

2 **55<sup>th</sup> Multi-stakeholder Group (MSG) Meeting**

3 8 November 2018 | 8:00 AM – 11:00 AM

4 Mactan Room, Summit Circle Hotel, Cebu City

5

6 **Attendees:**

7

8 **Government**

9 Undersecretary Bayani Agabin Department of Finance (DOF)

10 Asst. Secretary Ma. Teresa Habitan DOF

11 Ms. Febe Lim DOF

12 Engr. Romualdo Aguilos Department of Environment and Natural  
13 Resources-Mines and Geosciences Bureau  
14 (DENR-MGB)

15

16 Mr. Shan Barros Department of Energy (DOE)

17 Mr. Randolph De Dios (RESOURCE PERSON) DOE Visayas Field Office

18

19

20 **Industry**

21 Atty. Ronald Rex Recidoro Chamber of Mines of the Philippines (COMP)

22 Mr. Anthony Ferrer Petroleum Association of the Philippines

23 Atty. Francis Ballesteros Philex Mining Corporation, Inc.

24 Mr. Bradley Norman OceanaGold Philippines, Inc.

25

26 Mr. Edgar Cutiongco (RESOURCE PERSON) China International Mining Petroleum (CIMP)

27

28 **Civil Society Organization (CSO)**

29 Ma. Leonora Garcia Bantay Kita-Publish What You Pay Philippines  
30 (BK-PWYP)

31 Mr. Buenaventura Maata, Jr. Philippine Grassroots Engagement in Rural  
32 Development Foundation, Inc. (PhilGrassroots-  
33 ERDF)

34 Mr. Chito Trillanes Social Action Center – Ecology Desk, Diocese of  
35 Tandag, Surigao del Sur

36 Ms. Aniceta Baltaar Concerned Citizens of Abra for Good  
37 Governance

38 Mr. Augusto Blanco Kaimunan Lumad Sang Compostela

39 Ms. Esther Roxanne Veridiano Philippine Task Force for Indigenous People's  
40 Rights

41 Dr. Glenn Pajares Sectoral Transparency Alliances on Natural

1 Resource Governance in Cebu, Inc.  
2 Atty. Jansen Jontila Environmental Legal Assistance Center, Inc.  
3 Dr. Nelson Conigundo Cuaresma Concerned Advocates Saving Terrestrial and  
4 Marine Ecosystems (COASTLINE), Inc.  
5

6 Ms. Joan Altobar BK-PWYP  
7

8 **PH-EITI Secretariat**

9 Atty. Maria Karla Espinosa  
10 Mr. Marco Zaplan  
11 Ms. Mary Ann Rodolfo  
12 Ms. Joylin Saquing  
13 Ms. Roselyn Salagan  
14 Mr. Ryan Justin Dael  
15 Mr. Eastword Manlises  
16 Ms. Maria Lezith Soriano  
17 Ms. Odessa Taguibao  
18

19 **Agenda**  
20

- 21     ▪ Approval of the agenda
  - 22     ▪ Approval of the minutes of the 54<sup>th</sup> meeting
  - 23     ▪ Matters arising from previous meetings
  - 24     ▪ Main business
    - 25         • Updates from 41<sup>st</sup> EITI Board Meeting in Senegal
    - 26         • Progress report on production of 5<sup>th</sup> Report (including participation, ORE and
    - 27             ENRDMT data submission, SSM, and BO pilots, DAO 2017-07 implementation,
    - 28             contextual information)
    - 29         • Discussion of Draft Contextual Information
    - 30         • *Transparency Awards 2019* Criteria and Mechanics
    - 31         • Presentation on the Alegria Oil Field onshore project
  - 32     ▪ Other matters
    - 33         • Updates on other ongoing/pending activities/matters
    - 34         • Setting of next MSG meeting
- 35

36 **1. Call to order**  
37

38     DOF Undersecretary Bayani Agabin chaired the 55<sup>th</sup> MSG meeting. There being a quorum,  
39     the meeting began at 8:10 AM.  
40

41 **2. Approval of the agenda**

1  
2 The Chair asked the members if there was any item for inclusion in the agenda. Without  
3 any additional items, the agenda was approved.  
4

