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**PH-EITI 6<sup>th</sup> MSG MEETING**  
**9:30 AM- 10:45 AM | August 2, 2013**  
**Visayas Room, Department of Finance,**  
**Roxas Blvd., Manila**

**Attendees:**

- |                                       |  |
|---------------------------------------|--|
| Asst. Sec. Ma. Teresa S. Habitan      | Chair/ Department of Finance (DOF)   |
| Elsa P. Agustin                       | DOF  |
| Febe J. Lim                           | DOF  |
| Engr. Nenito C. Jariel, Jr.           | Department of Energy (DOE)   |
| Engr. Romualdo Aguilos                | Mines and Geosciences Bureau—Department of Environment and Natural Resources (MGB-DENR)            |
| Michael Joseph Juan                   | Union of Local Authorities of the Philippines (ULAP)   |
| Belinda Castro                        | Department of the Interior and Local Government (DILG)   |
| Roseann Cruz                          | DILG   |
| Dr. Cielo Magno                       | Bantay Kita  |
| Prof. Maria Aurora Teresita W. Tabada | Visayas State University   |
| Ronald Allan A. Barnacha              | Philippine Rural Reconstruction Movement (PRRM)/ North Luzon                                       |
| Roldan Gonzales                       | GITIB, Inc.  |
| Filomeno Sta. Ana III                 | Action for Economic Reforms (AER)/Bantay Kita  |
| Vince Lazatin                         | Bantay Kita/ Transparency & Accountability Network (TAN)   |
| Agustin Docena                        | Samar Island Bio-diversity Foundation (SIBF)/Eastern Visayas Network of NGOs and POs, Inc. (EVNET) |
| Dr. Merian C. Mani                    | Romblon Ecumenical Forum Against Mining (REFAM)/ Romblon State U                                   |
| Engr. Artemio F. Disini               | Chamber of Mines of the Philippines (COMP)   |
| Gerard Brimo                          | COMP   |
| Nelia Halcon                          | COMP   |
| Clarence J. Pimentel                  | CTP Construction and Mining Corporation  |
| Atty. Casiana N. Dalangin             | CTP Construction and Mining Corporation  |
| Sabino Santos                         | Chevron Malampaya LLC/ Petroleum Association of the Philippines (PAP)                              |
| Elenette C. Pingul                    | Shell Philippines Exploration BV (SPEX)/PAP  |
| Erwin Riñon                           | SPEX/PAP   |
| Clarisse Eraña                        | British Embassy  |
| Atty. Gay Alessandra V. Ordenes       | Secretariat  |

1 Abigail D. Ocate Secretariat  
2 Babes M. Ancheta Secretariat

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4

5 **AGENDA:**

- 6 • Minutes of the 5<sup>th</sup> MSG meeting
- 7 • Matters arising from previous MSG meetings
- 8 • Updates from MICC
- 9 • Comments on the draft BIR waiver
- 10 • MSG's resolution supporting the Freedom of Information Bill
- 11 • Trainings to be conducted by EITI International
- 12 • Short list of possible reconcilers
- 13 • TOR with PPEI
- 14 • Other Matters

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16

17 **1. Call to Order:**

18

19 1.1. The Philippine Extractive Industries Transparency Initiative (PH-EITI) Multi-Stakeholder Group (MSG)  
20 meeting was called to order at 9:30 am.

21

22 The agenda presented was approved by the body.

23

24 **2. Minutes of the 5<sup>th</sup> MSG Meeting**

25

26 2.1. The Secretariat shared that after circulating the minutes of the 5<sup>th</sup> MSG meeting through the e-group  
27 one (1) week after said meeting, only one (1) MSG member commented. There was also a comment on the  
28 proposed revisions on the Memorandum of Understanding (MOU).

29

30 2.2. The comments received by the Secretariat were incorporated and the changes were already reflected in  
31 the hard copies of the minutes and the amended MOU that were distributed before the meeting was called  
32 to order.

33

34 2.3. Members of the MSG reviewed again the minutes and agreed to add the following changes:

35

36 - Rephrase the item on subnational EITI implementation to state that:

37

38 • 7.1 The MSG noted the need for support for future engagement in subnational implementation and  
39 in this respect recognizes the efforts in subnational implementation that are already being done in  
40 Compostela Valley.

41 • 7.2. The CSO representatives of the MSG said that since they were already doing the subnational  
42 implementation, they will continue doing the same.

