on the date of the
5 MSG meeting in February.

6
7 11.18. The Secretariat reminded the body that a donors' forum I scheduled on February 17. However, it was
8 mentioned that the details are not yet final.

9
10 11.19. As for the MSG meetings, the Secretariat reiterated that the Next MSG meeting will be on last Friday
11 of Feb and last Friday of March.

12
13 11.20. For the information of the body, it was mentioned that EITI Chairperson Clare Short is planning to
14 come to the Philippines in May. It was mentioned that the MSG needs to advise the International Secretariat
15 when the best time would be for the visit.

16
17 11.21. One member of the MSG suggested that the MICC and Malacanang be informed regarding Clare
18 Short's visit.

19
20 11.22. The Chair stated that they will inform the said offices once the details are final.

21
22 • **Financial report**

23
24 11.23. The Secretariat shared that the financial report is included in the meeting kit. It was reported that for
25 year 2014, the total budget was Php 16.5 Million.

26
27 11.24. The body was informed that the Secretariat was able to spend the whole amount. Though some of
28 the budget has not been disbursed yet, the remaining balance is already obligated.

29
30 **ADJOURNMENT**

31
32 There being no other matters to discuss, the meeting was adjourned at 1:00 PM.

2015 PH-EITI WORKPLAN

1ST OBJECTIVE: Show direct and indirect contribution of extractives to the economy (through EITI process)

RATIONALE: Current data in the Philippines does not show a complete and accurate picture of EI's contribution to the economy due to its level of disaggregation, inadequate monitoring mechanisms, and lack of consolidated data to facilitate analysis. Also, there is no existing mechanism to record social expenditures beyond what the law requires. The EITI is thus seen as a tool to narrow the gaps in existing data by reporting actual reconciled figures.

GOVERNANCE RELATED CHALLENGES: 1. Regular monitoring of payments between the central and the local offices. 2. Determination of the appropriate fiscal regime for the industry 3. Transparency in tax information which is hindered by confidentiality provisions in the Tax Code 4. Ensuring proper amounts are paid down to the local level 5. Regulation of fees imposed by local government units which business sometimes perceives as excessive. 6. Measuring adequacy of social and environmental expenditures.

ACTIVITIES	OUTCOME	RESPONSIBLE PARTY	TIMELINE	COST	FUNDING
PUBLICATION OF EITI REPORT					
Production of summary report, popular version and translated version (first and second report)	A credible, comprehensive and relevant EITI report that is used by all stakeholders in policy formulation and decision making.	Consultant, MSG, Secretariat	November 2014 to January 2015	4,000,000	MDTF
Hiring of independent administrator to analyze the government and industry data for the second EITI report	A credible, comprehensive and relevant EITI report that is used by all stakeholders in policy formulation and decision making.	IA, secretariat	Feb 2015	7,500,000	MDTF
MSG to agree on scope, level of disaggregation and materiality of reporting for the second report	A credible, comprehensive and relevant EITI report that is used by all stakeholders in policy	MSG, IA	March 2015	MSG meeting budget	MDTF, GOP

	formulation and decision making.				
Outreach activities with different Sectors and LGU roadshow	A credible, comprehensive and relevant EITI report that is used by all stakeholders in policy formulation and decision making.	MSG, secretariat	April-July 2015	6,624,860	MDTF
Drafting and finalization of reporting template based on the level of disaggregation and materiality as agreed upon by the MSG	A credible, comprehensive and relevant EITI report that is used by all stakeholders in policy formulation and decision making.	IA, MSG	April 2015	Budget for IA	MDTF
Conduct reporting template workshop for all sectors per company, per industry, per LGU	A credible, comprehensive and relevant EITI report that is used by all stakeholders in policy formulation and decision making.	IA, MSG	April to June 2015	Budget for IA	MDTF
Completion and submission of reporting template	A credible, comprehensive and relevant EITI report that is used by all stakeholders in policy formulation and decision making.	IA, Secretariat, reporting entities	April-July	Budget for IA	MDTF
Reconciliation process	A credible, comprehensive and relevant EITI report that is used by all stakeholders in policy formulation and decision making.	IA, Secretariat, reporting entities	July-August	Budget for IA	MDTF
Drafting of the 2 nd PH-EITI report (covering 2013 and 2014 data)	A credible, comprehensive and relevant EITI report that is used by all stakeholders in policy formulation and decision making.	IA	Sept. 2015	Budget for IA	MDTF

