

PH-EITI 42ndMSG Meeting
May 12, 2017 | 9:00 AM -12:00 PM
Le Salon II, New World Manila Bay Hotel

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Attendees:

Government

Engr. Romualdo Aguilos Mines and Geosciences Bureau—Department of Environment and Natural Resources (MGB-DENR)
Ms. Febe Lim Department of Finance (DOF)
Mr. Alain Raymundo Department of Interior and Local Government (DILG)
Ms. Miriam Padua Union of Local Authorities of the Philippines (ULAP)

Industry

Mr. Bradley Norman OceanaGold (Philippines), Inc.
Atty. Ron Recidoro Chamber of Mines of the Philippines (COMP)

Civil Society Organization (CSO)

Prof. Cielo Magno University of the Philippines (UP) - School of Economics
Mr. Augusto Blanco, Jr. Mandaya Tribe
Ms. Starjoan Villanueva AFRIM
Mr. Chadwick Llanos United Sibonga Residents for Environmental Protection and Development (USREP-D)
Atty. Golda Benjamin Siliman University
Mr. Buenaventura Maata, Jr. PhilGrassroots- Engagement in Rural Development Foundation, Inc. (ERDF)

Observers

Mr. Nathaniel Adams World Bank
Mr. Carlos Tulali Bantay Kita

Resource Persons

Pocholo Domondon PwC-Isla Lipana
Corina Molina PwC-Isla Lipana

PH-EITI Secretariat

Atty. Maria Karla Espinosa Secretariat
Ms. Abigail Ocate Secretariat
Ms. Joy Saquing Secretariat
Mr. Ryan Justin Dael Secretariat

1 Ms. Lea Ivy Manzanero Secretariat
2 Ms. Ma. Rowena Raymundo External Documenter

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5 AGENDA:

- 6 • Approval of the Minutes of the 41st MSG meeting
- 7 • Matters arising from previous MSG meetings
- 8 • Main Business
 - 9 ○ Highlights of the 2017 National Conference
 - 10 ○ Updates on PH Validation
 - 11 ○ Confirmation of approval of:
 - 12 ▪ Terms of Reference of Independent Administrator for 4th Country Report
 - 13 ▪ Terms of Reference of Writer for Contextual Information for 4th Country Report
 - 14 ▪ Terms of Reference for Scoping Study on Beneficial Ownership
 - 15 ○ Presentation on changes to the 3rd Country Report
 - 16 ○ Discussion of Reporting Templates
- 17 • Other Matters
 - 18 ○ Setting of next MSG meeting

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20 **1. Call to Order**

21

22 The 42nd Philippine Extractive Industries Transparency Initiative (PH-EITI) Multi-Stakeholder Group (MSG)
23 meeting was called to order at 9:30 AM. Engr. Romualdo Aguilos, MSG member from the Mines and
24 Geosciences Bureau (MGB) chaired and facilitated the meeting.

25

26 The Chair welcomed the new IP representative to the MSG, Mr. Augusto Blanco Jr., replacing Mr. Melvin
27 Lamanilao. He acknowledged as well the attendance of representatives from DILG-PPEI, Mr. Alain
28 Raymundo, and from ULAP, Ms. Miriam Padua.

29

30 The Chair asked if there were other matters for inclusion in the agenda; and there being none, a motion
31 to approve the agenda was made and duly seconded.

32

33 **2. Approval of Minutes of the 41st Meeting**

34

35 It was noted that the minutes of the last meeting, together with other documents, was circulated via
36 email by the secretariat on Sunday morning, 7 May 2017. The Chair asked if members had comments on
37 the minutes. While there was a motion to approve the minutes of 41st MSG meeting, the Chair
38 suggested to give the members another week to read the document and give their comments. It was
39 agreed that if no comments are received after a week, the minutes will be deemed approved.