### 5 **3. Approval of the minutes of the 54<sup>th</sup> meeting**

6

7 The Chair gave members 10 days to submit comments, if any, on the minutes of the 54<sup>th</sup>  
8 meeting. Any substantive comment will be opened for discussion. If no comment is  
9 received by the secretariat, the minutes will be deemed approved.  
10

11 As to the minutes of the 53<sup>rd</sup> meeting, no comment was received. Said minutes, therefore,  
12 was deemed approved. A CSO representative, though, asked for a copy of the annexes  
13 mentioned in the minutes.  
14

### 15 **4. Acknowledgment of guests**

16

17 Before proceeding with the meeting, resource persons for the Alegria onshore oil and gas  
18 project were acknowledged. They were Mr. Randolph De Dios, Senior Science Research  
19 Specialist of DOE Visayas Field Office, and Mr. Edgar Cutiongco, Assistant Country  
20 Manager and Director of China International Mining Petroleum Co. Ltd. (CIMP).  
21

### 22 **5. Matters arising from previous meetings**

23

#### 24 *a. Pending meetings with government agency heads*

25

26 As instructed by the Chair during the previous meeting, the secretariat added more detail  
27 on the status of matters that have remained pending for several meetings. These pending  
28 matters are the courtesy meetings with the Secretaries of the DOE and the DILG and the  
29 Securities and Exchange Commission (SEC) Chairperson.  
30

31 The secretariat proposed the agenda for each meeting. For the DOE Secretary, the agenda  
32 included reintroducing PH-EITI and updating the Secretary regarding DOE's performance  
33 as an EITI implementing agency. The DOE Secretary, however, is presumed to be aware of  
34 EITI, as he himself has attended some PH-EITI events and even delivered a message during  
35 the 38th EITI International Board Meeting in Manila.  
36

37 The secretariat also sought to include the matter of the coal sector's non-participation in  
38 EITI, particularly that of Semirara Mining and Power Corporation. The secretariat would  
39 like to encourage the Secretary to explore possible solutions like the issuance of an  
40 administrative order similar to DENR DAO 2017-07. Lastly, the secretariat would request  
41 the Secretary to give a message for inclusion in the 5th Report.

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For the DILG Secretary, the proposed agenda is to introduce PH-EITI and discuss DILG's involvement in the initiative through the Bureau of Local Government Development (BLGD) and the ertswhile Philippine Poverty-Environment Initiative (PPEI). Other matters for discussion include LGU issues and pending measures such as the joint circular on enhanced guidelines on the release of LGU shares in national wealth.

For the SEC Chairperson, the secretariat sought to introduce PH-EITI, highlighting DOF's being the focal agency as well as the participation of other DOF attached agencies (BIR, BOC, BTr). The main agenda, however, would be beneficial ownership or BO, as the SEC has been identified as the most apt agency to champion BO disclosure/transparency. The SEC, in fact, has participated in BO-related EITI activities, both in the Philippines and abroad.

The Chair, then, asked that deadlines be set such that said courtesy meetings will not remain floating. The secretariat explained that not all the courtesy meetings are urgent. The meetings with the DOE Secretary and the SEC Chair would be the more important ones, as DOE is a reporting regulatory agency, while SEC is being seen as BO champion and BO disclosure is being piloted in the 5th Report. Meeting with the DILG Secretary is not as urgent.

The Chair asked if the letters could be sent one week after the MSG meeting, to which the secretariat replied in the affirmative.

An industry representative, meanwhile, suggested that a discussion on EITI mainstreaming be added in the agenda for the meetings.

Without any further comment from the members, the Chair asked for the approval of the proposed agenda for the meetings. The agenda were approved.

*b. Proposed PPEI projects/activities for adoption by PH-EITI*

The secretariat recalled that in the previous meeting, DILG-BLGD Director and MSG member Anna Bonagua presented the advocacies of PPEI that are related and could be turned over to PH-EITI for continuity, since PPEI already ended in June 2018. The last instruction from the MSG was for the secretariat to discuss the advocacies with Director Bonagua and identify which ones could be adopted by PH-EITI.

The secretariat reiterated that PPEI sought to support the government, civil society, and business sector in optimizing revenues and benefits from sustainable environment and

1 natural resource management for poverty reduction and environment protection through  
2 improved capacity and enabling conditions at the national and local levels.

