

1 **47th Multi-Stakeholder Group Meeting**
2 10 November 2017 | 9:00 AM – 12:00 NN
3 Sala de Sesiones, Bureau of the Treasury
4

5 **Attendees:**

6
7 **Government**

8 Asst. Sec. Ma. Teresa Habitan	Department of Finance (DOF)
9 Ms. Febe Lim	DOF
10 Engr. Romualdo Aguilos	Department of Environment and Natural 11 Resources -Mines and Geosciences Bureau 12 (DENR-MGB)
13 Mr. Bernard Sayo	Union of Local Authorities of the Philippines 14 (ULAP)
15 Ms. Maricor Anne Cauton	ULAP

16
17 **Industry**

18 Atty. Ronald Recidoro	Chamber of Mines of the Philippines (COMP)
19 Mr. Anthony Ferrer	Petroleum Association of the Philippines (PAP)/ 20 Nido Production Galoc/ Galoc Production 21 Company
22 Atty. Francis Joseph Ballesteros, Jr.	Philex Mining Corporation

23
24 **Civil Society Organization (CSO)**

25 Ms. Maria Kristina Pimentel	Bantay Kita – Publish What You Pay Philippines
26 Mr. Chadwick Llanos	United Sibonga Residents for Environmental 27 Protection and Development (USREP-D)
28 Engr. Maria Rosario Aynon Gonzales	Palawan State University
29 Mr. Buenaventura Maata, Jr.	Philippine Grassroots Engagement in Rural 30 Development Foundation, Inc. (PhilGrassroots- 31 ERDF)
32 Mr. Augusto Blanco, Jr.	Indigenous Peoples (IP) Representative, 33 Mandaya Tribe, Compostela Valley
34 Prof. Maria Aurora Teresita Tabada	Visayas State University
35 Mr. Ronald Allan Barnacha	Philippine Rural Reconstruction Movement 36 (PRRM)/ North Luzon

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38 **Independent Administrator**

39 Ms. Corina Molina	Isla Lipana- PWC
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1 Mr. Ian Oliver Teodoro Isla Lipana- PWC
2 Ms. Jenny Belle Rodis Isla Lipana- PWC
3 Ms. Linnet Chan Isla Lipana- PWC
4 Ms. Edralin Enriquez Isla Lipana- PWC

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6 **Observers**

7 Mr. Rhizzalyn Bautista Department of the Interior and Local
8 Government (DILG)

9 Ms. Josefina Mallari Oceana Gold Philippines, Inc.

10 Ms. Rose Ann Marie Paragas Bantay Kita

11

12 **PH-EITI Secretariat**

13 Atty. Maria Karla Espinosa Secretariat

14 Ms. Abigail Ocate Secretariat

15 Ms. Mary Ann Rodolfo Secretariat

16 Ms. Joy Saquing Secretariat

17 Ms. Lea Ivy Manzareno Secretariat

18 Mr. Marco Zaplan Secretariat

19 Ms. Roselyn Salagan Secretariat

20 Mr. Ryan Justin Dael Secretariat

21 Mr. Jaime Miguel Secretariat

22 Mr. Ricardo Evora Secretariat

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24

25 **Agenda:**

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27 • Approval of the Minutes of the 46th MSG Meeting

28 • Matters arising from previous MSG Meetings

29 • Main Business

30 ○ Recap of the 38th EITI International Board Meeting and related events

31 ○ Updates on the 4th Country Report (template submission, reconciliation, LSNM
32 coverage)

33 ○ Review/revision of the Beneficial Ownership Roadmap

34 • Other Matters

35 ○ Media Training

36 ○ Setting of next MSG meeting

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1. Call to Order

The 47th PH-EITI Multi-Stakeholder Group (MSG) meeting was called to order at 9:10 AM. Department of Finance (DOF) Assistant Secretary Ma. Teresa Habitan, Alternate Focal Person of the PH-EITI, chaired and facilitated the meeting.

The Chair brought the body's attention to the provisional agenda and asked if there are additional items for inclusion in it. There being none, the agenda was approved.

2. Approval of the Minutes of the 46th MSG Meeting

The MSG members were given one week to send to the secretariat comments on the draft minutes of the 46th MSG Meeting, after which period without the secretariat receiving any comment, the minutes will be deemed approved.

3. Matters arising from previous MSG Meetings

- *Offer of Timor Leste to conduct a training for the MSG on the Petroleum Fund process –*
The latest instruction was for the secretariat to prepare a proposal with details of the activity, including budgetary requirements. The secretariat presented a draft concept note and program showing the possible content of the training. It was noted that it would be up to the MSG, if they are interested in the training, to determine when they prefer to hold the activity. However, the secretariat reminded the body that the matter has to be considered in the context of the little remaining time for the year and the need to focus on the production of the 4th Country Report.