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1 **3. Matters arising from previous MSG meetings**
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- 3 • *EITI Bill*. The secretariat noted that the pending matter is the draft position paper to be submitted
4 to the Committee in Congress handling the EITI bill. With the recent events/developments, the
5 paper can have more substance and go beyond merely stating general points where MSG members
6 agree. The position paper is being firmed up and will be circulated in the coming weeks.
7
- 8 • *IP representation in the MSG*. The secretariat noted that Bantay Kita has already transmitted their
9 Board Resolution appointing Mr. Augusto Blanco, Jr. of the Mandaya tribe as replacement of Mr.
10 Melvin Lamanilao in the CSO constituency of the MSG.
11
- 12 • *Engagement of non-metallic mining associations*. During the last MSG meeting, it was acknowledged
13 that cement is an important player in the non-metallic sector. The pending matter was to invite a
14 resource person from Cement Manufacturers' Association of the Philippines (CEMAP) to give the
15 MSG an overview of the sector. The secretariat reported that they have met with Mr. Michael
16 Cabalda, independent consultant and formerly of Holcim Philippines, in the recently concluded
17 Mining Industry Forum and PH-EITI National Conference. Mr. Cabalda also connected them to
18 CEMAP officers.
19

20 A CSO member suggested that, since the body will be inviting a resource person, it would be good to
21 likewise invite a resource person on Oil & Gas to give an orientation on the sector to the relatively new
22 MSG members.
23

24 The Chair asked the secretariat to take note of the suggestion and to get in touch with DOE.
25

26 **4. Highlights of the 2017 National Conference**
27

28 Considering that the event happened just the day before, the secretariat is still gathering the materials
29 to make a summary presentation. Nonetheless, they happily reported that participation reached more
30 than 650, including members of the media, development partners, national and local government
31 agencies, and representatives from the CSOs and industry. They noted that this number is based just on
32 the registration sheets at the moment. It will have to be tallied with the signature sheets from the
33 booths and other participant documents to come up with the final/official count.
34

35 Upon query from a CSO member, the secretariat responded that the surge in participation this year may
36 be attributed to two things: (i) there were two prior events, the CSO Conference and the Mining
37 Industry Forum, participants of which also participated in the National Conference; and (ii) the vigorous
38 efforts of the Secretariat to get the target participants, especially the industry representatives, to
39 attend. They cited efforts to reach out not only to the principal offices of the companies but also to their
40 site offices. Hence, the industry sector was represented in the Conference not only by executives from
41 Metro Manila but also by operations people from the mining sites outside the Metro.

1 The Chair remarked that the event has been highly successful. He acknowledged and thanked the
2 secretariat for its untiring efforts.

3 4 **5. Updates on PH EITI Validation**

5
6 The secretariat apprised that they are still waiting for the initial assessment report which will be
7 presented to the MSG for comments. The initial report was supposed to be done sometime in March,
8 but based on information from the International Secretariat (IS), it has taken some time to draft the
9 report. The matter of the country's validation was supposed to be included in the meeting of the
10 International Board in Oslo in May.

11
12 According to Prof. Magno, CSO representative to the MSG who also sits in the International Board, the
13 assessment of the report on the Philippines has not been discussed by the Validation Committee
14 because the review by an independent validator has not yet been done. She summarized the validation
15 process: the IS will generate its own report; the independent validator will review the IS's report; then
16 there will be reconciliation to check whether there is consistency in the reviews. If there are
17 inconsistencies, the IS will go back to the Board to answer for such. The Validation Committee will then
18 discuss on whether the Board agrees with the independent validator's review or the IS's observation.
19 Then it will go back to the Board. In effect, the Board will get to see the report twice before the final
20 recommendation is made by the Validation Committee. According to Prof. Magno, the decision will be
21 made most likely in October.

22
23 On a positive note, Prof. Magno shared that in the last meeting of the International Board in Bogota, the
24 possibility of the Philippines' compliance with the 2016 Standard was recognized. She noted that so far
25 none has been compliant yet.

26
27 The secretariat once again thanked the MSG for the support extended during the validation
28 consultations. They said that they are waiting to hear from the IS as to timeline and next steps on how
29 the validation will henceforth proceed.

30
31 The Chair congratulated everyone and acknowledged the good news for PH-EITI.

32 33 **6. Confirmation of Approval of TORs for the 4th Country Report : (i) Independent Administrator (IA)** 34 **and (ii) Writer for Contextual Information; (iii) Scoping Study for the Beneficial Ownership (BO)**

35
36 The secretariat recalled that except for the TOR for the Scoping Study on BO which was circulated during
37 the last MSG meeting, the other two TORs have been disseminated to the MSG for review for the last
38 two meetings. For the BO Scoping Study TOR, the MSG had asked for one (1) more week from the last
39 meeting to review the document.