3  
4 The secretariat identified the objectives that PH-EITI and PPEI shared:

- 5 ■ Institutionalization of the Environment and Natural Resources Data Management Tool  
6 or ENRDMT;
- 7 ■ Improvement of governance processes for the timely release of national wealth; and
- 8 ■ Promotion of data-sharing and transparency in the collection, distribution of national  
9 wealth revenues.

10  
11 Of the PPEI advocacies that DILG/Director Bonagua endorsed for possible turnover to PH-  
12 EITI during the last meeting,<sup>1</sup> the secretariat identified two that could fit in PH-EITI's  
13 programs without entailing much additional cost: (1) the joint circular on LGU shares from  
14 national wealth ("the JMC") and (2) capacity building on utilization and reporting of  
15 national wealth share.

16  
17 As to the JMC, the secretariat cited monitoring the status of the JMC and re-convening  
18 regular meetings (twice or thrice a year) of the inter-agency Environment and Natural  
19 Resources Technical Working Group, or ENR TWG, as the specific actions that would be  
20 required from PH-EITI.

21  
22 For the capacity building, the secretariat anticipated having to integrate the relevant  
23 activities in the PH-EITI outreach and capacity-building program.

24  
25 The Chair asked if adopting the JMC meant shepherding it until it gets approved and what  
26 PH-EITI's role would be after the JMC is signed. The Alternate Chair also asked who will be  
27 in charge of the JMC's implementation.

28  
29 The secretariat explained that PH-EITI's role would be more in accelerating the issuance  
30 of the JMC. The Chair opined that the task and the JMC per se are more relevant to the  
31 mandate of the Department of Budget and Management (DBM).

32  
33 A CSO representative asked what the role of the MSG would be in the adoption of the said  
34 advocacy, saying that it appears that only the secretariat would be involved.

35  
36 The secretariat explained that PH-EITI was part of the ENR TWG that discussed the JMC,  
37 among others. PH-EITI, through the secretariat, contributed to, but did not play a central

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<sup>1</sup> (i) JMC on LGU shares from national wealth; (ii) supplemental DENR-DAO to improve SDMP guidelines; (iii) policy reform to facilitate release of monetary benefits to LGUs pertinent to E.R. 1-94 (which has a trust fund balance lodged in DOE amounting to Php 11.63 billion); (iv) promotion of Green Investments among LGUs; and (v) capacity building on utilization and reporting of national wealth share.

1 role, in the creation of the JMC. Updates on the status of the JMC have been reported on  
2 by the DBM during PH-EITI roadshows. The latest update was that comments on the draft  
3 had already been received from relevant agencies, and that the draft is now awaiting  
4 approval and signature of the heads of agencies. The secretariat also pointed out that it  
5 was not the first time that the JMC was discussed by the MSG, since the JMC is actually  
6 part of MSG recommendations addressed to DBM.

7  
8 A CSO representative asked that a separate briefing be given regarding the matter. The  
9 secretariat committed to do as instructed, and said that the DBM has a presentation on  
10 the proposed JMC which it has delivered during PH-EITI roadshows.

11  
12 The Alternate Chair gave additional background information on PPEI, saying it was focused  
13 more on LGUs and sub-national issues, particularly the downloading of LGU shares from  
14 national wealth. She described it as the hottest local finance and budgeting issue, because  
15 LGUs were not happy about the delay in the release of their shares. The delay affects  
16 LGUs' budgeting process as well as their poverty reduction and local development  
17 programs. She opined that it would be a natural progression for PH-EITI to adopt the  
18 advocacy, in line with PH-EITI's sub-national initiatives.

19  
20 An industry representative asked what PH-EITI's role would be in the ENR TWG meetings.  
21 The secretariat said that the TWG was co-chaired by the DOF Bureau of Local Government  
22 Finance (BLGF) and DILG-BLGD. PH-EITI was part of the TWG but did not play a leadership  
23 role. If PH-EITI adopts the advocacy, PH-EITI would be expected to shoulder the cost of  
24 the meetings.

25  
26 A CSO representative expressed support for the proposed adoption of the advocacy, as  
27 he observed that the matter of LGU shares in national wealth was brought up several  
28 times during the PH-EITI Roadshow 2018. He believes that PH-EITI has a role in pushing  
29 for acceleration of the release of the LGU shares. He acknowledged, though, that the  
30 relevance of adopting the JMC to the mandate of PH-EITI must be established.