The Chair suggested that, for the next meeting, the secretariat report on what activities are lined up in the short term, so that the MSG can decide if and when to hold the activities, including the proposed training on sovereign wealth fund. The secretariat noted the instruction.

The draft program (**Annex A**) is supposed to be based on the module of the Natural Resource Governance Institute (NRGI). It proposes a two-day technical workshop, with the first day being devoted to presentations/discussions on natural resource trust funds and the second day for a writeshop.

The secretariat mentioned the possibility of bringing in practitioners from NRGI and from countries that are actually implementing natural resource trust funds. It was mentioned that in the region, there is currently not much experience in natural resource trust fund, so that experts from outside the region may have to be brought in. The

1 secretariat asked the body for comments on the draft.

2

3 Upon query from the Chair, the secretariat responded that the proposed two-day
4 training workshop would entail an estimated budget of PHP640,000.00.

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6 The secretariat then recalled that, as instructed, they will provide in the next meeting a
7 list of activities for the 4th quarter of the year up to the 1st quarter of next year to help
8 the MSG in deciding which activities to prioritize.

9

10 The Chair instructed the secretariat to furnish the MSG members with the draft
11 program.

12

- 13 • *Online reporting tool for companies* – The secretariat reported that they have provided
14 the MSG, for comments, a copy of the draft Terms of Reference (TOR), which was
15 circulated on 9 November 2017. It was noted that the aim is to already start working on
16 this matter, although the tool is not being eyed for use for the 4th Report. The earliest it
17 may be implemented or tested would be for the next reporting cycle the following year.

18

19 The secretariat also reiterated the plan to organize a Technical Working Group (TWG) or
20 conduct a consultation with the industry representatives to discuss the TOR, since the
21 companies will be the primary users of the tool.

22

- 23 • *Measuring public awareness of EITI* – The secretariat said that they will report on this
24 matter as soon as they get enough information from relevant survey-taking
25 organizations.

26

27 The Chair said that this activity needs to be prioritized, considering that awareness of
28 EITI is not that strong even in other government agencies. According to her, for EITI to
29 be fully supported, it is very important that this activity/survey be conducted to
30 determine how to further increase the “wattage” of awareness. The secretariat
31 committed to provide updates on this in the next MSG meeting.

32

- 33 • *Introducing PH-EITI to new Department of Environment and Natural Resources (DENR)*
34 *Secretary* – The secretariat reported that they still have not received any response from
35 the office of the DENR Secretary, but they will continue to follow up.

36

37 An industry representative noted that one thing that needs to be discussed with the
38 DENR Secretary is the administrative order regarding mandatory EITI participation and
39 the potential issues should some companies refuse to comply. The Chair concurred,
40 noting that this makes it very critical to have the meeting with the DENR Secretary.

1 A government representative suggested providing the DENR Secretary a copy of PH-EITI
2 Reports with a briefer on EITI and letter request for a courtesy call. The Chair instructed
3 the secretariat to take immediate action on this.

4
5 At this juncture, the Chair made a brief announcement that two of the CSO
6 representatives to the MSG have been replaced by two returning members, Mr. Allan
7 Barnacha and Prof. Tess Tabada, who were present in the meeting. The Chair welcomed
8 them back.

9
10 A CSO representative informed the body that Mr. Barnacha and Prof. Tabada will be
11 sitting in as MSG members in the interim as replacements of Mr. Filomeno Sta. Ana and
12 Atty. Jay Batongbacal who recently resigned from their posts. They will sit as
13 representatives for six months or until such time that the selection of CSO
14 representatives to the MSG is officially conducted by the CSO constituency.

15
16 Going back to the matter of meeting with the DENR Secretary, there was a
17 suggestion/request to hold the next MSG meeting at the DENR MGB, so that it would be
18 closer to the office of the Secretary, and a courtesy call may be possible. The
19 government representative from MGB said that he will relay the request to
20 management.

21 22 **4. Recap of the 38th EITI International Board Meeting and related events**

23
24 The secretariat gave a presentation reporting on the success of the Philippines' hosting of
25 the 38th EITI Board meeting. They also shared the decisions made by the Board during the
26 meeting, which included the following: (i) approval of Norway's application to mainstream
27 EITI reporting; (ii) approval of candidate-country status of Mexico and Guyana; (iii) approval
28 of the delisting of Yemen and the suspension of Iraq and Niger for inadequate progress.