1 The secretariat reported that during the one-week period, no comments were received for all the TORs;
2 thus, the TORs should be deemed approved. Nevertheless, they are asking for the body's confirmation
3 of the approval of the TORs, so that they can proceed accordingly.

4 To clarify, the secretariat is requesting for MSG approval of the TOR for the BO scoping study and
5 confirmation of approval of the other two TORs. The Chair asked if the MSG members have further
6 comments or if they are ready to approve the TOR for the BO scoping study.

7
8 A CSO representative asked as to whose function it will be to review the small-scale sector. The
9 secretariat responded that it will be part of the separate study on subnational EITI.

10
11 The same CSO representative suggested to incorporate the existing six (6) functional provincial mining
12 regulatory boards (PMRBs) when the MSG looks at subnational. Based on the latest issuance of MGB,
13 PMRBs are now mandated to collect information on production, tax payments, etc. Hence, it would be
14 good to have them included in the subnational EITI and likewise to have baseline information on how
15 the PMRBs are functioning.

16
17 The Chair informed that according to the MGB Mining Technology Division, there are 73 active and
18 functioning PMRBs in 76 provinces, and 12 city mining regulatory boards (CMRBs).

19
20 The CSO representative explored the possibility of asking advice from MGB to identify at least six to
21 seven small-scale mining (SSM) sites to provide a baseline, so that the necessary template for the
22 reporting of SSM can be developed. The Chair reported that, to date, there are six (6) *minahang bayan*.

23
24 After more discussion on local concerns on PMRBs and *minahang bayan*, the Chair steered the
25 discussion back to the agenda. He asked if there were further comments on the TOR; and there being
26 none, a motion to approve the TOR for the scoping study on BO was made and duly seconded.

27
28 An industry representative inquired regarding the timetable of the study. The secretariat responded
29 that the 3-month scoping study was originally targeted to commence last April, but the timetable will
30 now have to be adjusted. The Chair asked if this will be included in the 4th Report as part of the
31 contextual information, and the secretariat responded in the affirmative.

32 33 **7. Presentation on changes to the 3rd Country Report**

34
35 The representatives from Isla Lipana, PH-EITI's Independent Administrator (IA), were invited to present
36 the changes to the 3rd Report.

37
38 The IA reported that the change/adjustment came from the additional reconciled amount from data
39 from three companies: Carrascal Nickel Corporation, Ore Asia Mining and Development Corporation,
40 and Philex Mining, amounting to a total of P524.5 million. The IA said that the omission was caused by a
41 purely mechanical error in the reconciliation worksheet -- the amount did not flow through to the total
42 reconciled amount column and likewise did not flow through to the variance post reconciliation column.

1 The IA reported that they validated the amount and found no issue or impact on variance or
2 reconciliation results; hence, they simply added it to the reconciled amounts in the Report.

3
4 A CSO representative asked the IA as to what specific actions were taken after having discovered the
5 error. The IA responded that they have already included the changes in the revised Report, both in the
6 printed and uploaded copies, where they provided footnotes on the changes. The amount did not
7 require additional confirmation, because the initial comparison of the reporting templates between BIR
8 and the companies did not show any variance, so it was zero already. Even in the post-reconciliation
9 variance presented in the first draft of the report (uploaded in December 2016), it was already zero.

10
11 Upon query from an industry representative as to why the discrepancy happened, the IA replied that the
12 data may have been deleted when they were updating the reconciliation worksheets to accommodate
13 additional reconciled amounts, when they extended the reconciliation period to accommodate the
14 companies who participated belatedly.

15
16 A CSO representative asked for a definitive response on how and why the problem came about. He
17 expressed worry that it may happen again in the next report, and that such kind of issues may cast
18 doubt on the report as well as on the credibility of the MSG.

19
20 The IA reiterated that it was merely a mechanical error on the worksheets such that when they
21 discovered the error and reviewed all the worksheets they did not find any other changes that had to be
22 done. It was limited to only the three companies. Moving forward, the worksheets would have to be
23 refined and the results further validated before release.