31  
32 Another CSO representative sought clarification as to what exactly was the MSG being  
33 asked to do.

34  
35 The secretariat asked the MSG to authorize use of PH-EITI resources for convening the  
36 TWG. The secretariat reiterated that DILG was unilaterally pushing for PH-EITI's adoption  
37 of the PPEI advocacies so as not to let previous efforts/outputs go to waste.

38  
39 A government representative recalled that DENR shepherded the JMC before, then the  
40 DBM later assumed the role of convening meetings for the JMC. He also recalled that the

1 recommendation to issue a JMC actually came from MSG-CSO members, and that was  
2 how the MSG had been involved in the early stages of the proposed JMC.

3  
4 A CSO representative believes that shepherding the JMC is still aligned with PH-EITI's  
5 mandate, since it has to do with transparency in national wealth shares of LGUs and how  
6 these resources are being utilized. She also emphasized the value of validating data with  
7 the community.

8  
9 An industry representative cautioned that shepherding the JMC may eventually impel PH-  
10 EITI to implement a policy born of its own recommendation. Implementing the policy, he  
11 said, would entail a lot of administrative work.

12  
13 A government representative suggested that monitoring the status of the JMC could be  
14 done through the PH-EITI TWG, which regularly gives updates to the MSG.

15  
16 The secretariat reiterated that the draft JMC is very relevant to PH-EITI, as it is an offshoot  
17 of one of the MSG's earliest MSG recommendations to DBM who, in turn, has reported it  
18 as among its EITI-related accomplishments.

19  
20 In the interest of time, the Alternate Chair summarized the discussion and inferred that  
21 the members are okay with adopting the advocacies. She noted that the secretariat will  
22 determine the details of transfer and implementation, which may have an impact on PH-  
23 EITI's work plan for 2019.

24  
25 **6. Main Business**

26  
27 *a. Updates from 41st EITI Board Meeting in Senegal*

28  
29 The Alternate Chair, who also serves as a member of the EITI Board, reported on the 41st  
30 EITI Board Meeting in Senegal, the first African country to have been found compliant with  
31 the 2016 EITI Standard. She said that the Board Meeting constituted the initial activity in  
32 a three-day Beneficial Ownership conference hosted by EITI and the Senegal government.  
33 She shared that the report of the Board's Implementation Committee cited the Philippines  
34 for its sub-national efforts, facilitation of policy debates, and innovative communication  
35 tools. PH-EITI was likewise mentioned for being on its way to systematic disclosure. She  
36 also said that the next Board meeting will be in Ukraine in February 2019, while the next  
37 global conference will be held in Paris in June 2019.

38  
39 *b. Progress report on 5th EITI Report*

1 The secretariat reported 100% submission rate of BIR waivers from targeted producers of  
2 condensates, and metallic and non-metallic mines. Submission rate for the targeted oil  
3 production was 95%.

4  
5 Meanwhile, the status of report submission through ORE, or the Online Reporting in the  
6 Extractives tool, is as follows: metallic mining, 96.5% of production; non-metallic mining,  
7 84% of targeted production; oil, 95% of production; condensates, 100% of production.

8  
9 *c. Pilot Beneficial Ownership (BO) Reporting*

10  
11 The secretariat updated the MSG regarding the pilot BO reporting, relating that the BO  
12 template has already been integrated in ORE. A run-through has been conducted with  
13 OceanaGold Philippines (one project) and Nickel Asia Corporation (four projects).  
14 OceanaGold has since completed its report. The deadline of submission of BO reports is  
15 on 14 November 2018.

16  
17 The secretariat also presented the draft outline for the BO report for inclusion as a chapter  
18 in the 5th Report. A copy of the draft outline is annexed to this document.

19  
20 In addition, the secretariat reported that PH-EITI has started mapping with available data  
21 and has reached out to  
22 OpenOwnership, a CSO-backed international online platform for BO disclosure.

23  
24 *d. Pilot Reporting on Small-scale Mining (SSM)*

25  
26 As to the pilot reporting on SSM, the secretariat has conducted data collection and  
27 consultation and workshop on the reporting template on 11 October 2018 at the MGB  
28 Regional Office XII (MGB RO XII). Participants include the South Cotabato Provincial  
29 Environment Management Office or PEMO, MGB RO XII, NCIP RO XII, and T'boli Minahang  
30 Bayan Multi-purpose Cooperative (TBMMP). The secretariat is also scheduled to hold a  
31 walk-through discussion with the miners on 15 November 2018 regarding especially the  
32 required BIR waiver.

