

56th Multi-stakeholder Group (MSG) Meeting

14 December 2018 | 9:00 AM – 12:00 NN

Sampaguita Hall, The Manila Hotel

Attendees:

Government

Asst. Secretary Ma. Teresa Habitan	Department of Finance (DOF)
Ms. Febe Lim	DOF
Engr. Romualdo Aguilos	Department of Environment and Natural Resources- Mines and Geosciences Bureau (DENR-MGB)

Industry

Atty. Ronald Rex Recidoro	Chamber of Mines of the Philippines (COMP)
Mr. Anthony Ferrer	Petroleum Association of the Philippines
Atty. Francis Ballesteros	Philex Mining Corporation, Inc.

Civil Society Organization (CSO)

Ms. Ma. Leonora Garcia	Bantay Kita-Publish What You Pay Philippines (BK-PWYP)
Mr. Buenaventura Maata, Jr.	Philippine Grassroots Engagement in Rural Development Foundation, Inc. (PhilGrassroots-ERDF)
Mr. Chito Trillanes	Social Action Center – Ecology Desk, Diocese of Tandag, Surigao del Sur
Ms. Aniceta Baltaar	Concerned Citizens of Abra for Good Governance
Ms. Esther Roxanne Veridiano	Philippine Task Force for Indigenous People’s Rights
Ms. Ladylyn Mangada	University of the Philippines
Atty. Jansen Jontila	Environmental Legal Assistance Center, Inc.
Dr. Nelson Conigundo Cuaresma	Concerned Advocates Saving Terrestrial and Marine Ecosystems (COASTLINE), Inc.

Ms. Angelica Dacanay	BK-PWYP Secretariat
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PH-EITI Secretariat

Atty. Maria Karla Espinosa
Mr. Marco Zaplan
Ms. Mary Ann Rodolfo
Ms. Joylin Saquing
Ms. Roselyn Salagan
Mr. Ryan Justin Dael
Mr. Eastword Manlises
Ms. Maria Lezith Soriano
Mr. Jaime Miguel

Guests

Dr. Ma. Cecilia Soriano	Consultant (5th Report Contextual Information Writer)
Mr. Morten Larsen	World Bank

1 **Agenda**

- 2
- 3 ▪ Approval of the agenda
 - 4 ▪ Approval of minutes of 55th MSG meeting
 - 5 ▪ Matters arising from previous MSG meetings
 - 6 ▪ Main business
 - 7 • Discussion and approval of 5th Report
 - 8 • Mid-year Assessment [July to December 2018]
 - 9 • EITI partial assumption of PPEI program
 - 10 • Report on secretariat planning
 - 11 - Organizational matters
 - 12 - Financial report
 - 13 - Preliminary Work Plan 2019
 - 14 ▪ Other matters
 - 15 • Updates on other pending/ongoing activities/matters
 - 16 • Setting of next MSG meeting
- 17
- 18

19 **1. Call to Order**

20

21 DOF Assistant Secretary Ma. Teresa Habitan chaired the 56th meeting. There being a quorum,

22 the meeting began at 9:10 AM.

23

24 **2. Approval of the Agenda**

25

26 The Chair asked the members if there was any item for inclusion in the agenda. Without any

27 additional items, the agenda was approved.

28

29 **3. Approval of the minutes of the 55th meeting**

30

31 The Chair gave members seven days to send comments, if any, on the minutes of the 55th

32 meeting. If no comment is received by the secretariat, the minutes will be deemed approved.

33

34 **4. Matters arising from previous meetings**

35

36 *a. Pending meetings with government agency heads*

37

38 The secretariat recalled that proposed agenda for meeting with each of the heads of agency

39 (DOE, DILG, SEC) were presented and approved during the 55th meeting. The next step is to

40 send the letter requests for meeting. However, considering urgent ongoing work on the 5th

41 Report, the secretariat requested the MSG if the meetings can just be moved to 2019. The MSG

42 approved.