24
25 Another CSO representative raised the following concerns regarding the data sets of the report:

- 26
27 i) The goal is to make the data sets public. There is tendency to have different interpretations of the
28 data, so it is important not only to release the data but to also have reference to accompany the
29 data.
30
31 ii) Information in the data set is different from what is in the Report. She raised the case of
32 OceanaGold that availed of incentives. In the data set that was produced, the corporate income tax
33 (CIT) payment is different from the CIT payment that was indicated in the Report. The CIT payment
34 reflected in the financial document is exactly the 30% of taxable income, but in the report it is
35 indicated that the company availed of incentives and paid only so much.

36
37 The IA responded that what was reflected in the data set was the accounting tax and not necessarily
38 the actual CIT payment made. They reverted to the Report that clearly was reconciled with the
39 audited financial statements.
40

1 The CSO representative stressed that the data set to be produced and made public has to be
2 consistent with the Report. Proper notations and explanations must be indicated so as to avoid
3 misinterpretation.

4
5 iii) The cases of Krominco and TVI, that availed of income tax holiday (ITH) when their taxable income is
6 negative. The IA said they are not sure about this peculiarity, but they cited that this situation could
7 possibly happen if a company has multiple projects. TVI, for example, has Canatuan and Agata. The
8 Agata portion, which started only in 2014, may have availed of the tax incentive because it is
9 registered with BOI. But overall, since TVI will be presenting a consolidated financial statement,
10 they may still reflect a negative taxable income, because back in 2013 or 2014, Canatuan was already
11 having concerns with its commercial operation. The IA noted that they would have to go back to the
12 financial statements of Krominco and TVI to give a more accurate response.

13
14 According to the CSO representative it is important to provide this level of explanation, for example,
15 in the case of TVI, so as not to cause confusion and mislead the public. The IA is of the position that
16 in the next report, it might be better if disclosure on per-project basis be done in order to
17 disaggregate the information and provide more accurate reporting.

18
19 Another CSO representative raised a question as to whether a filled-up reporting template needs to be
20 signed by an accountant and stamped by the Mayor's office before the document is sent to the IA. The
21 IA responded that as part of the confirmation process, the template has to be signed by two officers of
22 the company. For government agencies, it has to be signed by an officer in a director-level position; and
23 for the LGU, at the minimum, the treasurer needs to sign the template. According to the CSO
24 representative, for accountability purposes, the document should be stamped official prior to
25 submission to the IA and PH-EITI. The IA took note of the comment, saying that this has been
26 emphasized even during PH-EITI LGU roadshows.

27
28 On another note, the IA said that considering that data sets provide an entire population of numbers
29 which can be subject to different interpretations, they offered that should the MSG need to derive
30 specific information from the data sets, the IA can provide proper direction and accurate reference. This
31 will facilitate having uniform variables to consider as well as do calculations on.

32
33 A query was raised by another CSO representative on the process, which is something the MSG can take
34 on in the future: When mistakes are made and corrections are warranted, should the companies be
35 informed? She said that MSG should be transparent to the companies and other stakeholders. There
36 may be a need to reach out to them and inform that the report has been amended to reflect the correct
37 data and not just rely on footnotes.

38
39 The secretariat responded that in the past, if there were changes, they usually produced and released an
40 addendum. Changes were also indicated in footnotes, as recommended by the IS. This happened for the
41 1st and 2nd Reports. There was no express communication to stakeholders that changes have been made
42 to the 3rd Report outside the MSG. It was assumed that MSG members would disseminate the

1 information within their own sectors, but if the MSG would instruct the secretariat to disseminate, such
2 can be done.

3
4 The secretariat echoed what the IA reported, that there was no change in the overall variance, and that,
5 as approved by the MSG during the last meeting, the changes were incorporated in the Report prior to
6 its print publication. The online copy of the Report already incorporates the changes as well. The issue at
7 hand for the MSG is if information about the changes would need to be disseminated more broadly,
8 which may be unduly construed by stakeholders as an indicator that the Report published in December
9 was erroneous. A possible option is to ask MSG members to apprise their respective sectors regarding
10 the changes.

