

Philippine Extractive Industries Transparency Initiative
94th MULTI-STAKEHOLDER GROUP (MSG) MEETING
19 December 2024, Thursday | 9:00 PM - 12:00 PM
Kingsford Hotel Manila/Hybrid

MINUTES OF MEETING

Attendees:

<u>NAME</u>	<u>AGENCY</u>
Usec. Bayani H. Agabin	Department of Finance
Dir. Maricor Ann D.G. Cauton	Union of Local Authorities of the Philippines (ULAP)
Mr. Reymark Tablanza	Department of the Interior and Local Government (DILG)
Ms. Samantha Tuppal	DILG
Atty. Odette A. Javier	Lepanto Consolidated Mining Co.
Atty. Ronald Rex S. Recidoro	Chamber of Mines of the Philippines (COMP)
Atty. Francis Joseph G. Ballesteros, Jr.	Philex Mining Corporation
Ms. Beverly Besmanos	Bantay Kita
Prof. Ladylyn L. Mangada	University of the Philippines Tacloban
Mr. Chito U. Trillanes	Diocese of Tandag
Mr. Rodne R. Galicha	Living Laudato Si' Philippines
Ms. Arlene Sevilla	Tawi-Tawi Regional Agricultural College
	Assembly of Masses and Basic Sectors for Unity and Harmony—Initiatives for Normalization and Advancement for Human Security (AMBUH-INAH)
	Tawi-Tawi Alliance of Civil Society
Ms. Aliyah Mae Gozon	PH-EITI Secretariat
	Organizations, Inc. (TACOS)
Ms. Mary Ann Dizon-Rodolfo	PH-EITI Secretariat
Mr. Albert A. San Diego	PH-EITI Secretariat
Ms. Rhea Mae B. Pamatmat	PH-EITI Secretariat
Mr. Amiel De Guzman	PH-EITI Secretariat
Ms. Rhoda H. Aranco	PH-EITI Secretariat
Mr. Job G. Besmonte	PH-EITI Secretariat
Ms. Andrea Denise Samson	PH-EITI Secretariat
Ms. Shaina Gem P. Cardenio	PH-EITI Secretariat
Mr. Lloyd Rainiel C. Bonsol	PH-EITI Secretariat

Ms. Mary Nicole Hilario	Consultant
Mr. Eastword Manlises	Consultant
Linnet Madelane Chan	Consultant

Agenda:

- I. Call to order**
- II. Approval of the agenda of the 94th MSG meeting**
- III. Approval of the minutes of the 93rd MSG meeting**
- IV. Matters arising from previous meetings**
- V. Main Business**
 - 1. Presentation of the draft PH-EITI FY 2022 Country Report
 - 2. Presentation of Initial Findings of the INRM Studies
 - 3. Presentation of the Inception Report: Energy Transition Scoping Study
- VI. Other matters**
- VII. Summary of Agreements**
- VIII. Setting of the Next Meeting**
- IX. Adjournment**

Proceedings:

I. Call to order

Usec. Bayani Agabin chaired the meeting, which was called to order at 9:10 AM. Although the quorum was short of one government representative, the chair decided to proceed with the presentations while awaiting the confirmed attendees' arrival.

II. Approval of the agenda of the 94th MSG meeting

The Chair sought the body's approval of the agenda. With no comments, the chair moved the approval of the agenda of the 94th MSG Meeting.

III. Approval of the minutes of the 93rd MSG meeting

As the Secretariat had only recently circulated the minutes of the 93rd MSG meeting, The Chair proposed giving members until January 10, 2025, to review and provide comments. The minutes were provisionally approved, subject to any feedback received by that date.