43

44 The secretariat also informed the MSG that the messages from agency heads are not an integral

45 part of the PH-EITI Report. Thus, the messages for the 5th Report can be requested later in 2019

46 and just be made part of the addenda to the first version of the 5th Report due for submission to

47 EITI International by 31 December 2018.

48

49 *b. PPEI advocacies being adopted by PH-EITI*

50

1 The secretariat recalled that previous MSG instruction was to provide the members with
2 materials for them to better understand the PPEI advocacies being endorsed to PH-EITI. The
3 secretariat had sent such materials which were largely taken from the presentation of Director
4 Anna Bonagua of DILG Bureau of Local Government Development (BLGD) during the 54th
5 meeting.
6

7 **5. Main Business**

8 9 *a. Discussion and approval of the 5th Report*

10
11 The secretariat reported that the first draft of the contextual information, sent the day before, is
12 not yet complete, because it does not include reconciliation findings yet. The initial
13 reconciliation results are still unofficial.
14

15 The secretariat reported that 54 companies had submitted data, and all target entities
16 submitted waivers except Philodrill, which is currently decommissioning, and Semirara, which
17 has never participated in EITI. Based on the data submitted so far, government revenues have
18 gone up. Production in some areas has increased, so payments have also gone up. Most of the
19 variances appear to have been caused by differences in the accounting period. For oil and gas,
20 the withholding taxes of Shell and PNOC were accounted for by supporting documents.
21

22 The secretariat pointed out that, despite the incompleteness of the first draft, it has already
23 been subjected to review by the TWG in a meeting, where BK and COMP, through their point
24 persons, gave comments directly to the consultant, Dr. Chil Soriano who attended the meeting.
25

26 The secretariat also thanked the MSG members who inputted comments in the Googledoc.
27 There was not enough time for Dr. Soriano to consolidate all these comments in time for the
28 present meeting, but she attended it to hear and respond to further comments from the MSG.
29 The members were encouraged and given time to give comments.
30

31 *Comments*

32
33 A CSO representative observed that it is always promised that the report will be produced
34 earlier, but production is always later pushed up to the deadline of submission. He wondered
35 why there is difficulty in getting an IA and asked if the MSG could be briefed on how the process
36 works.
37

38 The Chair cited the procurement process as the main reason production of the report could not
39 begin as scheduled. She said that it is a constraint that the secretariat has had to work with. She
40 explained that it is a constraint of government processes, and the secretariat is not in full control
41 of it. She acknowledged that PH-EITI tries to prepare early every year, but expressed regret that
42 the MSG is once again under time pressure.
43

44 The CSO representative asked that, if the reason for the delay in the IA's work was the absence
45 of a contract, what guarantee could PH-EITI give the IA so that they could be persuaded to start
46 reconciliation immediately and produce a report even before December.
47

48 Another CSO representative wished to be enlightened on a specific line in the draft regarding
49 improvement in national resource governance. Dr. Soriano responded that the substance of the
50 sentence refers to improvements in the overall national resource governance policy, particularly
51 with the leadership of DENR. The consultant further explained that if the government is able to

1 resolve many, if not most, of the environmental issues, it is hoped that everybody would start
2 seeing responsible mining as a positive contributor to the economy. With such positive
3 perception, perhaps the government and other stakeholders could agree to add areas for
4 mining, thereby adding opportunities for social development of communities.

5
6 The consultant explained that she sees convergence and more emphasis on responsible mining.
7 She sees that the benefits of mining are not just economic but also social development in local
8 areas. That is why, she said, she related it to the government's medium-term plan, *AmBisyon*
9 *Natin*.

10
11 In response to the explanation, the CSO representative inquired whether the writing of the
12 contextual information considered that mining sites in the country differ. For instance, there are
13 differences in terrain, as some are located in watershed areas. He said that there should be
14 stricter regulation in this regard, but he does not see any change in DENR policies on the matter.
15 Actual operations, especially in Surigao del Sur, he shared, have not changed. He believes that
16 no innovation or technology can work in the area, and that mining in watersheds should strictly
17 be forbidden.

18
19 Another CSO representative said that there are some sentences that need to be clarified in
20 consideration of “outsiders” or people not familiar with the EITI process or the issues concerning
21 extractives. She said that it is a matter of redrafting the sentence to reflect the intended
22 message, such as, “that considering current policies, there could be an opportunity to mitigate
23 certain negative externalities of mining for the industry's contribution to the economy to be
24 seen as more significant”.

25
26 Another CSO representative opined that the report should reflect the voice of the MSG and how
27 the members see EITI implementation.

28
29 As to the overall narrative, an industry representative recalled that the Chair is looking for a
30 story that the report could tell. For instance, the report could talk about the stand of the Duterte
31 administration on mining policies and where these policies would take the industry. Does PH-
32 EITI fit in the overall vision and strategy of the Administration? If yes, how?

33
34 The industry representative also urged that the contextual information be shortened, as the
35 current draft is too long. He suggested that the section on Legal Framework be reduced. He
36 explained that country reports, from the first to the latest, must be read as a continuous whole.
37 Instead of repeating information already included in previous reports, references can just be
38 made instead. Only key new provisions, like strengthened environmental provisions, which are
39 not yet found in previous policies, need be highlighted.