11
12 Considering that the ones involved in the changes are companies, the Chair asked for reaction/comment
13 from the Chamber representative who said that in the interest of fairness, an official statement needs to
14 be made, not just in the website, but in print material to be issued. This should provide explanation as to
15 how and why the mistake happened and should highlight the corrections/adjustments made. This
16 would be a big matter for the companies reporting.

17
18 The same industry representative also said that it might be good for the MSG to do a deep dive analysis
19 on the data shortly after the Report is released. If the CSO flags any unusual figure, then the MSG can
20 study it and industry representatives can possibly help explain. At least within the MSG, the Report is
21 clear, and a mutually acceptable analysis of it can be made. He asked for this to be made a PH-EITI
22 activity.

23
24 A CSO representative supported the suggestion, saying that although the figure involved is not so
25 significant in terms of total payments, this has significant impact on the credibility of EITI's reporting;
26 hence, a public statement correcting the data on tax payment is necessary. She also supported the
27 suggestion of conducting for the MSG a workshop on analyzing the financial data in the Report. Having
28 the MSG sit down and go through the numbers would be beneficial in terms of finding common ground
29 in discussing issues and providing input to concerned government agencies.

30
31 The secretariat asked if the activity being contemplated should be done before or after approval of the
32 Report. The Chamber representative answered that the deep dive should be done after approval, and it
33 should be done by both the MSG and the TWG. A CSO representative opined otherwise, saying that the
34 deep dive should be done before the approval, so that the final draft to be published will be one that
35 has already been subjected to the thorough analysis.

36
37 The secretariat commented that the deep dive is actually part of what the IA is supposed to do and what
38 the MSG is supposed to get from the IA before approving the report. Due to time constraints, however,
39 this was not done for the 3rd Report. Still, this can be done prospectively as part of the process.

40

1 A CSO representative asked if it is possible that prior to releasing the report, the data sets be made
2 available to the MSG, so that members who have time may be able to review them. The suggestion was
3 noted.

4
5 Another CSO representative recapped that there are two matters to be resolved. One is regarding
6 informing about the correction of the Report, where she agreed that the MSG has the responsibility to
7 inform the companies. However, considering the concern and suggestion made by the secretariat, she
8 finds it sufficient for the MSG members to inform their respective sectors about the error, considering it
9 does not affect the quality and analysis of the data. In the future, though, there should be a policy to
10 address situations where mistakes, especially those that affect analysis, are made. Second, she thinks
11 that the IA and the MSG can share the burden of analysis, which is why she is also in favor of doing a
12 deep dive.

13
14 The secretariat took note of this but reminded the body that, administratively, conducting the deep dive
15 for the 3rd Report will affect the workplan and schedule, so she asked the MSG as to when they foresee
16 doing the activity. A CSO representative suggested that, for the 4th Report, it would be ideal to do the
17 deep dive before the national conference. For the 3rd report, the deep dive can be done before the
18 roadshow.

19
20 The secretariat informed that the roadshow is usually done in July-August and conducted early because
21 it is also the time when the IA collects data from the LGUs. Thus, the available time for the deep dive for
22 the 3rd Report would be in June.

23
24 After further discussion, the secretariat summarized the agreements as follows:

- 25
- 26 • On informing regarding the erratum/change in the 3rd report: Each sector will inform their own
27 constituencies about the change to avoid the possibility of blowing the matter out of proportion
28 with respect to stakeholders. The secretariat, together with the IA, will draft the advisory.
 - 29
30 • As to the deep dive on the Report: For the 4th Report, the activity will be done before the 2018
31 National Conference or before the 2018 LGU roadshow. For the 3rd Report, there can be a report
32 analysis workshop to be facilitated by the IA for the MSG and TWG in June, subject to available time.

33
34 For the initial analysis, a CSO representative suggested looking at the financials, basically
35 understanding the financial statements, and then the SDMP and so on, possibly by modules. This
36 can be replicated during the roadshow, so that in the national conference, when the companies,
37 CSOs and government sit together, everyone will be on the same page in terms of interpreting the
38 data.

39
40 **8. Discussion of Reporting Templates**

1 The secretariat explained that the discussion on the reporting templates is supposed to be facilitated by
2 the IA for the 4th Report; but since there is still none, the IA for the 3rd Report will present their
3 comments and recommendations based on their experience with the reporting templates, with a view
4 to improving the templates for the 4th Report.