1 2.4. The minutes of the meeting, with revisions as discussed, was approved by the body.  
2

### 3 **3. Matters Arising from previous MSG Meetings** 4

5 3.1. The Secretariat presented the matters arising from the 1<sup>st</sup> to 5<sup>th</sup> regular MSG meetings.  
6

7 3.2. On the election of co-chairs of the MSG, body agreed to calendar its discussion during the next MSG  
8 meeting in Davao.  
9

10 3.3. On companies providing information for EITI, the body agreed that there was no need for the  
11 Department of Energy (DOE) and the Department of Environment and Natural Resources (DENR) to issue  
12 new regulations since both departments were signatories to the statement of commitment signed during  
13 the National EITI Conference in January. This should suffice as basis for writing companies they regulate to  
14 submit all the data required for the EITI implementation.  
15

16 On the other hand, it was also noted that the training on the development of the reporting template will  
17 give the MSG a clearer idea on whether there was still a need for DOE and DENR to write the said letter. The  
18 body agreed that the letter to be written to the companies by the DENR and DOE will be based on the  
19 training results.  
20

21 3.4. Representatives from the Chamber of Mines of the Philippines (COMP) shared that from 2005 to 2006,  
22 COMP undertook a project funded by AUSAID where the taxes paid by two mining companies were  
23 reconciled with the taxes received by their respective local government units. COMP added that the  
24 reconciliation process showed that local government units did not receive their share of excise tax on time.  
25 With this, one of the outputs of the project is a joint memorandum of agreement between various agencies  
26 and that is why Philippine Poverty and Environment Initiative (PPEI) now is doing the reconciliation of these  
27 information  
28

29 3.5. The Secretariat shared that government data to be included in the EITI report should be audited.  
30 However, it was recalled that during the 1<sup>st</sup> MSG meeting, the issue was raised whether a separate entity  
31 other than Commission on Audit (COA) can audit financial reports from government agencies.  
32

33 The body agreed to ask the EITI consultants to first clarify what kind of government report needs to be  
34 audited before coordinating with COA.  
35

36 3.6. The Secretariat shared that there is an offer from Timor Leste to conduct a training on their Petroleum  
37 Fund process for the PH-EITI MSG. The body agreed to include this item in the agenda for the October  
38 meeting.  
39

40 3.7. The Secretariat informed the body that the industry already submitted the list of payments made to the  
41 national and local governments. While on the part of the government, the Secretariat is still waiting for the  
42 list of payments collected by the DOE and the National Commission on Indigenous Peoples (NCIP).

1  
2 3.8. The comments on the internal rules were already incorporated and the revised Internal Rules (IR) was  
3 already circulated through the e-group. The Secretariat mentioned that they had not received any  
4 comments from the MSG members thus, the proposed IR of the PH-EITI was deemed approved. The  
5 Secretariat informed the body that the signing of the IR will be done at the end of the meeting.  
6

7 3.9. The Secretariat explained that the MOU and the Terms of Reference (TOR) of the MSG members were  
8 updated to incorporate revisions on the provisions for the requirement for quorum and the selection of  
9 MSG representatives to ensure continuity. The provisions in the MOU and TOR were made consistent with  
10 the provisions of the Executive Order (EO) creating the PH-EITI.  
11

12 3.10. The Secretariat added that the composition of the MSG stated in the MOU and TOR was revised to  
13 include the Department of the Interior and Local Government (DILG). The recommendation was made by  
14 the Mining Industry Coordinating Council (MICC) in view of the resignation of Secretary Elisea G. Gozun.  
15

16 The Secretariat informed the body that the amended MOU will also be signed at the end of the meeting.  
17

18 3.11. The Chair, likewise, acknowledged the presence of Ms. Castro and Ms. Cruz, both representatives from  
19 the DILG.  
20

21 3.12. The MSG agreed to move the discussion on the following items to the main business of the meeting:

- 22 • Freedom of Information Bill
  - 23 • List of accredited reconcilers
  - 24 • BIR waiver
  - 25 • Training on new EITI rules
- 26

27 3.13. Other pending matters that the Secretariat mentioned were the following:

- 28 • Establishment and management of a revenue-linked database which may be done after the MDTF is  
29 released to the DOF.
- 30 • For the DOE to check the legality of including the service contracts in the waiver that the companies  
31 will execute. The body agreed that this query will be included in the letter to be sent by PH-EITI  
32 inquiring from the DOE regarding their official policy on disclosure of information.
- 33 • It was also mentioned that a similar letter was sent to DENR-MGB. MGB mentioned that they  
34 already have a sample administrative order on their policy on disclosure of information.  
35

#### 36 **4. Updates from MICC**

37

38 4.1. The Chair informed the body that there were two significant matters relating to EITI that were discussed  
39 during the last MICC meeting, one is the EO and the other is the draft Mining Bill.  
40