29
30 The secretariat then reported on the turnout for the dinner reception, which, based on the
31 attendance sheets alone, was attended by a total of 218 guests. The actual number would
32 be higher as there were some guests who did not register.

33
34 Of the 218 attendees, 61% or 133 are foreign guests from 39 countries. This segment
35 included the EITI Board and International Secretariat, delegates of other EITI implementing
36 countries, regional training participants, embassy officials, and development partners. The
37 rest comprised local guests, including the DOE Secretary and other government officials as
38 well as stakeholders from the industry, CSOs, and the media.

39
40 Simultaneous with the EITI Board meeting was the regional training for EITI implementing
41 countries in the Southeast Asia and the Pacific region, which was held on 25-27 October

1 2017. This training was participated in by 44 foreigners and eight Filipinos.

2

3 Finally, the secretariat played a video presentation showing the highlights of the Board
4 meeting and the side events, including the PH-EITI Constituencies' Exhibit and Transparency
5 Talks.

6

7 According to the Chair, the success of the Philippines' hosting of the international events
8 highlighted not only the accomplishments of the MSG but also the Filipino talent. She
9 thanked everyone for the support that contributed to the success of the events.

10

11 The secretariat added that, as an offshoot of not just the successful hosting of the Board
12 meeting but also of the positive results of the Philippines' validation, PH-EITI received a lot
13 of invitations to share the Philippine experience to other EITI implementing countries. They
14 informed the body that Papua New Guinea (PNG) EITI expressed intention to bring members
15 of their MSG and national secretariat to the Philippines to learn from PH-EITI.

16

17 The Chair supposed that everybody is in agreement to extend support to other countries.
18 The Chair recounted that Myanmar EITI sent some of their MSG members to the Philippines
19 to attend and observe one MSG meeting. She shared that what struck the guests was how
20 PH-EITI MSG members could agree on the agenda and decisions in a span of two to three
21 hours. She further shared that, according to the Myanmar EITI representatives, they hold
22 their meetings for a whole day and decisions are arranged. The way the MSG practices
23 consensus building is usual for PH-EITI, but not for others.

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25 **5. Updates on the 4th Country Report**

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27 The presentation of the Independent Administrator (IA) covered scope and materiality,
28 initial reconciliation results, updates on the reconciliation of shares in national wealth, and
29 some next steps. The presentation is attached hereto as **Annex B**.

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31 On Scope and Materiality

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33 For the metallic mining companies, the IA reported that they have targeted 48 entities with
34 total sales of PHP82 billion in 2015 and PHP66 billion in 2016. Out of the 48 entities, 39
35 have expressed intention to join the exercise this year. This will already cover 97% and
36 100% of the industry sales for 2015 and 2016, respectively.

37

38 It was noted that Apex Mining submitted its reporting template only the previous day;
39 hence, the initial results of reconciliation do not yet include data from the said company.

40

41 The IA also enumerated companies with pending reporting templates. The biggest

1 companies that have yet to submit data include Filminera Resources Corporation, Adnama
2 Mining Resources Incorporated, BenguetCorp Nickel Mines, Citinickel Mines and
3 Development Corp., and Oriental Vision Mining. Century Peak Corporation and CTP
4 Construction and Mining Corporation both have initially confirmed participation but have
5 not yet submitted their reporting templates.

6
7 The IA said that for 2016 sales, most of the companies have yet to file their online financial
8 statements. Thus, they are having a hard time getting the information.

9
10 The IA reported that they received confirmation from Benguet Corporation - Acupan Project
11 that they will submit their reporting template by December 8, which is a day after the set
12 cut-off.

13
14 For the remaining participating metallic mining companies with pending reporting
15 templates, the IA noted that they will be prioritizing Filminera, Adnama, and BenguetCorp
16 Nickel Mines, since they previously participated and are considered material companies.

17
18 It was reported that Filminera has requested to extend submission date up to November 20,
19 while FCF Minerals Corporation will submit in a week's time. Meanwhile, Century Peak
20 indicated that they may not be able to participate and submit a template.

21
22 The IA is still waiting for confirmation of participation from Mt. Sinai Mining Exploration and
23 Wellex Mining Corporation. However, it was noted that these two are not expected to be
24 material companies. On the other hand, Eramen Minerals and Westernshore Nickel
25 Corporation have confirmed their non-participation in this year's exercise.

26
27 The IA also reported that five companies remain inaccessible to date, and these are:
28 Cambayas Mining, Ore Asia, Atro Mining - Vitali, Investwell Resources, and Techiron
29 Resources. These companies are not expected to be material as well.