33  
34 The draft outline for the SSM pilot report for inclusion as a chapter in the 5th Report was  
35 also presented to the body. A copy of the draft outline is annexed to this document.

36  
37 *e. Implementation of DENR DAO 2017-07*

38  
39 The secretariat expressed appreciation for MGB's efforts to enforce DAO 2017-07 in  
40 relation to the submission of BIR waivers and required data for the 5th Report. The  
41 secretariat attributed the high submission rates to MGB's actions, including



1 communications sent to companies that did not immediately participate in the reporting  
2 process. MGB's efforts, the secretariat related, were not only at the national level, but  
3 were also supplemented by actions taken by the regional offices.

4  
5 A government representative shared that, in addition to the implementation of DAO  
6 2017-07, MGB has recently issued a memorandum circular on a standard monitoring  
7 checklist for all mining contractors. Participation in the EITI process had been included in  
8 the checklist, and the same was duly approved by MGB's management committee.

9  
10 *f. Draft Contextual Information*

11  
12 The secretariat presented the revised detailed outline of the Contextual Information  
13 chapter of the 5th Report (Chapter I), noting that comments from the MSG during the  
14 previous meeting have already been integrated therein.

15  
16 The secretariat explained that the numbers in parentheses that appear on the title of each  
17 part of the Contextual Information are references to relevant requirements of the 2016  
18 EITI Standard, placed there to help ensure compliance with the Standard.

19  
20 The secretariat has also proposed "Forging New Frontiers" as the report's working title  
21 and theme. A consultant, Dr. Ma. Cecilia Soriano, has been hired to write the Contextual  
22 Information chapter.

23  
24 The secretariat asked if the members have any further comments and asked for the body's  
25 approval of the theme.

26  
27 A CSO representative looked for a summary report on the issues and concerns raised  
28 during the PH-EITI Roadshow and asked if the same could be included in the 5th Report.

29  
30 The secretariat said that there is a space in the report for the issues and concerns raised  
31 during the roadshows. It will not, however, be in the form of a detailed account; rather, it  
32 will be integrated in relevant parts such as the Contextual Information and in the  
33 recommendations of the MSG members. An account of the roadshow is reported through  
34 another document, that is, the Annual Progress Report.

35  
36 The secretariat then said that work on the Contextual Information is ongoing, and that the  
37 consultant committed to submit a first draft on 19 November 2018. The secretariat  
38 apologized for the delay, as it had been communicated to the body earlier that the draft  
39 would be submitted in August. The secretariat committed to email the draft to the  
40 members as soon as it becomes available. The secretariat also suggested that it may be  
41 more convenient or efficient if a smaller group would be formed to look into the draft

1 first. An online document (Google docs) has also been set up so that members can give  
2 comments more easily.

3  
4 The secretariat pointed out that the process really requires an Independent Administrator  
5 (IA); hence, reports from the IA are expected to come in, moving forward.

6  
7 *g. Transparency Awards 2019 Criteria and Mechanics*

8  
9 The secretariat recalled that the proposed criteria and mechanics of the Transparency  
10 Awards 2019 had been discussed during the 53rd meeting, but further discussion on the  
11 same was deferred during the 54th meeting in the interest of time.

12  
13 The secretariat reoriented the members about the Transparency Awards, which are  
14 honors given by the MSG every year during the PH-EITI National Conference to recognize  
15 outstanding performance and achievement in the implementation of EITI in the  
16 Philippines. The selection committee is composed of MSG members and the IA.

17  
18 For 2019, the proposal is to confer at least four (4) awards:

- 19 ▪ Seal of Transparency
  - 20 • Top 3: Excellence in Reporting
  - 21 • Top 1 'Newbie': Strong Starter of the Year
- 22 ▪ Transparency Champion
- 23 ▪ Special Citation

24  
25 The secretariat presented the mechanics for each of the categories. General mechanics  
26 include the following:

- 27 ▪ All EITI reporting entities are qualified for the search;
- 28 ▪ The selection committee evaluates the nominees and recommends awardees to the  
29 MSG; and
- 30 ▪ The MSG approves the recommendations.