40
41 A CSO representative said that the CSOs subjected the draft to a workshop and found out that it
42 had plenty of 2018 data. She said that if the report covers FY 2017, then 2018 data should be
43 excluded. She also said that if the consultant had been engaged only a few months to write the
44 report, the report would really lack the depth that the MSG is looking for. She suggested that the
45 consultant be engaged from the very start of the report production and that MSG members go
46 through a workshop and assume responsibility for the content of the report.

47
48 Another CSO representative suggested the inclusion of an abstract to summarize the findings of
49 the report.

1 Dr. Soriano explained that the tabulated data are from FY 2017, but the discussion on policy
2 developments includes more current information.

3
4 The Chair said that removing 2018 data will exclude substantial developments that happened in
5 2018, which form part of contextual information.

6
7 A CSO representative said that the data covered by the report should be explained at the very
8 beginning and that the timeframe must be clarified.

9
10 The secretariat informed the MSG members that the EITI Standard requires implementing
11 countries to produce a timely up-to-date report. It is only the reconciliation report that is more
12 confined to the covered fiscal year.

13
14 The secretariat requested that MSG members point to specific parts of the draft that they wish
15 to change or improve, and, if possible, input their corresponding comments in the Google doc.

16
17 The secretariat recalled how the production of the 5th Report proceeded. The procurement
18 process was begun early, with the target of finishing the report by October. The TOR for the
19 consultants and the report outline were discussed in several MSG meetings and approved by the
20 body. The secretariat said that it would greatly be appreciated if the MSG members could
21 already give comments during these early stages. It was admitted, however, that it was twice
22 promised that a draft report would be sent but was not sent. The secretariat apologized for the
23 delays resulting from reasons out of the secretariat's control.

24
25 A CSO representative said he could not see the difference between the APR and the 5th Report.
26 He still could not find information on realities on the ground based on observations from the
27 Roadshow.

28
29 Another CSO representative commented on the chapter on small-scale mining (SSM). She said
30 that it would be better if the approach were more qualitative and that the parameters on
31 transparency were clearly defined. She said that the current draft is somewhat impersonal. She
32 also looked for the theme that binds the report's chapters together.

33
34 The secretariat agreed that a story is needed to tie the report together. A theme was, in fact,
35 proposed way before -- *Forging New Frontiers* -- essentially to focus on how PH-EITI is forging
36 new frontiers in terms of transparency.

37
38 Chapters 3 and 4 are no longer scoping studies, but pilot reports bound by the requirements of
39 the EITI Standard. As such, they are very data-driven and largely quantitative. The secretariat
40 mentioned that for SSM, a scoping study, more qualitative in approach, was done in 2015. For
41 the SSM pilot report, the objective is to surface as much quantitative data as possible. The
42 reporting template used -- presented to and approved by the MSG in previous meetings -- was
43 based on an MGB form being used in South Cotabato, the pilot site.

44
45 The secretariat gathered the data, did the documentation, and prepared the report, since there
46 was no consultant for it and time was of the essence. The work should have been part of the IA's
47 TOR, but the secretariat had anticipated that the IA would come in late. The IA's role now will be
48 to just comment on the methodology.

49
50 The secretariat explained that the way work proceeded for the 5th Report was not ideal. There
51 should have been an IA as early as July. Normally, IA representatives would join the Roadshow in

1 July-August to conduct walk-throughs for LGUs. Nonetheless, the secretariat noted that there
2 are high points in the current reporting cycle, like the rollout of ORE and 100% participation
3 among targeted mining companies, owing in part to the enforcement of DAO 2017-07. The
4 secretariat also shared that for the SSM pilot report, an SSM association executed a waiver. For
5 the pilot BO report, OceanaGold volunteered.

6
7 The Chair summarized all the comments, which include shortening the contextual information,
8 making the discussion on legal framework more concise, focusing on updates and latest
9 developments and just referencing previous reports. She acknowledged the high points of the 5th
10 Report, like the pilot reports, but reiterated that the chapters must be tied together by a
11 common theme.

12
13 The Chair also shared that the hiring of IA is also an issue that has been brought up in at least
14 two EITI Board meetings. Implementing countries are finding it harder to invite companies to do
15 IA work for EITI reports. It appears that there is decreasing interest in validating EITI reports.

16
17 The secretariat expressed appreciation for the members' comments and reminded the
18 government agencies to send in comments at the soonest time possible. The secretariat then
19 asked that the draft report be approved in principle. As in previous reports, the final approval
20 will be requested and done online.