IV. Matters arising from previous meetings

No.	Agreements	In-charge	Status
93.1	The MSG has agreed to provide members with five (5) days to review the minutes of the 92nd MSG meeting. If no comments are received within this period, the minutes will be deemed approved.	MSG	Completed
93.2	The MSG instructed the Secretariat to provide an update on the status of all matters arising that need to be addressed by the MSG.	Secretariat	This will be included in the agenda for the 95th MSG Meeting and Assessment Planning scheduled for January 2025

93.3	The MSG suggested that the consultant include data on the share of total employment over time during the EITI's implementation and a gender matrix.	Consultant	Completed
93.4	The MSG advised incorporating feedback from the regional roadshows and tasked the Secretariat with distributing a form for the MSG to complete.	Secretariat	Completed Feedback form has been circulated to the MSG.
93.5	The MSG recommended including ASGM reporting in the subnationalization initiative.	Consultant	The Consultant/s will give an update during the progress presentation.
93.6	The MSG recommended that the consultant add a disclaimer to the contextual information when including updates from 2023 and 2024 that are relevant or significant in relation to the 2022 data.	Consultant	On-going in the contextual chapter
93.7	The MSG recommended that the consultant include specific case studies that will feature the actual impact of EITI in the Philippines.	Consultant	On-going in the contextual chapter
93.8	It was also seconded that a supplemental study could be conducted, focusing on the impact of EITI over the past 10 years.	Consultant	Not yet started
93.9	The MSG agreed that if the signing of the MOU with NCIP does not proceed, a meeting with PMS should be arranged to gather their opinion on the NCIP concern before	Secretariat	Ongoing The draft MOU was presented during the 6th IC

	considering sending a letter to the Office of the President.		meeting, where it received comments and feedback from MSG. These inputs will be incorporated into the draft document.
93.10	The MGB has committed to sharing the list of companies under care and maintenance, as well as those currently operating, that may be included in the scope of the FY 2023 report.	MGB/ Secretariat	Not yet provided
93.11	The MSG asked the Secretariat to include annotations for the companies that are not participating when reporting to them.	Secretariat	Completed
93.12	The MSG recommended consolidating the issues and concerns by region/area to develop practical strategies for EITI to address the issues in each specific region/area, which can serve as a basis for future roadshows.	Secretariat	Ongoing This will be presented during the next MSG meeting.
93.13	The MSG recommended that the Secretariat consider to develop a Local Government Calculator that others can use to verify if the amount they received is correct.	Secretariat	Ongoing for MSG review during the next MSG meeting.
93.14	The MSG recommended to engage with BARMM and introduce EITI initiatives.	Secretariat	
93.15	The MSG instructed the Secretariat to send the ETW invitation early,	Secretariat	Ongoing

	before the year ends, to ensure stakeholder participation.		The concept Note is awaiting approval from the WB, with the meeting set for the 3rd week of January 2025.
93.16	The MSG recommended integrating the issues and concerns raised during the first two days of the ETW, organized by Bantay Kita, with the events in the following days.	Bantay Kita/ Secretariat	Ongoing
93.17	The MSG suggested gathering and consolidating research on just transition points already identified by other groups to effectively outline what PH-EITI can convey.	Secretariat	Ongoing
93.18	The MSG instructed the Secretariat to create a matrix outlining the issues and concerns, along with their current status.	Secretariat	Ongoing
93.19	The MSG has approved the ETW concept note, subject to revisions. The Secretariat will circulate the revised concept note to the MSG for further comments, with a specified deadline for responses. Subsequently, the concept note will be discussed at the SEC, before being submitted to the MSG for a referendum to approve the final version.	Secretariat	Completed
93.20	The MSG instructed consolidating the accomplishments/ achievements of the PH-EITI Secretariat to make reporting easier if needed.	Secretariat	Ongoing

93.21	The MSG instructed the Secretariat to monitor and follow up with other agencies when complaints are referred, particularly if there are no updates.	Secretariat	Ongoing
93.22	The MSG agreed that the GOC should take an active role and engage in discussions regarding the feedback mechanism.	MSG, Secretariat	
93.23	The MSG approved the draft resolution regarding ULAP's Chairmanship of the Stakeholder Engagement Committee.	Secretariat	Ongoing Resolution for circulation to MSG signatories

The Secretariat discussed the matters arising from the 93rd MSG meeting held last November 29, 2024.

93.1. The Secretariat reported that this has already been completed, and no comments were received from the MSG members.

93.2. The Secretariat informed the body that this is still ongoing and will be included in the agenda for the 95th MSG Meeting and Assessment Planning scheduled for January 2025.