31  
32 For the Transparency Champion, MSG members can nominate. The Special Citation is  
33 reserved for any other specific recognition of a person deserving the same.

34  
35 The secretariat pointed out details of the mechanics that have yet to be filled out, for  
36 instance, the threshold score. Once final and approved, the mechanics will be circulated.

37  
38 The secretariat asked the members for suggestions for the composition of the selection  
39 committee.

40  
41 A CSO representative inquired about the timeline for the Transparency Awards.

1  
2 The secretariat said that nominees must ideally be in by end of the year. Evaluation will  
3 be in January of the following year, and the National Conference, where the awards will  
4 be given, will be held preferably not later than March of the same year.  
5

6 An industry representative reiterated a previous suggestion to invite or allow shortlisted  
7 nominees to submit additional data or supporting documents to back up their  
8 nomination. The secretariat recalled the Alternate Chair's previous comment on the same  
9 suggestion: the Awards and the selection process must be shielded from politics.  
10 However, if the MSG so deems it, however, shortlisted nominees may be asked to submit  
11 supporting documents.  
12

13 A CSO representative noticed that only government agencies and reporting companies  
14 are eligible for nomination. She asked if CSOs pushing for transparency or those which  
15 have utilized PH-EITI data could be considered for the awards as well. The secretariat  
16 clarified that for the Seal of Transparency awards (Excellence in Reporting, and Strong  
17 Starter of the Year), only reporting entities are eligible for nomination. For the  
18 Transparency Champion, however, anyone may be nominated, including NGOs.  
19

20 A CSO representative inquired about the process of validation. The secretariat said that  
21 the details of nomination and validation could be determined by the selection committee  
22 to be formed. The Chair concurred, and asked who among the members wished to be part  
23 of the selection committee. The CSO representatives deferred to Bantay Kita to determine  
24 who is most competent to be part of the selection committee on behalf of the CSOs.  
25 COMP will also choose among themselves who will join the committee. Aside from sector  
26 representatives, the Chair identified the Alternate Chair as automatic member of the  
27 committee.  
28

29 The Chair said that, conceptually, the details of the Transparency Awards are okay. He  
30 then asked about the criteria for judging. The secretariat said that in previous years, the  
31 criteria included timeliness and no/low discrepancy. For Transparency Awards 2019,  
32 however, there are new factors for consideration, since reporting is already done online.  
33 The selection committee should finalize the criteria for judging.  
34

35 A CSO representative asked whether there has been any instance when PH-EITI was  
36 recognized by the media or any government agency for the wealth of data it produces.  
37 The secretariat said that PH-EITI has not yet received any commendation from the media.  
38 In fact, PH-EITI is the one reaching out to members of the media to make use of PH-EITI  
39 datasets in news reporting. The secretariat did note that there has been an increase in  
40 public awareness of PH-EITI data. Also, PH-EITI has been recognized internationally,  
41 particularly through the EITI Chair's Awards.

1  
2 The Chair remarked that it may be a good motivation to target an EITI Chair's Award. He  
3 asked what awards will be given in the following year. The secretariat recalled that PH-  
4 EITI was recognized before for efforts at the sub-national level but that the award  
5 categories vary from year to year.

6  
7 The secretariat committed to follow up with the members regarding the selection  
8 committee and the specifics of the nomination form and validation.

9  
10 *h. Presentation on the Alegria Oil Field onshore project*

11  
12 On behalf of DOE Energy Resource Development Bureau Director Melita Obillo, Science  
13 Research Specialist Mr. Shan Barros gave an overview on Service Contract No. 49 (SC 49)  
14 or the Alegria Oil Field onshore project. The presentation covered, among others, the  
15 project's reserves computation, updated economic forecast for 20 years, and estimated  
16 shares between the government and CIMP.

17  
18 SC 49 was previously operated by Phil-Mal Energy International, Inc. (2005-2006), and  
19 Ranhill Energy Sdn. Bhd. (2006-2009). Currently, SC 49 is being operated by CIMP (2009  
20 to present). The project is located in Southern Cebu and has a total area coverage of  
21 197,000 has and total production area of 42,749 has. To date, CIMP has drilled six wells,  
22 two of which are for oil, three are for gas, and the last one is still for evaluation.