21
22 A CSO representative moved to approve the report without prejudice to revisions that will be
23 done based on the comments and inputs from the MSG and data coming from the reconciliation
24 report by the IA. In addition, it was urged that strategic actions be mapped out to resolve
25 concerns relating to hiring the IA. The other members seconded the motion.

26
27 The secretariat requested that further comments be sent within the day. In turn, a revised draft
28 will be submitted by December 19.

29
30 An industry representative asked whether the current draft would suffice should the MSG
31 decide to submit it already. The secretariat replied that the IA's reconciliation report is
32 necessary. However, for purposes of enhancing the substance and design of the report, an
33 addendum could be published later after the submission.

34
35 The secretariat asked confirmation of the signatories for the report, which include a
36 representative for each sector. It was confirmed that the signatories will be Asec. Habitan for the
37 government, Mr. Gerry Brimo for the mining sector, Mr. Anthony Ferrer for oil and gas, and Ms.
38 Leonora Garcia for the civil society.

39
40 The secretariat then shared that, given time constraints, they may not be able to do an elaborate
41 design and layout for the 5th Report but committed to do so after submission.

42
43 A CSO representative requested for members to be notified via SMS once the final draft is sent,
44 since Internet connection is not strong in certain areas like his.

45
46 The secretariat also reminded the MSG to send their recommendations. It was noted, however,
47 that the usual procedure is that MSG members make recommendations based on the final
48 report. The IA also makes recommendations based on the reconciliation exercise.

49
50 An industry representative suggested that recommendations from previous years be tracked to
51 see which ones have already been addressed and which ones are yet to be acted upon.

1
2 *b. Mid-year assessment (July to December 2018)*
3

4 The secretariat presented a matrix/tool that the MSG can use to assess PH-EITI activities from
5 July to December 2018. The exercise is meant to, among others, facilitate the preparation and
6 approval of the Annual Progress Report (APR). The secretariat explained that the mid-year
7 assessment stemmed from a previous comment that MSG members do not have enough time to
8 substantially comment on the APR.
9

10 A CSO representative clarified with the secretariat which framework is being used to assess the
11 activities, if it is the EITI Standard.
12

13 The secretariat explained that for the country report and for EITI implementation as a whole, the
14 2016 EITI Standard is being used to assess progress. For the assessment of PH-EITI activities, for
15 purposes of evaluation and approval of the Annual Progress Report, the five country objectives
16 will also be used.
17

18 A CSO representative inquired whether the matrix was based on the work plan approved last
19 year. He opined that it would be better to evaluate the activities against the action plan last year
20 so that continuity and consistency could be checked.
21

22 The secretariat said that it can provide the members a copy of the plan, but its form will not
23 match with the assessment tool.
24

25 A CSO representative looked for a more detailed narrative of each activity.
26

27 Another CSO representative inquired as to how a qualitative evaluation could be given, as the
28 tool employs a numerical scoring system.
29

30 Another CSO representative said that, moving forward, perhaps the members can have a
31 common understanding of the targets so that more and proper indicators could be defined.
32

33 Another CSO representative asked if the evaluation will be limited to perceptions or if there is a
34 framework to follow to establish the relevance of the activity to the goals of PH-EITI.
35

36 The secretariat said that feedback was solicited from the participants for every event. An impact
37 survey has also been done and completed by the UP Statistical Center Research Foundation, the
38 consultant engaged for the purpose. About 75% or 600 of 800 targeted participants responded
39 to the survey. The consultant, however, is withholding the survey results pending the approval
40 of their contract. Considering the status of the procurement process, results are expected to be
41 released by March 2019.
42

43 The Chair, then, gave the evaluation of PH-EITI activities as a "take-home" assignment of the
44 MSG members.
45

46 *c. EITI partial assumption of PPEI program*
47

48 The secretariat recalled that in the previous meeting, it was determined and agreed that the
49 objectives of certain PPEI advocacies are aligned with PH-EITI. One of the advocacies is the draft
50 joint memorandum circular (JMC) on LGU shares from national wealth, the main features of
51 which include streamlining processes, shortening timeframes, and making information available

1 in a regular and timely manner. It was reported that the draft is already final and awaiting the
2 signatures of concerned agency heads.

3
4 The MSG members asked about the status of approval and suggested that a timeframe be set for
5 its signature and issuance. A CSO representative pointed out the importance of the JMC, since it
6 figured prominently during the roadshows. Another CSO representative moved to have the JMC
7 included in the PH-EITI targets.