30
31 For the status summary of the 39 participating companies, 25 companies have submitted
32 both their 2015 and 2016 reporting templates, one company submitted later than the cut-
33 off date, and 13 companies have pending reporting templates.

34
35 For the oil and gas companies, there are nine targeted entities, the same ones that were
36 targeted the previous year. Only five companies confirmed participation, and, out of this,
37 only Shell Philippines Exploration has not yet submitted its financial statements for 2016.

38
39 Philodrill Corporation, which is a material company, has confirmed its non-participation in
40 this year's exercise.

1 For the non-metallic companies, there are five projects covered for each year, but they
2 involve eight companies with total production of PHP2 billion in 2015 and 2016. The IA cited
3 that one project is being operated by both Concrete Aggregates Corporation (CAC) and
4 Lafarge Holcim Aggregates. This arrangement is similar to that of Doric Marble Corporation
5 and Holcim Mining and Development Corporation (HMDC).

6
7 The IA reported on the status of their coordination with the targeted non-metallic
8 companies. They related that they have already communicated with CAC, Solid Cement, and
9 HMDC, whose responses appeared to be positive. However, these companies have
10 requested for extension of the period for submission of their reporting templates. On the
11 other hand, the IA is still waiting for responses from Eagle Cement and Republic Cement.
12 They have communicated to these two companies both through email and phone calls but
13 have not received any response so far.

14
15 According to the IA, the following are some of the concerns from or with respect to the non-
16 metallic:

- 17
18 • Should taxes not related to MPSA be included in the reporting template, e.g., royalties
19 to claim owners? The case of Solid Cement was discussed as an example. The company
20 has several MPSAs, but only one is scoped in or included in the 4th Report. For their
21 other MPSAs where they pay royalties to claim owners, they want to clarify if they still
22 need to report it in the template.

23
24 Since it was determined that relevant data can be disaggregated, and royalty is not
25 applicable for the scoped-in project, the IA said that there is no need for the company to
26 report it in the template.

- 27
28 • Republic Cement is asking for a formal/official letter from PH-EITI (other than the letter
29 already sent to them by the IA) requesting for their participation in the 4th Report. The
30 Chair said that she would be willing to sign a letter for them.

- 31
32 • Considering the tight timeline, the IA sought confirmation if they will still pursue and
33 include Eagle Cement and Republic Cement who have not responded yet.

34
35 The Chair asked the body for comments.

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37 A CSO representative asked about what was done before to material companies who did not
38 participate or submit their reporting template.

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40 Another CSO representative commented that it would be good to remind mining companies
41 of DENR Administrative Order (DAO) 2017-07, requiring all mining companies to participate,

1 including Semirara Mining and Power Corporation (SMPC).

2

3 Upon query from the Chair if SMPC submitted a waiver, the secretariat responded in the
4 negative. It was reported, however, that SMPC gave word that they will submit their
5 decision on November 15, which is the date of their Board meeting.

6

7 A government representative from MGB shared that they will advise their regional directors
8 to remind the companies within their respective areas of jurisdiction regarding DAO 2017-
9 07. According to him, most of the companies that are not participating are either suspended
10 or have no production activities. He suggested that these companies be removed/excluded
11 from the list of targeted companies.

12

13 The Chair opined, however, that it is difficult to drop one company without any explanation.
14 There should be official notice or information to PH-EITI that these companies are
15 suspended or have no production activities, and such will be included in the Report.

16

17 According to an industry representative from the oil and gas sector, Oriental Petroleum and
18 Philodrill are already reporting through their operator, Galoc Production Company, since it is
19 the operator that does the reporting of revenues. Galoc Production, on the other hand, may
20 not have revenues/production data for about two to three years now.

21

22 The Chair commented that for companies in similar situations, it is critical that the reason
23 for not participating be documented; otherwise, it will seem that the MSG is allowing
24 companies not to report. There is sufficient reason why they are included, so there should
25 be sufficient reason as well if they will not be reporting.

26

27 According to the IA, these two companies also have other taxes that are not included in the
28 government share being reported by the operator. It would be good if these taxes can be
29 reported as well.

30

31 According to the industry representative, the taxes these companies are paying may be
32 from other businesses they are engaged in, not necessarily from the extractive business. He
33 thinks this is the same reason why these companies are not participating at this time.

34

35 Another industry representative commented that, moving forward, the bigger question is
36 how non-participating companies will be dealt with after the publication of the 4th Report,
37 given that there is DAO 2017-07. What will DENR and PH-EITI do to these companies?

38

39 The same representative mentioned that PH-EITI should have a mechanism, either a
40 statement or a certification that such companies did not participate, so that the DAO would
41 have sense. The DENR should enforce the DAO or PH-EITI would take specific action.