93.3. The Secretariat said this was already completed and the consultant will give an update in this meeting.

93.4. The Secretariat said that this was already completed.

93.5. The Secretariat said that the consultant will give an update during the progress presentation.

93.6. The Secretariat mentioned that this is still ongoing in the contextual chapter.

93.7. The Secretariat stated that this is still ongoing in the contextual chapter.

93.8. The Secretariat noted that this will be included in 2025.

93.9. The Secretariat shared that the draft MOU was presented during the 6th IC meeting, where it received comments and feedback from MSG. These inputs will be incorporated into the draft document.

93.10. The Secretariat mentioned that this has not yet been provided to them.

93.11. The Secretariat said that this was already completed.

93.12. The Secretariat informed the body that this is still ongoing and will be included in the agenda for the 95th MSG Meeting.

93.13. The Secretariat shared that this has already been started in Excel and will just be presented at the 95th MSG meeting.

93.14. The Secretariat asked for apologies that they do not have an update on this item.

93.15. The Secretariat updated the MSG that the concept note is currently awaiting approval from the WB, with the meeting set for the 3rd week of January 2025.

93.16. The Secretariat noted that the proposed concept note for the BK has already been included.

93.17. The Secretariat reported that the consultant has been informed about this recommendation.

93.18. The Secretariat updated the MSG that this agreement remains in progress.

93.19. The Secretariat said that this was already completed.

93.20. The Secretariat mentioned that this is still ongoing and informed the body that the Secretariat handles this individually during every cut-off for payroll processing.

93.21. The Secretariat updated the MSG that this agreement remains in progress.

93.22. The Secretariat shared that updates will be discussed during the next MSG meeting.

93.23. The Secretariat will distribute the resolution for MSG signing.

The Chair inquired if the body had any comments regarding the matters arising from previous meetings. He also asked the Secretariat if they were planning to schedule a board retreat to allow for a more in-depth discussion of these matters. Additionally, he instructed the Secretariat to prioritize the items, indicate when efforts began or how long they have been pending, and explain why they remain unaddressed.

An industry representative suggested that certain matters referred to committees should first be addressed within those committees. These should only be reported to the MSG once the committee has formulated a recommendation for approval, to help reduce the number of items under matters arising.

After confirming that there were no additional comments, the Chair proceeded to the next agenda item.

V. Main Business

The Chair explained the reason PH-EITI hires consultants and clarified that the current agenda items primarily focus on the consultants and their deliverables.

A civil society representative requested the Secretariat to provide a list of consultants, their tasks, and their corresponding due dates.

The Chair directed the Secretariat to send the request and moved on to the first item under the Main Business.

1. Presentation of the draft PH-EITI FY 2022 Country Report

The Chair introduced Mr. Eastwood Manlises, one of the consultants for PH-EITI. The Chair then invited the consultant to present his report.

The consultant greeted everyone and mentioned that he would present his slides. He explained that the presentation was similar to what had been presented in the previous MSG meeting, with slight updates based on the progress made so far. He acknowledged that the Secretariat had circulated a first draft of the report the day before, noting that this was just an initial version and that a final draft would be ready soon. He emphasized the importance of meeting the deadlines, particularly for this report, as it needed to be submitted by the end of the year due to a two-year gap. He mentioned that failing to submit the report within the year could result in the country's automatic suspension. While there

had been delays, the major sections of the report had already been drafted, and there was a possibility to publish an initial version.

The consultant proceeded to present the contents of the 2022 PH-EITI report, reiterating that the theme had been circulated to the MSG. He mentioned that the only feedback received had been from an industry representative, who generally agreed with the theme but suggested that the report should be clearer when discussing the "turning point" in relation to policy shifts. He highlighted that the actual impact of these policy shifts had not yet been fully realized. The report focused on policy shifts aimed at revitalizing the mining sector and developing renewable energy and the electric vehicle (EV) industry. Several key policies related to renewable energy and EVs were introduced from 2022 onwards, including the Electric Vehicle Industry Development Act (EVIDA) of 2022. Though these policies were not directly related to extractives, they were expected to impact the sector due to the anticipated rise in demand for critical minerals, particularly for EVs. Additionally, there was a stronger emphasis on energy transition and climate action, with new standards to be applied in the review of future reports.