23  
24 On 19 May 2018, President Duterte graced the ceremonial commencement of the field's  
25 oil and gas production. Moving forward, CIMP plans to drill 17 additional wells until 2028.  
26 For 2018, CIMP has committed to drill three additional wells and increase oil production  
27 in Polyard-3 and Polyard-8. The company also plans to put up a gas mini-power plant to  
28 supply electricity to Alegria and nearby municipalities.

29  
30 In addition to Mr. Barros' presentation, CIMP Assistant Country Manager and Director Mr.  
31 Edgar Cutiongco explained that SC 49 is an onshore license block with proven hydrocarbon  
32 accumulation. His presentation showed the process and activities through which the  
33 reservoir had been tested and proven to have commercial flow. The field has a lifespan of  
34 25 years and the extension period for the production is up to 15 years.

35  
36 Pursuant to the approved POD, CIMP signed on 12 March 2018 a crude oil SPA with a local  
37 buyer. Oil sale has since officially commenced. Daily crude oil production is expected to  
38 reach 1,800 barrels per day (BOPD) and annual production to reach approximately  
39 540,000 barrels. Daily gas production is expected to reach 324,000 cubic meters per day  
40 and annual production to reach approximately 97,200,000 cubic meters.

41  
42 Aside from the project's technical details, Mr. Cutiongco made a presentation on  
43 Presidential Decree 87 or the Oil Exploration and Development Act of 1972. He showed  
44 CIMP's Environmental Compliance Certificate, Environmental Impact Assessment Report,

1 and petroleum refining process. He said that CIMP is duly following the guidelines in the  
2 service contract.

3  
4 Mr. Cutiongco also emphasized that SC 49 is a marginal oil field, which meant that it only  
5 operates when oil price is high. If the oil price goes down, the operation will temporarily  
6 stop so as to optimize sales from production. He also described SC 49 as the first  
7 commercial onshore oil and gas production in the country.

8  
9 Mr. Cutiongco also explained that extracting oil always comes with associated gas. CIMP  
10 and the government, however, do not have a facility to handle gas as of the moment. For  
11 safety, gas is flared during extraction. CIMP is looking into harnessing gas later on to  
12 generate electricity for the people of Alegria.

13  
14 Mr. Cutiongco also responded to some questions of MSG members. He shared, for  
15 instance, that the service contract in the Philippines is modelled after Indonesia's. The  
16 difference is that Indonesia has its own facilities.

17  
18 A CSO representative asked whether the case of Tañon Strait, the Philippines largest  
19 marine conservation area, was considered during the exploration. Mr. Cutiongco  
20 responded in the affirmative and shared that it was already an issue during the time of  
21 JAPEX or the Japan Petroleum Exploration.

22  
23 A mining industry representative asked how government monitors volume. A petroleum  
24 industry representative explained that oil companies send reports to DOE everyday. The  
25 Bureau of Customs also has its own monitoring officers.

26  
27 Mr. Cutiongco also shared that onshore and offshore oil fields are very different in terms  
28 of production.

29  
30 CSO representatives asked about reserve funds for decommissioning and how it is done.

31  
32 Another CSO representative asked about the workers and how many of them are  
33 members of the community.

34  
35 Mr. Cutiongco said that they have minimalist production. They hire and train operators  
36 from the community.

37  
38 Another CSO representative inquired about the take of the Department of Health on the  
39 gas flaring, the health and environmental concerns related to it.

40  
41 Mr. Cutiongco shared that on the flaring side, DENR does the monitoring. The DOE and  
42 the LGU also have their own monitoring mechanisms. He said that they have constant  
43 engagement with the DOE regarding the flaring, but he also explained that the flare is not  
44 much and that it is being done precisely for safety.

1 A CSO representative inquired about the standard or maximum allowable content that  
2 can be flared up and the specific components that are released in the air. He asked how  
3 the DENR or any other agency monitors the status of the atmosphere.

4  
5 A government representative said that DENR does quarterly monitoring of air and water  
6 quality.

7  
8 A CSO representative asked if information on air and water quality could be shared with  
9 the public.