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The Chair agreed that it is critical that a follow-through be done, as this will be part of the contextual information chapter of the Report this year. It will also reflect on the credibility of the government. She asked the body for inputs on what should be done about it.

The secretariat noted that this is the primary reason PH-EITI has sought a meeting with the DENR Secretary. The secretariat asked the MSG if it would consider writing the DENR Secretary again, but this time, specifically about the implementation of DAO 2017-07.

An industry representative agreed and even suggested reporting the names of companies and/or agencies that have submitted reporting templates and those that have not.

A CSO representative supported the suggestion, adding that since the policy of this government is “name and shame”, this approach can be tried to see if it would be effective, although it is not something the MSG would normally want to report.

Another CSO representative, on the other hand, opined that all measures and efforts should be tried and exhausted first before resorting to this kind of action.

The Chair explained, however, that what the secretariat is instructed to do is to draft a press release updating everyone on which companies have submitted the reporting template and which have not. It will be a simple and factual statement citing DAO 2017-07 and the implications of not submitting to PH-EITI.

A CSO representative inquired as to why the group was not able to get DENR to compel the participation of companies despite the DAO. She believed that there is really something that must be addressed in the system.

The Chair took note of the comment, saying that the frustration being felt is understandable. While she acknowledged the regular presence of MGB’s Engr. Aguilos in the MSG, she expressed desire to see more commitment and seriousness from the DENR management in terms of implementing the DAO. This would set a clear direction for all stakeholders and would avoid PH-EITI being judged by the inaction of the government.

The MGB representative recalled that the statement of the MGB Director during the PH-EITI National Conference at the Manila Hotel included a declaration that they will be implementing DAO 2017-07. He said that it would be better to talk to the MGB Director first before the group proceeds to the DENR Secretary. He said that he will check on the availability of their Director.

A CSO representative commented that while there is value in the DAO, DOE should also be

1 asked to regulate the companies under its jurisdiction. The Chair recalled that DOE has said
2 that SMPC will participate. Hence, there is just a need to call DOE on that.

3
4 There was a suggestion for DOE to issue a similar directive or memorandum to all coal and
5 oil and gas companies.

6
7 Moving on, the IA reminded about the initially presented timeline where November 17 was
8 set as the final reconciliation cut-off, giving them about two weeks to write the draft report
9 so that they can submit it by December 1. Any delay in the acceptance of reporting
10 templates will entail corresponding adjustment in the submission date of the draft report.

11
12 On another note, the IA shared that Filminera Resources Corporation mentioned during the
13 walkthrough that they used their Tax Credit Certificates (TCC) to pay for their tax due. As a
14 result, there was a complaint from the Local Government Units (LGUs) that they were not
15 able to get their share in national wealth. The IA articulated that this is something that
16 should be reflected in the report of the Bureau of Internal Revenue (BIR) as well.

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18 On Reconciliation Results

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20 • Mining

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22 The IA apprised the body of the initial reconciliation results, noting that they are still far
23 behind what was reconciled for fiscal year 2014. They showed snapshots of mining
24 reconciliation results for each of the reporting government entities, which include BIR,
25 Bureau of Customs (BOC), DOE, MGB, LGUs, and National Commission on Indigenous
26 Peoples (NCIP). They reported on the sources of variances, which are mainly from absence
27 of reporting templates, absence of schedules and supporting documents, absence of
28 waivers, and in a number of cases, data/information are yet to be provided.

29
30 Other information that were reported include the following:

- 31
- 32 • MGB has submitted the 1st batch of information for 2015 and 2016, but additional
33 data are still expected of them.
 - 34
 - 35 • BIR has submitted the 1st batch of information for 2015 and 2016. Initial results
36 show that the total reconciled amounts are PHP1.8 billion or 98% in 2015 and
37 PHP3.5 billion or 92% in 2016 of reported government collections.
 - 38
 - 39 • For BOC, total reconciled amount is PHP255 million or 45% in 2015 and PHP295
40 million or 57% in 2016 of reported government collections.
 - 41

- 1 • For MGB, total reconciled amount is PHP903 million or 93% in 2015 and PHP675
2 million or 64% in 2016 of reported government collections.
3
- 4 • For LGUs, reconciliation is still low at PHP142 million or 30% in 2015 and PHP218
5 million or 33% in 2016 of reported government collections. The IA noted, though,
6 that LGUs have improved their reporting. Given the Environment and Natural
7 Resources Data Management Tool (ENRDMT), LGUs have reported more than half of
8 the prior years.
9
- 10 • For NCIP, companies reported PHP263 million for 2015 and PHP198 million for 2016,
11 but the agency reported only PHP29 million each for both 2015 and 2016. The
12 variance is mainly due to absence of schedules and supporting documents.