The Chair raised a question regarding the marginal notes, specifically asking if the 2022 report would be reviewed in comparison to the 2023 report. The consultant responded by clarifying that this would be addressed in the final draft. The discussion began with a clarification on the assumption that the 2022 report would be reviewed in accordance with the 2023 standard, as the report is set to be published this year when the 2023 standard is enforced. The goal is for this report to comply with the requirements outlined in the 2023 standard, which includes provisions related to energy transition, anti-corruption measures, and enhanced requirements for gender and revenue data.

The consultant highlighted the turning points and shifts in 2022, particularly the increased emphasis on civic engagement, subnationalization, and local government empowerment, along with higher expectations for systematic disclosure. The report provides contextual information regarding the revenues for 2022, which is a key element every year. The aim is to provide context for the revenue generated in the particular year, as well as updates on the legal framework, fiscal regime, policies on contract transparency, and licensing. The consultant also noted that while the focus is on 2022, it was important to mention key events from 2021, 2023, and 2024, as they have had a significant impact on the developments in 2022. For example, the reopening of the Philippine economy in 2021 and its global impact facilitated travel opportunities and eased travel restrictions. This reopening also led to the first in-person national conference in 2022, marking an important event. The consultant emphasized that these events from 2021 are relevant for understanding the context of 2022. Additionally, the validation process from 2021 extended into 2022, which

required discussion of the events of 2021 to provide a complete picture. The consultant also mentioned the revitalization of the mining industry, citing the lifting of the moratorium on new mineral agreements and the ban on open-pit mining in 2021. These actions were crucial to the developments in 2022, including the approval of the first Mineral Production Sharing Agreement (MPSA) with Semirara for limestone, made possible by the lifting of the moratorium in 2021.

The consultant emphasized that discussions about events or policies outside of 2022 are still included in the report, as they are essential for understanding the context of the developments in 2022. Even if certain events occurred outside of 2022, they were relevant to the story being told in the report and helped explain the shifts in the sector.

The consultant also pointed out milestones from 2023 that needed to be included in the 2022 report due to their relevance. For example, 2023 marked the 10th anniversary of EITI implementation in the Philippines and the 20th anniversary of EITI globally. Additionally, the new 2023 EITI standard came into force, and these developments are significant for the report. While 2024 is relevant to the report primarily because it is the year the report is being produced, any relevant policy updates from 2022 or 2023 that affect the 2022 context should be mentioned, though not in great detail. For instance, policies on offshore wind development issued in 2022 and 2023 were highlighted, along with developments in 2024, as numerous new renewable energy contracts were approved in 2023 and 2024. While the consultant did not go into detail, these updates were mentioned for completeness, as they are tied to the broader context of renewable energy policy shifts.

The consultant clarified that every time a report is published, there are questions regarding the year covered and the scope of the information included. It is important to make clear that certain events, activities, or issuances may be mentioned even if they occurred outside of 2022, as they are relevant to the 2022 context. The overarching theme of the report reflects significant policy shifts, particularly the revitalization of the mining sector, greater focus on climate action, and renewable energy development. He also mentioned the President's strong emphasis on wind energy in his campaign highlighted the government's commitment to renewable energy development, reinforcing this as a key theme in the report.

The consultant then moved on to the next slide. This slide highlighted key findings regarding the national priorities for 2022. The most prominent theme was that the Philippine government, emerging from the pandemic, faced significant economic challenges. The country was focused on mobilizing as many resources as possible to support government programs, particularly the transition of the Duterte administration's Build, Build, Build

program into the Build Better More initiative under the Marcos administration.

The consultant discussed that in 2022, some of the major economic issues included inflation, which persisted into 2023, a budget deficit, high poverty incidence (which had risen again due to the pandemic), and increasing national debt. Despite these challenges, the consultant shared that the government recognized the need to grow the economy and mobilize resources to address these issues. A key policy adopted by the government in 2022 was to attract investors, which was dubbed as “rolling out the red carpet.” This included opening the economy through the liberalization of various laws, such as the Retail Trade Act, Public Service Act, and Foreign Investment Act. Amendments to the Build, Operate, and Transfer Law, along with new rules on renewable energy (RE) industry development, were also introduced, such as the lifting of the moratorium on new mineral agreements and the ban on open-pit mining. The consultant highlighted that these legal frameworks and new administrative orders aimed to position the Philippines as a prime destination for investment. One specific example was the Tampakan mine in South Cotabato, which was expected to benefit from the lifting of the ban on open-pit mining. The Electric Vehicle Industry Development Act (EVDA) was also introduced as part of the country’s push to attract investments.