Hiring of report editor (for the 2nd report)	A credible, comprehensive and relevant EITI report that is used by all stakeholders in policy formulation and decision making.	Consultant, Secretariat	Sept. 2015	500,000	MDTF
Workshop / approval of the 2 nd EITI report	A credible, comprehensive and relevant EITI report that is used by all stakeholders in policy formulation and decision making.	IA, MSG, Secretariat	November 2015	MSG meeting budget	MDTF, GOP
Printing of the 2nd PH-EITI report	A credible, comprehensive and relevant EITI report that is used by all stakeholders in policy formulation and decision making.	Consultant, Secretariat	November to December 2015	2000000	MDTF
CAPACITY BUILDING ACTIVITIES FOR MSG, TWG, SECRETARIAT AND OTHER STAKEHOLDERS					
Report analysis workshop	Well capacitated MSG, TWG and secretariat that can cascade their learnings on EI issues and EI data to the broader public	Consultant/resource persons, MSG, secretariat	1 st quarter 2015	785,250	MDTF
Communications trainings and dissemination of the report	Well capacitated MSG, TWG and secretariat that can cascade their learnings on EI issues and EI data to the broader public	MSG, TWG, resource persons, consultant, secretariat	February 2015 and once every quarter	1,003,964	GOP
International outreach and trainings	Well capacitated MSG, TWG and secretariat that can cascade their learnings on EI issues and EI data to the broader public	MSG, TWG, Secretariat	1st quarter of 2015 onwards	3,790,525	MDTF

Participate in existing transparency initiatives in the country and region	Well capacitated MSG, TWG and secretariat that can cascade their learnings on EI issues and EI data to the broader public	MSG, TWG, Secretariat	As needed	1,062,000	MDTF	
Forums on fiscal regimes, management of EI revenues at the local and national level	Well capacitated MSG, TWG and secretariat that can cascade their learnings on EI issues and EI data to the broader public	MSG, TWG, secretariat, LGUs	April and October 2015	Budget for outreach activities	MDTF	
IMPROVING QUALITY OF DATA AND ADDRESSING GAPS IN THE FIRST REPORT						
Follow-up Contract with PWC	Comprehensive assessment of auditing procedures of government and industry	Reliable data that ensures a credible, comprehensive and relevant EITI report	IA, MSG, reporting entities	March 2015 onwards	1,500,000	MDTF
	Tracking of distribution of LGU shares and reconciliation of LGU collections for inclusion in the EITI report	Transparency in the distribution of LGU shares to ensure timeliness and accuracy	IA, MSG, DBM, LGUs	March 2015 onwards		
	Full study on beneficial ownership	Transparency in the full beneficial ownership of extractive companies	Consultant	January 2015 onwards		
Improvement of monitoring procedures of government agencies	Timely and complete data from government agencies	MSG, government agencies	March 2015 onwards	Budget for operationalization of policies (see Objective No. 3)	MDTF	

Engagement of COA regarding audit procedures	Improved audit of government data on extractive industries	MSG, IA, COA	2 nd quarter of 2015 onwards	Budget for meetings	MDTF, GOP
Dialogues with companies to ensure full participation in EITI	Full commitment and participation of companies to ensure a comprehensive and reliable report	MSG, reporting entities, secretariat	January 2015 onwards	Budget for outreach activities and meetings	MDTF, GOP
VALIDATION					
Pre-validation workshop	Evaluation of the Philippines as an EITI compliant country	Resource persons, MSG, secretariat	May 2015	1,000,000	MDTF
Validation meetings and other related expenses	Evaluation of the Philippines as an EITI compliant country	Validator, MSG, secretariat	July 2015 onwards	300,000	MDTF
<p>2nd OBJECTIVE: Improve public understanding of the management of natural resources and availability of data</p> <p>RATIONALE: Local communities should be able to make informed decisions on issues pertaining to extractive operations in their areas. In giving their consent, they should be armed with the necessary data and be equipped to use them. Public debate on EI governance should be stimulated because this a way by which we evaluate the government's capacity to implement laws governing natural resource management. Information on extractive data and revenue management should be made accessible and explained to the public to make sure that they are spent for legally mandated purposes and that they are received by the intended beneficiaries. The EITI process provides venue for discussions of these issues and frames the questions that should be asked to stimulate public debate.</p> <p>GOVERNANCE RELATED CHALLENGES: 1. Irregular monitoring and limited access to EI data especially with respect to the management of mandatory funds, IP royalties, and local payments. 2. Ensuring integrity and credibility in implementing legally mandated mechanisms for obtaining the consent of host communities and IPs. 3. Generating and sustaining public involvement which would require a lot of capacity building, information dissemination, and sustained political commitment especially at the local level.</p>					
ACTIVITIES	OUTCOME	RESPONSIBLE PARTY	TIMELINE	COST	FUNDING
Regular press releases and articles on PH-EITI activities	Increased awareness on the need for transparency, and improved	MSG, Secretariat, Communications	January 2015 onwards	100,000	MDTF