13
14 A CSO representative suggested that the amount/information be provided by NCIP regional
15 or provincial offices so that it is more updated. According to the IA, it is presumed that the
16 regional offices have been involved in filling out the reporting templates submitted by NCIP.
17

18 Another CSO representative shared that there is actually one MOA per one IP tribe, so it is
19 possible that there is more than one MOA per company. This means that information needs
20 to be disaggregated by tribe, not just per project. Perhaps this can be done for the next
21 reporting period.
22

23 The Chair agreed and said that the intention is to really reconcile figures per tribe and per
24 project. However, NCIP should be able to provide disaggregated data in the template. PH-
25 EITI has been conducting capacity building activities for and with NCIP and even introduced
26 a tool for monitoring royalties. NCIP should be asked how they are using the tool provided
27 to them.
28

29 The secretariat mentioned the consultative workshops they did during the roadshow, which
30 were also intended to connect the NCIP central office to their regional and provincial offices.
31 This should have been used to enhance their coordination for data gathering purposes.
32

33 The Chair remarked that the agency that is supposed to help seems to also need additional
34 capacity building, so this may have to be included in the PH-EITI work plan for the next and
35 succeeding years.
36

37 - Oil and Gas 38

39 The IA reported that the reconciliation for oil and gas is still ongoing, noting the PHP7 billion
40 in variance post reconciliation.
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- 42 • For BIR, total reconciled amount is PHP614 million or 100% in 2015 and PHP7.8
43 billion or 100% in 2016 of reported government collections.

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- For DOE, total reconciled amount is PHP353 million or 3% in 2015 and PHP288 million or 2% in 2016 of reported government collections.

- Coal

- As in previous years, the lone target company, SMPC, is yet to confirm its participation in the 4th Report.

The IA said that some information on coal can be obtained from the report of other government agencies. For 2015, BOC reported around PHP15 million collections from SMPC. For 2016, BOC collections and LGU collections reflected close to PHP15 million and PHP24 million, respectively.

On Shares in National Wealth

The IA briefly explained the data reconciliation process that they do. They perform a four-party consultation where first, they check whether the certifications issued by the government agencies are received and certified by the Bureau of the Treasury (BTr); then BTr data against actual releases of the Department of Budget and Management (DBM); and finally, DBM data on its releases against LGU receipts.

The IA reported that they were able to perform the reconciliation for 2015 data, with total reconciled amount of PHP98 million or 6% of reported DBM releases in 2015. The results also showed that DBM was able to release PHP1.5 billion shares in national wealth vis-à-vis LGU report of PHP833 million only. They are still trying to check the source of variance.

According to the IA, data provided by DBM are more accurate compared to the LGU data on shares in national wealth. The details in the Notice of Cash Allocation (NCA) and Notice of Authority to Debit Account Issued (NADAI) were all reflected in the reporting template of DBM.

A CSO representative commented that the data on DBM remittances are not the same as LGU receipts, and that it is difficult to reconcile the amounts and source of fund.

The Chair responded that based on her understanding, the DBM submission is complete as to the amount per NCA. The DBM report is accurate as to how much they transmit to each of the LGUs. LGUs cannot report as accurately as DBM, because LGUs do not have complete breakdown of the remittances made to them. This is the reason for the big variance in the report.

1 According to the IA, for 2016, they do not expect hefty variances because there has been
2 change in the process of releasing shares in national wealth. The Chair was quick to add that
3 this is a result of the recommendations in the first PH-EITI Report, which led to significant
4 policy change. The effect has been seen after two years.

5
6 An industry representative commented that for the 2015 data on LGU shares, there should
7 be a reason and explanation for the hefty variance. The IA responded that the reconciliation
8 is still ongoing and variance may still be reduced.

9
10 The Chair reminded everyone to be careful in how to present the reconciliation results so as
11 not to politicize any unit or agency. Considering that 2015 to 2016 is a transition period,
12 there must be conscious care in the presentation of results/data. The data/information
13 should always be in conjunction with the recommendations in the Report.

14
15 A CSO representative agreed with the Chair. She added that it is important, too, to highlight
16 the reasons why variances are big in certain years and why these improved the following
17 year. It would be good to highlight that such is a result of some policy changes brought
18 about by the results and recommendations in the PH-EITI Reports.

19
20 The IA raised another concern which they received from BIR. Apparently, some LGUs go
21 directly to BIR to ask how much shares in national wealth it certified. However, since the
22 release of shares goes through a process, it may happen that BIR certifies a certain amount
23 and DBM releases a different amount. This would then result in potential conflict.