5
6 The IA noted that the recommendations to be presented draw from the February validation
7 consultations by the IS and from the Mining Industry Forum. The following were suggested to be
8 included in the reporting templates:

- 9
- 10 • For mining companies: actual land areas of operations vis-à-vis what is in the approved MPSA
 - 11
 - 12 • For the Philippine Mining Development Corporation (PMDC): details of new and existing projects in
13 2015 and 2016; details of newly awarded tenements in 2015 and 2016; revenue from
14 transportation of minerals in 2015 and 2016; reconciling royalty and commitment fees with
15 operators
 - 16

17 A CSO representative asked for clarification about the inclusion of revenue from transportation of
18 minerals. The IA responded that this is so that PMDC can categorically state that there has been no
19 revenue from transportation of minerals. This has been pointed out by the IS as part of the
20 Standard requirements. Since PMDC's revenues come only from royalties and commitment fees
21 from operators, PH-EITI may want to consider including this in the reconciliation procedures. The IS
22 observed, though, that the amount, at least for 2014, is immaterial at 0.23% of total government
23 collections.

24
25 The CSO representative commented that even if it is a small amount relative to total revenue,
26 PMDC is different because it is a GOCC. She suggested that on top of asking for revenue data,
27 information on cost of operations should also be disclosed, considering that what is remitted to the
28 national government is already net of operations.

29
30 Another CSO representative commented on the suggestion for mining companies to include in the
31 reporting template information on actual land area of operations vis-à-vis total land area for MPSA.
32 He said that based on experience, there are mining companies doing exploration and expansion
33 using only their tree cutting permits for specific areas. He asked if it is possible to determine the
34 exact size of the requested expansion under the tree cutting permits. According to him, this will
35 show how much of the existing vegetation areas are being utilized for expansion of the mining
36 companies and help in developing proper intervention in terms of advising LGUs on how to use their
37 share in national wealth for the protection and conservation of areas utilized by mining companies.
38 For example, in CARAGA, it appears that the total active mining area is only 3000 has when the
39 total approved mining permit area is 180,000 has.

40
41 According to the Chair, who represents MGB, companies have a plan of operation. There is no
42 problem as long as they are mining within the approved area. In areas where there are extraction

1 activities already, companies are required to report to MGB what is the disturbed area. They
2 declare to MGB the final mining area that they will be extracting. Expansion is when they will mine
3 outside the final mining area, but companies are prohibited from doing this.

4
5 Another CSO representative raised an earlier agreement on the disclosure of auxiliary rights. She
6 pointed out that according to an industry representative, this is fine, as this is already part of their
7 reporting to MGB. According to the CSO representative, even if companies have plans but these are
8 not disclosed to the people, conflict may still arise on the ground. Thus, it is important and timely to
9 disclose auxiliary rights to help address anxiety in the community.

10
11 The secretariat asked if the concerns being discussed will be factored in the reporting templates for
12 purposes of producing the 4th Report, or would they be included in the PH-EITI contracts portal. A
13 CSO representative replied that the baseline information on auxiliary rights should be disclosed in
14 the contracts portal, but, at the same time, how permits were issued should be part of the
15 reporting template. Companies are already reporting to DENR, so the information is already there
16 and would just have to be consolidated. The Chair took note of this but expressed apprehension
17 that the body may be looking into something which is difficult to produce. Nonetheless, he agreed
18 to look into the matter.

19
20 The IA continued presenting their recommendations. They noted that while the recommended
21 inclusions were provided to the IA and eventually contained in the 3rd Report, these are not yet part of
22 the reporting templates; hence, they suggested formalizing its inclusion in the templates.