The consultant shared that the government's strategy also involved international roadshows, where the president and his team traveled abroad to promote the country as an investment hub. Alongside the red carpet initiative, the government also introduced “green lanes,” which were designed to expedite the approval of permits and encourage the development of renewable energy-related industries. New issuances streamlined the processes for these industries, aligning with the president's priorities.

Finally, the consultant mentioned that while the red carpet and green lane initiatives were the major highlights, there were also smaller efforts, such as privatization of assets, digitalization of tax administration, and the implementation of the EOPT (Electronic Online Payment System), which contributed to the overall strategy of attracting investments and boosting the economy. The consultant clarified that the EOPT (Electronic Online Payment System) is expected to be enacted in 2024. Although it was discussed in 2022 as a priority by former DOF Secretary Benjamin Diokno, it was only in 2024 that it would officially take effect. This development is part of the government’s effort to streamline the process of doing business in the Philippines, in line with the Green Lanes initiative, which aims to fast-track permit applications for renewable energy-related industries.

The consultant then highlighted the CREATE Law (Corporate Recovery and Tax Incentives for Enterprises), which was enacted in 2021, and its extension, CREATE MORE, which came into

effect in 2023. This is another development that cannot be overlooked in the 2022 report due to its potential impact on industries, including extractive sectors. The Maharlika Investment Fund, which began as a conversation in 2022 and was enacted in 2023, was also mentioned. Though its relevance to the extractive industries is minor, it has been discussed as a potential avenue for investments in extractive ventures. The consultant emphasized that the overall government strategy for 2022 and beyond is to attract investors through both “red carpets” and “green lanes.” This strategy aimed to stimulate economic growth by creating a favorable investment climate and generating jobs.

In terms of reconciled revenues, The Philippines saw an increase in 2022 due to a broader coverage of projects. The report also discussed the impact of higher oil prices in 2022, largely due to the Ukraine-Russia conflict and the reopening of economies, which led to an increase in demand for oil.

The consultant noted that this is the second year of covering all non-metallic projects, which started with a smaller number and gradually increased to 120 projects. Additionally, there was a price surge in renewable energy (RE) and electric vehicle (EV)-related metals, such as copper and nickel. Despite the surge in prices, production volumes were affected by lockdowns in China during 2022. The report will reflect these dynamics and their influence on the reconciled revenues.

The consultant also mentioned that the report will include recommendations to improve the EITI (Extractive Industries Transparency Initiative) implementation. The consultant also mentioned that the chair had directed the team to develop policy recommendations, which will require extensive consultations to ensure that they are sound. While these policy discussions are not final recommendations, they will be key for the MSG to address in future meetings. The report will also include operational recommendations focused on improving EITI implementation. The consultant clarified that this is not an exhaustive list and additional recommendations may be included as the report develops. Furthermore, the increasing role of the MSG as a platform for discussing environmental, social, and civic engagement issues related to the extractive industries was acknowledged, and this would be reflected in the recommendations as well.

The consultant emphasized that one of the primary topics discussed in 2022 was the effects of validation, corrective actions, and civil society engagement. These discussions took up significant time during the year. As a result, moving forward into 2023 and 2024, permanent committees have been established, including the Committee on Stakeholder Engagement and the Committee on Governance and Oversight. This development institutionalizes the discussion of social and environmental issues related to the extractive industries, which is a

positive step. However, the consultant suggested that the MSG may need to refine the parameters for discussing these issues. The key question raised was whether the MSG should act as a referral agency, passing on the issues to other agencies, or if the MSG should take more active measures. For example, should the MSG be more proactive in developing specific recommendations to address social and environmental concerns related to EIA? The consultant recommended that these points be placed in the report for the MSG's consideration, emphasizing the need for refinement in terms of the goals and outcomes of these discussions. The MSG needs to ensure that its time is used effectively, considering the challenges in convening MSG members.