24
25 Further, in instances where the amount in BIR's certification is not part of the appropriated
26 budget, the share in national wealth will not be released. This is one of the reasons for the
27 delay in the release of shares. DBM has set standard processes, requirements, and
28 eligibilities for the release of shares; and if they're not complied with, then there would be
29 problems or delays in the release.

30
31 The Chair asked for confirmation of her understanding that there is an unprogrammed
32 portion in shares in national wealth. The IA responded in the affirmative, noting that some
33 of the certifications of shares being submitted by BIR are still from 2010 to 2011 collections,
34 which are now part of the budget for succeeding years. According to the Chair, if this is so,
35 then the LGU shares would not match the production and sales reported for the year. The IA
36 confirmed the same, citing as example the 2015 data on LGU share that includes collections
37 from 2010 to 2015. The body agreed that this issue has to be highlighted in the Report.

38
39 The last item raised by the IA is the territorial issues encountered by BTr in certifying
40 collections of shares in national wealth. They find it difficult to identify the shares of certain
41 provinces, considering that shares are based on population and land area.

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A CSO representative asked if specific studies could be done to inform about and clarify the reason why such delays in release of shares are happening.

The Chair commented that this has always been a persistent issue between LGUs and BIR. She recalled that this has always been a cause of tension between the two units during PH-EITI national conferences. She noted, though, that it was that opening up of the issue that pushed the DBM and BIR to start reviewing their processes. Transparency was the basis.

What the MSG is doing now, according to the Chair, is part of the solution. It is hoped that the process that has been introduced will continuously improve, so that in the future, reporting to DBM would be more precise.

On the Next Steps:

- For the reconciliation activities:
 - IA will wait for remaining BIR information related to entities who submitted waivers and continue reconciliation.
 - IA will continue reconciliation for BOC, DBM, and Philippine Ports Authority (PPA)
 - IA will obtain pending data from DOE and continue reconciliation.
 - IA will reconcile MGB’s actual expenditures and fund balances and will continue reconciliation for royalty in mineral reservation.
 - IA will obtain pending LGU data that were not included in the data extracted from ENRDMT and will continue reconciliation.
 - NCIP’s outstanding items include a walkthrough and a completed reporting template. IA will obtain these pending data and continue reconciliation.

- For the Contextual Information

For permits and licenses, the IA reported that they have received MGB response to their request, and they have incorporated the information in the Report. The IA noted, though, that they still need to obtain a number of information from MGB, such as the date of application for permits/licenses awarded, coordinates of approved mining contracts, list of MPSA with approved expansion area, potential mineral products of existing EPs, list of bidders with respect to any expired mining tenement, and validation of Multi-partite Monitoring Team (MMT) and Integrated Safety and Health, Environment and Social Development Management (ISHES) reports.

On mining companies operating in ancestral domains, the NCIP has yet to provide the necessary information for the 4th Report.

1 The IA has sent request for additional information to DOE and is just awaiting response.

2
3 On the draft rationale for selecting top 5 non-metallic mining projects:

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5 For comments of the MSG, the IA presented the draft statement on the rationale for
6 selecting the top 5 non-metallic projects.

7
8 “For the fourth PH-EITI report, the MSG has decided to expand the scope and include
9 the top 5 non-metallic mining projects in terms of production value for 2015 and 2016,
10 respectively. Considering that this is the pilot implementation of the expanded scope,
11 *five projects was determined by the MSG as a feasible and realistic ‘first step’ towards*
12 *inclusion of the entire industry in the succeeding reports. These projects cover 46% of the*
13 *total production value for non-metallic mining in 2015 and ___% in 2016.”*

14
15 A government representative suggested to eliminate the subjective part and make it more
16 scientific and technical. The suggestion was to simplify the statement to read as follows:
17 “*...five projects was determined by the MSG based on 46% of the total production value for*
18 *non-metallic mining in 2015....”*. The comment was noted.

19
20 In closing, the IA confirmed that the cut-off date for reporting template submission is still
21 November 17. Any company that will submit beyond the said date will not be included in
22 the reconciliation. It will be indicated in the report that the company submitted a template,
23 but the amounts it reported were not included in the reconciliation process anymore.

24
25 An industry representative suggested that if a company is significantly material, it should
26 still be included in the reconciliation despite late submission. There was a comment,
27 however, that the body should also instill discipline among the companies, so that they will
28 learn to submit on time.

29
30 **6. Review/revision of the Beneficial Ownership (BO) Roadmap**

31
32 The Chair asked the MSG members who participated in the recently held BO Conference in
33 Jakarta to share to the body highlights of the activity.