10  
11 Mr. Cutiongco said that he will check if data on chemicals released in the air are available.  
12 He said EMB is monitoring these chemicals. There are also detectors in the area to monitor  
13 poisonous gases. CIMP, he said, is aware of the standards of EMB. He also reiterated  
14 CIMP's plan to eventually use gas to generate electricity. The process involves taking out  
15 the flare and putting it straight into a turbine. This way, the whole resource is optimized.

## 16 17 18 **7. Other Matters**

### 19 20 *a. Updates on ongoing/pending activities/matters*

21  
22 The secretariat reported on other ongoing or pending matters, including the EITI impact  
23 survey being done with the UP School of Statistics, the feasibility survey for  
24 mainstreaming, and the revamp of the PH-EITI website. The next step for the feasibility  
25 survey is to procure the online platform for its conduct. The secretariat also shared that it  
26 is working with Bantay Kita on a roundtable discussion on responsible mining.

### 27 28 *b. Stakeholder consultation in Alegria*

29  
30 The secretariat gave an administrative briefing on the scheduled stakeholder consultation  
31 in Alegria. The secretariat discussed the itinerary and how the discussion will be handled.

32  
33 The Chair asked about the content of the program. The secretariat said that while the  
34 dialogue may focus on the oil field, the matter can also be discussed in relation to fiscal  
35 transparency.

36  
37 A CSO representative thought the consultation is an opportunity to engage the  
38 community, but cautioned that the discussion cannot just be anything under the sun.

39  
40 The CIMP representative said he can give a presentation on the oil field project, although  
41 his impression was that the consultation will focus on revenue sharing.

42  
43 An industry representative asked if the mayor and the members of the municipal council  
44 are running for reelection. He feared the activity may be used for electioneering.

1 The Chair urged the moderators and the members of the MSG to stay focused on a topic  
2 where the presence of the MSG members could be of value and contribute to the  
3 discussion.

4  
5 *c. On reimbursements, flight bookings, and per diem*  
6

7 A CSO representative raised a concern about reimbursements and flight bookings, asking  
8 if MSG-CSO members' other activities in Metro Manila could be considered in booking  
9 their roundtrip flights.

10  
11 The secretariat expressed regret that due to constraints imposed by COA (Commission on  
12 Audit) and other government rules, requests of MSG members to be booked flights  
13 outside the inclusive dates of the DOF DPO (department personnel order) covering the  
14 MSG meeting cannot be granted. The secretariat explained that the names of MSG  
15 members have to be included in the DPO in order for DOF to pay for the expenses related  
16 to the activity/event (i.e., transportation, accommodation and meals). The duration and  
17 place of the activity indicated in the DPO must be strictly observed; otherwise, the  
18 corresponding expenses will be disallowed. Previous expenses related to allowing similar  
19 requests in the past have in fact been disallowed.

20  
21 In addition, the Alternate Chair said that the requests may seem simple, but in the past,  
22 she had to pay for a disallowance amounting to PHP 310,000.00 with her personal funds.  
23 She also lost three years of Performance-Based Bonus because of the disallowance. She  
24 said that it is not that they do not want to consider the concerns of MSG members, but  
25 that the problems always stop with them who sign/authorize the expenditures.

26  
27 The CSO representative appreciated the explanation given. He related that CSO  
28 representatives are not given any allowance by their respective organizations to attend  
29 the meetings. He asked if it is possible for allowances to be given to MSG-CSO members.

30  
31 The Chair suggested that the request be addressed outside the MSG as an administrative  
32 matter.

33  
34 *d. Setting of next MSG meeting*  
35

36 The secretariat proposed 14 December 2018 as the date of the next MSG meeting. Several  
37 matters will be taken up, including the review and approval of the 5<sup>th</sup> Report. The  
38 secretariat also proposed to conduct an assessment of PH-EITI activities from July to  
39 December 2018 as part of the agenda. Several things were also targeted to be launched  
40 during the next meeting, such as the new PH-EITI website, the impact survey results, and  
41 the mainstreaming initiative. The secretariat anticipated a wholeday meeting that will be  
42 held in conjunction with the customary MSG Christmas/yearend activity.

43  
44 Without any other matter to be discussed, the 55<sup>th</sup> meeting was adjourned at 11:30 AM.

45  
46  
47 ANNEXES

- 1 Draft outline of BO pilot report
- 2 Draft outline of SSM pilot report
- 3 Revised outline of the Contextual Information chapter