1 4.2. It was mentioned that the EO was already circulated to the members of the MICC for comments and  
2 that the Secretariat already received comments from the Department of Transportation and  
3 Communications (DOTC) and the Office of the Presidential Adviser for Environmental Protection (OPAEP).  
4 The comments will be part of the agenda for the next MICC meeting.  
5

6 4.3. As for the draft Mining Bill, it was shared to the body that the proposal was provisionally approved by  
7 the MICC and that the bill will be submitted to Congress by September 2013.  
8

## 9 **5. Comments on BIR Waiver**

10  
11 5.1. Representatives of COMP stated that their legal committee has already approved a draft waiver. It was  
12 also mentioned that the said draft was sent to the representatives of both non-COMP members and the oil  
13 and gas sector for them to inform their members and get approval for the draft waiver. Once an approved  
14 draft has been provided by the other industry sectors, the COMP will furnish the Secretariat with the  
15 approved draft of the waiver. The Secretariat will then submit the draft waiver to the Bureau of Internal  
16 Revenue (BIR) for review.  
17

## 18 **6. MSG's resolution supporting the Freedom of Information Bill**

19  
20 6.1. It was suggested that the MSG review the draft resolution and rephrase it such that it will not mention  
21 any bill in particular and will only state the objective of transparency and the need for disclosure of  
22 information. The members of the MSG were asked to propose wordings for the resolution and submit it to  
23 the Secretariat. The body likewise agreed that the revised resolution will be discussed in the next MSG  
24 meeting.  
25

26 The body agreed.  
27

## 28 **7. Trainings to be conducted by EITI International**

29  
30 7.1. The Secretariat shared that Mr. Wouter Biesterbos of the EITI International Secretariat and Mr. Philip  
31 Chan of World Bank are planning to conduct a joint mission to the Philippines on September 26 and 27,  
32 2013. The Secretariat explained that in the joint mission, Mr. Biesterbos and Mr. Chan will give the following  
33 trainings:  
34

- 35 • Trainings on new EITI rules
  - 36 • Trainings on how to develop the communications plan for Philippine EITI
  - 37 • Guidelines on how to choose the reconciler
  - 38 • Financial tracking and revenue management
- 39

40 It was further discussed that the possible outcome of the joint mission is that there might be certain  
41 revisions in the previously approved work plan of PH-EITI. Since the work plan was designed based on the

1 old EITI standards, certain additional information have to be included in the EITI report in view of the new  
2 standards which were adopted in May.

3 7.2. The MSG and Technical Working Group (TWG) of PH-EITI were encouraged to attend the joint mission  
4 and to calendar this activity as scheduled on September 26-27, 2013

## 6 **8. Short List of Possible Reconcilers**

7  
8 8.1. The Secretariat presented the list of auditing firms that was already narrowed down from 373 to 22  
9 auditing firms. It was explained to the body that the basis for shortlisting is the fact that international  
10 auditing standards must be followed, and therefore, the practice in different countries is that the reconciler  
11 must be affiliated with an international auditing firm.

12  
13 8.2. The Secretariat added that the names of the 22 auditing firms on the short list were based on the  
14 official list from the Securities and Exchange Commission (SEC). The said list indicates the foreign auditing  
15 firms that were in partnership with a local auditing firms and the country where these foreign auditing firms  
16 were based.

17  
18 8.3. Mr. Wouter Biesterbos of the EITI Secretariat also mentioned that they were in the process of coming  
19 up with the standard TOR for the reconciler, which the MSG can use as a guide in further trimming down the  
20 shortlist of reconcilers.

21  
22 8.4. It was cited that the budget for the reconciler will not be available until 2014 since the funds will come  
23 from DBM. However, the new EITI rules required that the reconciler be involved from the start during the  
24 development of the reporting template. It was also shared that in other countries the reconciler conducted  
25 the scoping study which will be the basis of the template. Thus, there was a suggestion that the Secretariat  
26 be mandated to raise funds in order to contract the reconciler for the period beginning August to December  
27 2013. The reconciler will start working on the scoping study and the development of the reporting template.

28  
29 8.5. The Secretariat raised a concern on the bidding process mandated by law if the reconciler will be  
30 contracted using funds from development partners. It was suggested that the Secretariat first look on how  
31 the MSG can proceed given this concern.

32 8.6. It was also suggested that MSG start surveying the cost of implementing the EITI since the P3 million  
33 budget might not be enough to cover the cost of auditing the 38 mining companies covered in the first EITI  
34 report.