- 23
24 • For the Philippine National Oil Company (PNOC): changes in the level of ownership in existing
25 projects in 2015 and 2016; coverage of expenses per project in 2015 and 2016; revenue from
26 transportation of oil and gas in 2015 and 2016
27
28 • For DOE (coal and oil & gas), DENR-MGB, BIR, BOC: outstanding license applications in 2015 and
29 2016; awarded contracts in 2015 and 2016; and in-kind revenue collection from companies;
30
31 • For DOE: transfer of energy production resource to LGUs, if any
32
33 • For DBM/LGU/BTr/BIR/MGB/DOE: reconciliation of shares in national wealth
34

35 The IA highlighted the shares in national wealth because this has not been fully reconciled due to
36 certain information constraints. The information is how much was actually declared and certified by
37 MGB to the Bureau of the Treasury (BTr) then how much was remitted by BTr to the LGU. However,
38 BTr is not one of the government agencies included in EITI. Thus, it may be necessary for the MSG
39 to invite BTr to fill out and submit a reporting template to complete the reconciliation.
40

1 The IA recounted that in the reconciliation of shares in national wealth, they ask the LGU how much
2 they declared and then ask DBM how much was given, but the reconciliation does not end there.
3 They need to know how much was certified by MGB and how much was certified by BIR. To
4 determine how much BTr received would address the two facets of the remittance.

5
6 For LGUs, they would be able to easily check from the report how much should be remitted to them
7 as shares. If the initial reconciliation with collecting agency and BTr is done, the LGU can initiate
8 saying how much share should be remitted to them. According to the IA, these have yet to be done
9 for the PH-EITI reports.

10
11 A CSO representative remarked that this is the right time for PH-EITI to get the information. He also
12 suggested adding the number of actual visits/inspections of MMTs, as he would want to know how
13 these visits impact on the companies. He further said that MMT reports are used as basis to understand
14 various figures about companies.

15
16 The secretariat reminded the body that they provided copies of the reporting templates used for the 3rd
17 Report in the meeting kits as well as via email. She said that it would help if the MSG members can
18 identify or refer to a particular reporting template or part thereof that they would like to be amended.

19
20 One CSO representative shared her observation that companies tend to interpret the template
21 questions differently. Sometimes they would answer with figures; other times they would give
22 qualitative answers. She requested the IA to identify the questions that need further clarification in
23 order to standardize the items, so that filling out the templates will generate the expected answers.

24
25 The CSO representative also opined that it would be beneficial if SDMP data are disaggregated, as such
26 can show SDMP's actual contribution to human development. She requested the IA to further
27 disaggregate the SDMP in terms of how MGB is collecting information from companies. The IA
28 responded that this can be done.

29
30 The IA reported that the main question that is a source of confusion for companies is on the
31 environmental and other funds. They want to be clarified whether the information requested refers to
32 the "as of balance December 31" or "total expenditures arising from the fund during the year". The IA
33 explained that expenditure is "during the year" and not the "as of". What companies report to MGB is
34 the "remaining balance as of". This area needs to be clarified.

35
36 The secretariat underscored the importance of carefully developing the reporting templates in the light
37 of DENR Administrative Order (DAO) 2017-07 mandating mining contractors to participate in EITI under
38 pain of penalty. She noted that companies' participation does not end in submitting the BIR waiver; it
39 also involves accomplishing the reporting template. The reporting template for companies is critical, as
40 improperly filling it out may result in a finding that a company is not complying with EITI, when the
41 problem may be in the reporting template itself, which would not be fair.

1 The Chair queried if there is a need to conduct a workshop for the reporting templates. He opined that
2 a focused discussion might be needed. He further noted that since the non-metallic sector will be
3 included, there might also be a need to develop a separate reporting template for them.
4

5 The secretariat reiterated the understanding that the MSG is looking at holding an activity where there
6 will be a workshop on the reporting templates, where representatives of reporting entities will be
7 invited to discuss and validate what has been presented by the IA regarding their experience with using
8 the templates. She asked if any of the sectors in the MSG would like to invite anyone else to share their
9 experience in accomplishing the reporting templates. The Chair, as representative of MGB, articulated
10 his preference to invite technical persons from their environmental and accounting sections.
11

12 On another matter, the Chair asked the body if an agreement has been reached as to the final number
13 of non-metallic companies to be included. The secretariat reminded that in the last MSG meeting, there
14 was agreement to include only the (four) companies representing the top 80% in terms of production. It
15 was then agreed that an industry expert will be invited to the next MSG meeting to give a presentation
16 about the sector.
17