	public debate on EI issues which leads to the introduction of reforms	Officer			
Workshop with media group on EITI implementation	Increased awareness on the need for transparency, and improved public debate on EI issues which leads to the introduction of reforms	MSG, Secretariat, Communications Officer	Jan 2015 onwards	200,000	MDTF
Development of a communications plan and MSG/Secretariat workshop	Increased awareness on the need for transparency, and improved public debate on EI issues which leads to the introduction of reforms	MSG, Secretariat, Communications Officer	January 2015	Budget for Communication Strategist	World Bank
Hiring of consultants for EI related studies	Increased awareness on the need for transparency, and improved public debate on EI issues which leads to the introduction of reforms	Secretariat, consultant	June 2015		Development Partner
Publication of reference materials and primer	Increased awareness improved public debate on EI issues which leads to the introduction of reforms	Secretariat, Communications Officer	1 st quarter 2015	300,000	CIDA
Maintain EITI website	Increased awareness and improved public debate on EI issues which leads to the introduction of reforms	Secretariat, Communications Officer	January 2015 onwards	500,000	MDTF

EITI Open Data Dashboard (uploading of maps, supporting documents from MGB and DOE, MOAS from NCIP)	Increased awareness improved public debate on EI issues which leads to the introduction of reforms	Secretariat, Communications Officer, Open Data, government agencies	January 2015 onwards		USAID
Lecture Series (Provincial and NCR) on EI issues	Increased awareness and improved public debate on EI issues which leads to the introduction of reforms	MSG, secretariat, consultants	April to July 2015	Budget for outreach activities	MDTF, Development Partners
Partners Forum with Development Partners	Engagement with partners to communicate the gains of the EITI process	MSG, Secretariat	1st quarter of 2015		British Embassy
Development of monitoring tools and systems for IP royalties, mandated funds and CSR projects	Regular monitoring of payments that promotes transparency and accountability	MSG, government agencies, secretariat	12st quarter 2015 onwards		Development partners

3RD OBJECTIVE: Strengthen national resource management / strengthen government systems

RATIONALE: Local communities should be able to see how their natural resources are managed and should be able to hold officials accountable in case of unsound management. To make this happen, government systems must be in place to ensure accountability. For instance, there should be a standard way of monitoring compliance with laws and contractual obligations. Capacity building measures should also be conducted to make sure that government personnel understand the industry very well so as to make informed decisions. Local mining monitoring teams should be further equipped so that they can perform their function well with respect to mining companies' compliance with laws and contractual obligations. Moreover, information should always be available. With the current data, however, and with the way information systems are structured, the public is unable to monitor the management of natural resources as much as they want to.

GOVERNANCE RELATED CHALLENGES: 1. In some instances, institutionalizing mechanisms to Improve government systems to remove barriers to transparency would require enactment or amendment of laws that will take time to materialize. 2. Arriving at a consensus on which reforms to introduce could be a challenge given the diverse views of stakeholders 3. Implementing reforms in a sustainable manner is a challenge because it is highly dependent

on political will which is susceptible to change when the administration changes. This is particularly true at the local level.