## 36 **9. TOR with PPEI**

37  
38 9.1. The Secretariat recalled that it was suggested in the last MSG meeting that the there was a need to  
39 further define the participation of the MSG in subnational implementation and in other components of the  
40 PPEI work plan which were similar to the components of the EITI work plan. Thus, the Secretariat drafted  
41 the terms of reference between PPEI, EITI and Bantay Kita.

1 9.2. It was elaborated that in the draft TOR, the Secretariat already identified the scope of collaboration  
2 between the parties. It was explained that Bantay Kita was included since it was already in the process of  
3 conducting the subnational implementation, hence, the need to define clearly in the TOR the extent of the  
4 participation of all the members.

5  
6 9.3. Under the scope of collaboration the Secretariat identified the following joint undertakings between the  
7 parties:

- 8 • Establishment of a management information system for the mining sector in coordination with  
9 DENR-MGB which is included in the workplan of both PH-EITI and PPEI
- 10 • Study on the policy and legal framework for EITI implementation in the Philippines, including  
11 administrative and legal barriers as well as recommendations to address the same
- 12 • Development of a module for subnational implementation of EITI

13  
14 9.4. It was likewise noted that the PPEI and Bantay Kita shall collaborate on matters pertaining to EITI  
15 subnational implementation as both parties deemed feasible.

16  
17 9.5. The Secretariat also pointed out that the PH-EITI's involvement in subnational implementation as  
18 stipulated in the PH-EITI work plan, shall be to provide technical assistance to pilot sites.. Technical  
19 assistance shall mean the conduct of briefings at the local level and giving inputs and advice regarding EITI  
20 implementation.

21  
22 9.6. The Secretariat shared that they circulated the draft TOR through the e-group one week before the  
23 meeting and no comments were received by the Secretariat.

24  
25 9.7. Members of the MSG asked for another week for them to review the draft TOR.

## 26 27 **10. Other Matters**

28  
29 10.1. The Secretariat shared that at present, they were not yet handling funds since the budget for the EITI  
30 was just recently transferred to the DOF. Thus, they have no financial report to present.

31  
32 10.2. The Secretariat, however, acknowledged that they have been receiving support from the British  
33 Embassy for expenses in the conduct of the MSG meetings.

34  
35 10.3. It was also shared that the grant from AUSAID is still being processed.

36  
37 10.4. As for the Multi-Donor Trust Fund (MDTF), the Secretariat informed the body that the documents for  
38 the MDTF application were already sent to Mr. Philip Chan of World Bank for review. The Secretariat also  
39 gave the following updates:

- 1 • Procurement plan has been cleared by World Bank Manila through their Lead Procurement  
2 Specialist. The Secretariat sent it to Mr. Chan for his final approval and issuance of a statement of no  
3 objection.  
4
- 5 • Mr. Chan suggested that the MSG wait for the joint mission to be conducted in September so that  
6 any further revisions to the PH-EITI work plan can already be incorporated in the final procurement  
7 plan. However, this would mean that the MSG has to move the timetable for the implementation of  
8 activities under the MDTF.  
9
- 10 • The World Bank will conduct a procurement capacity assessment on the DOF as part of their  
11 requirement for the approval of the MDTF.  
12

13 10.5. The Secretariat mentioned that the Cabinet Cluster on Good Governance and Anti-Corruption (GGAC)  
14 is conducting an on-going monitoring of all government projects. The EITI, being under the GGAC, is one of  
15 the projects being monitored.  
16

17 10.6. The Secretariat reported that the GGAC asked for a copy of the PH-EITI work plan and they will be  
18 monitoring the progress of EITI implementation to see if the PH-EITI MSG is on schedule.  
19

20 10.7. The Secretariat also informed the body that GGAC is asking the PH-EITI to submit a monthly project  
21 status report.  
22

23 10.8. It was also noted that GGAC expressed their willingness to extend their assistance if ever there will be  
24 interventions needed to expedite the implementation of the work plan.  
25

26 10.9. The MSG members signed the amended MOU and the approved Internal Rules of PH-EITI before the  
27 meeting was adjourned.  
28

29 10.10. It was suggested that the draft EO which was submitted to the MICC be revised further to state that  
30 the President shall be given the power to designate the government agencies that will be represented in the  
31 MSG. Hence, the provision enumerating the agencies that will be part of the MSG should be amended to  
32 give more leeway in the selection of government representatives to the MSG. The Secretariat was tasked to  
33 submit the additional proposed revisions to the MICC secretariat so that it may be reviewed by the MICC  
34 members in time for the next MICC meeting.  
35

### 36 **ADJOURNMENT**

37  
38 There being no other matters to discuss, the meeting was adjourned at 10:45 AM.