18 A CSO representative asked if MGB would have profiles of non-metallic companies so these can be
19 collated and a sector profile can be generated from which the MSG can make an informed decision on
20 up to what level can be included in the 4th Report. The Chair responded that MGB has data for large
21 non-metallic companies whose records would include profiles, locations, contracts, permits.
22

23 Another CSO representative suggested that it would be worthwhile to compare how much taxes non-
24 metallic companies are paying with how much the metallic companies are paying. It would also be
25 interesting to know about the link with the downstream sector. In the meantime, however, it would be
26 valuable to see data on limestone production, pricing, markets, and other related information. The
27 basic information currently being collected from the metallic group can be similarly collected from the
28 non-metallic group.
29

30 She also raised the idea of looking at the revenue of the top company in each of the three island groups
31 and comparing them to how the top four non-metallic companies fare.
32

33 The secretariat summarized the action points on the matter of non-metallic: A separate reporting
34 template for the sector needs to be developed. As initial step, an expert (most likely from CEMAP) will
35 be invited to an MSG meeting to talk about the industry. The secretariat will have an initial meeting
36 with the expert to relay to him the MSG's concerns and explore the possibility of the expert coming up
37 with a rough draft reporting template based on his/her knowledge of the industry, which draft
38 template, if ever, would be included in the presentation to the MSG.
39

40 According to a CSO representative, since the non-metallic will now be included, they should have
41 representation in the MSG. She added that the reporting template for the metallic sector can be pilot-
42 tested with the non-metallic to get a feel of how the latter would respond.

1 The secretariat asked if MSG members would like to give their initial comments on the reporting
2 templates already, so that even prior to the workshop, these comments can already be consolidated/
3 incorporated. The Chair gave MSG members a week to give initial comments on the reporting
4 templates, reiterating that the secretariat already gave the MSG copy of the existing templates.
5

6 **9. Other Matters**

7 8 • Setting of next MSG meeting 9

10 The body agreed that the next MSG meeting will be a whole-day meeting to allot time for the
11 holding of a workshop on the reporting templates. The secretariat noted that the first Friday of the
12 next month would be too close to the present meeting; hence, upon suggestion of the secretariat,
13 the body agreed to have the 43rd MSG meeting on June 16, 2017.
14

15 • Others

16
17 ▪ The Chair raised concern regarding the inclusion/engagement of non-metallic in the 4th Report.
18 As monitoring agency, MGB is looking for legal basis for enjoining participation of companies,
19 although DAO 2017-07 has already been released. He asked if the MSG can come up with a
20 resolution to reflect the earlier agreement on this matter since at the moment, he can only cite
21 the minutes of MSG meetings as basis. He noted that MGB reports to the Mining Industry
22 Coordinating Council (MICC) who communicates to mining companies and agencies reporting to
23 PH-EITI. He recommended putting in a resolution the relevant agreements reached by the MSG.
24

25 ▪ A CSO member summarized that for this reporting season, the inclusions will be: all large-scale
26 metallic mining companies, 6 small-scale mining (SSM, *minahang bayan*), and the 4 large-scale
27 non-metallic companies since they account for the top 80%. She asked the secretariat to
28 develop the reporting template for SSM based on the IRR of the SSM Act. The secretariat
29 responded that this can be included in the TOR for the subnational report.
30

31 ▪ Another CSO member raised concern over the possible impact of the appointment of a new
32 DENR Secretary to the work plan of PH-EITI, as the workplan was finalized with the assumption
33 of support and cooperation from the DENR leadership. The Chair responded that they already
34 had a discussion on the participation of MGB in case there will be a briefing for the new
35 Secretary and that he is confident that there will not be any material change in their current
36 involvement. It is MGB who is in charge of complying with the requirements of EITI, and the
37 MGB director and the new Secretary happen to be close acquaintances. The secretariat
38 volunteered to prepare PH-EITI's courtesy letter to the new DENR Secretary.
39

40 ▪ A concern was raised on the presentation made by DOE during the National Conference, where
41 the agency representative manifested (not-so-positive) reaction/response to the
42 recommendations of the MSG addressed to their agency. The body agreed to find a venue to
43 discuss this matter.
44

45 With no other matters discussed, the 42nd MSG meeting was adjourned at 12:08 PM.