34
35 The secretariat noted that the PH-EITI delegates to the conference, including the consultant
36 for the BO scoping study, have been asked to submit a report, but the reports are not in yet.

37
38 The secretariat reported that, as a result of his participation in the conference, the
39 consultant submitted a draft request for advisory opinion from the National Privacy
40 Commission (NPC), and the draft is included in the meeting materials for the MSG’s
41 comments. The draft petition states grounds for finding that the basic data being requested

1 for BO disclosure does not violate the Data Privacy Act.

2

3 The secretariat also reported that the consultant submitted a version of the BO roadmap
4 that is based on his recommendations from the scoping study. It was noted that the study
5 was circulated to the MSG on October 30, but no comment has been received from the MSG
6 so far.

7

8 The secretariat also informed the body that one of the MSG delegates, Mr. Chad Llanos, CSO
9 representative, was asked to serve as panelist in one of the sessions of the BO conference.
10 Mr. Llanos was then requested to briefly share his experience. Highlights of his sharing
11 include:

12

13 • When asked about CSO's appreciation of BO, he articulated that based on
14 experience, BO efforts are done to inform communities. He underscored the need to
15 make communities understand and appreciate what BO disclosure is about and what
16 it entails, to come up with points for engagement.

17

18 • Among the countries that have been successful in BO disclosure, a common feature
19 is enabling political will.

20

21 • Indonesia, for example, pushed for BO disclosure because it would address not just
22 their concerns on the extractives but also other political issues. An interesting
23 approach that the country is looking at is media involvement in BO reporting,
24 because media had been able to gather stories relating to BO. The stories did not
25 seem related at first, but the connection eventually became apparent.

26

27 He then opined that the PH-EITI media training can possibly be utilized in heading
28 towards the direction set by Indonesia.

29

30 • In Ukraine and some other countries, the government requires BO disclosure for
31 licensing.

32

33 A government representative who also participated in the conference added that some
34 participants even reported that the mining law in their respective countries is being
35 amended to include a BO register.

36

37 An industry representative commented that the use of reporting templates for BO
38 disclosure may need to be revisited, as this may not be the best approach. A template would
39 be good only for the day the template is accomplished, but the facts and data could already
40 be different tomorrow. A template will be static and may not be accurate. According to him,
41 a register, which is more dynamic and what EITI International is pursuing, may be more

1 workable. This may be the direction the group should be taking, rather than using templates
2 for reporting BO. He suggested that the consultant work with a TWG within the MSG to craft
3 a way forward.

4
5 A CSO representative supported the said position and suggestion. She added that the goal is
6 to come up with a public registry, which can start with the extractives sector but should
7 eventually cover other industries as well. The registry would have the necessary data and
8 information to serve as a platform for discussion.

9
10 The Chair concurred and noted that the group has already identified the direction to take.

11 12 **7. Other Matters**

13
14 Prior to the discussion of other matters, the Chair asked the members of the body for
15 feedback on the media training for MSG which was held the previous month. Everyone was
16 in agreement that the training was a worthwhile exercise and there have been much
17 learning.

18
19 An industry representative shared that the training was a learning experience, highlighting
20 that the Philippines is way advanced compared to the other countries and noting that the
21 Philippine experience is being looked at as a model on how to move forward in this area
22 [Note: The industry representative was commenting on the Regional Training for EITI
23 Implementing Countries in Southeast Asia and the Pacific (25-27 October 2017, Manila) in
24 which he participated.]

25
26 According to the secretariat, Probe Media Foundation already submitted the documentation
27 and it will be shared to the MSG.

28 29 ■ Media Training

30
31 The secretariat again presented the draft program for the media training, which was shared
32 during the last MSG meeting. It was noted that PH-EITI will be partnering with the Philippine
33 Press Institute (PPI) for this nationwide activity. The activity consists of one training each for
34 Luzon, Visayas, and Mindanao. The training is composed of a seminar, mine community
35 visit, and writing workshop. After all the three trainings are done, there will be a writing
36 fellowship where small grants will be given to selected media practitioners to write and
37 publish articles.

38 39 ■ Setting of the next MSG Meeting

- 1 The next regular MSG meeting was scheduled on 8 December 2017. It was noted that this
- 2 would coincide with the Mindanao (Surigao) leg of the media practitioners training.
- 3
- 4 The secretariat noted that based on experience, there are normally two MSG meetings in
- 5 December, one regular and one special.
- 6
- 7 With no other matters raised, the 47th MSG meeting was adjourned at 12:00 noon.