8 9 *d. Secretariat planning*

10
11 The secretariat reported that it conducted initial strategic planning for 2019. Among the items
12 discussed were organizational matters, including the frequency of regular MSG meetings.
13 Considering the organization's financial situation for 2019 (uncertain between a Php17.8-million
14 budget under a re-enacted budget scenario, or a Php43-million budget if Congress passes the
15 DBM-approved Administration budget), the secretariat is proposing that the number of regular
16 MSG meetings be reduced to four (plus one special meeting) to reduce operational expenses.

17
18 The secretariat raised the matter of the Chatham House Rule, which is being followed in
19 documenting the proceedings of MSG meetings, as the Chair and Focal Person has mentioned
20 that he could not identify in the minutes who said what during meetings.

21
22 It was pointed out that there is an MSG resolution, approved on 13 June 2013, during the 4th
23 MSG Meeting, adopting the Chatham House Rule. The Chatham House Rule was also discussed
24 in the Global Conference in Sydney and is part of Section 8 of the International Rules. The
25 rationale for the rule was mainly to encourage openness during discussions, particularly for the
26 protection of CSOs.

27
28 A CSO representative agreed that who says what during meetings should be put on record.
29 Another CSO representative said that if the Chatham House Rule would be followed, it should be
30 implemented uniformly.

31
32 The secretariat reminded that the MSG can always review and revise the objectives as part of
33 the planning process for the coming year. A CSO representative said that revisiting the objectives
34 would be a good way forward. The Chair said that revisiting the objectives requires considerable
35 thought and suggested that a separate discussion of it be scheduled.

36 37 *Work Plan 2019*

38
39 The secretariat presented the draft 2019 work plan, saying that it was prepared not only with
40 the PH-EITI objectives in mind but also in view of the next PH-EITI validation in 2020.

41
42 The Chair noted ORE2.0 in the work plan and said that, aside from the development of the tool,
43 its maintenance and the capacity building of users must also be part of the plan.

44
45 Noting the EITI Global Conference in the work plan, Mr. Morten Larsen of the World Bank who
46 was observing the meeting shared that the said conference will be held in Paris and has been
47 slated on July 9-11, 2019.

48
49 It was also mentioned 2019 will be the last year of Asec. Habitan's term in the EITI Board.
50

1 Going back to the matter of the budget for 2019, the secretariat said that support from the
2 World Bank will be ending in 2018.

3
4 A CSO representative inquired why support from the World Bank is ending this year, if
5 performance has something to do with it.

6
7 The Chair explained that World Bank funding is not only for the Philippines, that the Bank's
8 Extractive Global Programmatic Support (EGPS) is used to support EITI implementation in many
9 countries. In some countries, unlike in the Philippines that has counterpart funding from the
10 government, the Bank is the only source of funding for them to be able to implement EITI.

11
12 The Chair explained that it was never the intention of the Bank or of any other funding agency
13 for that matter to make the financial assistance perpetual. This is also why mainstreaming is
14 becoming increasingly significant for EITI.

15
16 A CSO representative asked if there is a phase-out plan before ending the grant.

17
18 Mr. Larsen gave a short message regarding the funding of PH-EITI. He shared that the World
19 Bank is administering five other programs. For EGPS, four EITI implementing countries are being
20 funded: the Philippines, Myanmar, and two African countries. The trust funding system, he
21 explained, should approximately be 50% or at least 1/3 of the total budget requirement of the
22 implementing country. The remaining funds should come from the implementing country. At the
23 end of his message, Mr. Larsen still encouraged PH-EITI to continue developing and
24 implementing an ambitious work plan.

25
26 The members then moved for the approval of the work plan and seconded the same.

27
28 A CSO representative asked why the institutionalization of PH-EITI was not included in the draft
29 work plan.

30
31 The secretariat explained that PH-EITI institutionalization has always been part of previous work
32 plans. It has gained traction last year and in the early part of the current year. It is still a goal, but
33 the specific activities to reach that goal have not yet been defined. At the very least, the
34 secretariat shared, PH-EITI is a line item in the General Appropriations Act, specifically under the
35 office of the Secretary of Finance, which may be seen as a first step towards institutionalization.

36
37 Considering calls for institutionalization of PH-EITI, a CSO representative said that the MSG
38 should go deeper into the implications of mainstreaming. The MSG, she said, should be
39 proactive and not reactive in relation to this matter.

40 **6. Other Matters**

41 *Setting of the Next MSG Meeting*

42
43
44
45 Following the approved work plan, the Secretariat proposed that the next MSG meeting be
46 held on the first Friday of February 2019. Tentative venue is at the Department of Finance.

47
48
49 Without any other matter to be discussed, the 56th meeting was adjourned at 1:15 PM.