ACTIVITIES	OUTCOME	RESPONSIBLE PARTY	TIMELINE	COST	FUNDING
Formulation of new policies by the MSG to improve government systems based on the findings of the first report	Institutionalization of policies which results in sustainable reforms and programs; Improved government systems that ensure transparency in all EI transactions	MSG, consultant	First quarter 2015	2,630,000	MDTF
Engage the Legislative and the Executive branches of government; Hiring of legal consultant to draft EITI law and propose legislation/ amendment for full EITI implementation	Institutionalization of policies through law which results in sustainable reforms and programs; Improved government systems that ensure transparency in all EI transactions	MSG, consultant, secretariat	January 2015 onwards	2,599,500	MDTF
Pilot subnational implementation in selected LGUs and capacity building of LGUs and local monitoring teams	Well capacitated LGUs that are equipped in implementing reforms	MSG, secretariat	January 2015 onwards		Development Partners
Operationalization of policy recommendations	Institutionalization of policies which results in sustainable reforms and programs; Improved government systems that ensure transparency in all EI transactions	MSG, government agencies	2 nd Quarter 2015 onwards		Development Partners

4TH OBJECTIVE: Create opportunities for dialogue and constructive engagement in natural resource management in order to build trust and reduce conflict among stakeholders

RATIONALE: Stakeholders have divergent views on how much the extractive sector is contributing to the economy and on the extent that local

communities benefit from extractive operations. The EITI is seen a way by which parties can arrive at a consensus on matters pertaining to natural resource management.

GOVERNANCE RELATED CHALLENGES: 1. Distrust among stakeholders. 2. Sustainability of stakeholder engagement 3. Ensuring that the effects of stakeholder engagement through EITI extends to the broader public

ACTIVITIES	OUTCOME	RESPONSIBLE PARTY	TIMELINE	COST	FUNDING
Regular MSG meetings	Sustained dialogue among stakeholders which creates an enabling environment for sound policies	MSG, secretariat	January 2015 onwards	3,066,000	MDTF, GOP
Regular forums and dialogues with stakeholders	Sustained dialogue among stakeholders which creates an enabling environment for sound policies	MSG, secretariat	Once every quarter	1,200,000	MDTF

5TH OBJECTIVE: Strengthen business environment and increase investments

RATIONALE: There are debates on whether the extractive sector in the Philippines can contribute more to the economy given the country's mineral deposits. However, shifting policies in the sector affect the level of investments. EITI data is a tool that can be used to ensure that policies are more evidence based and thus, less volatile. Moreover, perception of corruption still exists, thus discouraging companies from investing. EITI sends the message that the government is serious in its commitment to eradicate corruption to strengthen business environment.

GOVERNANCE RELATED CHALLENGES: 1. Frequent changes in administration and in policies especially at the local level make investing risky. 2. Some local governments lack the political will in ensuring that consultations with communities are transparent and participatory. This increases the level of distrust between companies and communities. 3. The voluntary nature of the EITI process at this point hinders full participation of all companies and may undermine the credibility of the EITI process in the long run.

ACTIVITIES	OUTCOME	RESPONSIBLE PARTY	TIMELINE	COST	FUNDING
Forums with industry members	Entry of more investments, higher	MSG, secretariat	March 2015	Budget for	MDTF

	ease of doing business rating in the EI sector		onwards	outreach activities	
Engagement of other mining affiliated organizations	Entry of more investments, higher ease of doing business rating in the EI sector	MSG, secretariat	1 st quarter 2015 onwards	Budget for outreach activities	MDTF
Institutionalization of EITI through law	Full and sustained commitment of the industry to EITI	MSG, consultant	1 st quarter 2015 onwards	Budget for engagement of Congress and Senate	MDTF
ADMINISTRATIVE EXPENSES					
Management of the PH-EITI secretariat	Effective implementation of EITI	Secretariat, DOF	January 2015 onwards	6,644,901	MDTF, GOP
Hiring of additional technical staff for the Secretariat	Effective implementation of EITI	Secretariat	January 2015 onwards	1200000	MDTF
Operational expenses for the Secretariat	Effective implementation of EITI	Secretariat, DOF	January 2015 onwards	3,718,000	MDTF, GOP

TOTAL	
MDTF	45,360,000
GOP	6,565,000
CIDA	300,000
British Embassy	
Australian Embassy	

USAID	
Stakeholders	
GRAND TOTAL	52,225,000