While stakeholder engagement remains essential, the consultant pointed out that the MSG must also focus on technical requirements. For example, the consultant noted that the score for license registers, contract transparency, and license allocations remains low. This is a concern that will need to be addressed, especially with the upcoming validation in 2026. The consultant also acknowledged the industry's sentiments regarding systematic disclosure and mainstreaming. However, the consultant strongly recommended moving towards systematic disclosure, particularly in fiscal transparency. With 10 years of reconciliation efforts, it appears the industry has demonstrated solid compliance, with only a few concerns remaining, such as discrepancies in fiscal year reporting or issues with record keeping. These concerns could potentially be addressed separately.

The consultant suggested that the MSG should consider moving away from the reconciliation process. If reconciliation continues, it could be focused more on addressing the problematic areas. Additionally, the consultant proposed that the reporting gap be closed, aiming to produce reports with a one-year gap between reporting and publication. For example, reports produced in 2025 could cover 2024, allowing for a better demonstration during the 2026 validation. The MSG successfully closed this gap in 2017 for the 4th report (covering 2015 and 2016), but the gap had returned to two years during the pandemic due to administrative delays.

The consultant emphasized a key point regarding whether a consultant should be hired again for the report or if the Secretariat should take on the task of writing the report moving forward. Personally, the consultant recommended that the Secretariat should be responsible for producing the report, despite the challenges. They acknowledged that this might be easier said than done, given the numerous administrative tasks handled by the Secretariat—from organizing meetings and events to managing nationwide stakeholder engagement activities. However, given the Secretariat's deep knowledge of the events and developments throughout the year, they are the best entity to produce the report. One consideration to make this feasible could be to allocate additional personnel to the

Secretariat or prioritize tasks among existing members. This could help balance the workload.

The consultant also noted that, for the upcoming 2026 validation, Secretariat involvement in preparing the report should be prioritized, and it might be worthwhile to engage additional people or even consultants specifically for the validation. Moving forward, the consultant noted that the report will also include recommendations related to validation. The consultant proposed that 2025 could be the year for both the MSG and Secretariat to start preparing for the 2026 validation, and the allocated budget could be used to engage more support if needed.

The consultant further highlighted that the draft report circulating currently is only the first draft, and there will be a final draft to be published and submitted to the MSG. For now, the first draft includes updates on various aspects of the EITI process, including:

1. Assessment of previous reports
2. Updates on the legal, institutional, and fiscal framework
3. Overview of the extractive industries, including exploration activities
4. Overview of gender and employment reporting of companies
5. Updates on BO disclosure
6. Efforts towards systematic disclosure
7. New permanent committees highlighting greater involvement of MSG members
8. Consolidated data on SDMP reports and assessment of evaluation results
9. Overview of feedback Mechanism
10. Case studies on environmental protection and social development
11. Policy recommendation
12. 2022 Report will be reviewed based on 2023 standard
13. Mining fiscal regime and CREATE MORE

The consultant clarified why the Environmental Management Bureau (EMB) was suggested for a case study instead of the previously mentioned environmental protection case study. The reason being that the EMB is the mandated agency overseeing environmentally critical areas and projects. They manage Environmental Compliance Certificate (ECC) applications and are responsible for implementing DAO 2017-07, which requires agencies like the MGB and EMB to disclose information to PH-EITI. However, for the past seven years, there's been limited clarity about the EMB's contribution to EITI implementation.

The consultant outlined several key points that need further exploration with the EMB:

- EMB's understanding of its role under DAO 2017-07 and what data they could

disclose to PH-EITI, particularly regarding ECC conditions, suspension of ECCs, and the Environmental Impact Statement (EIS) system.

- The DAO 2017-05 publication requirement for EITI summaries, which could potentially be better operationalized by EMB.
- The EMB's role in GHG emissions reporting and collaboration with Japan on carbon mechanisms.

The consultant noted that EMB's involvement could greatly contribute to EITI implementation, particularly regarding transparency around ECC suspensions and EIS summaries. The consultant's recommendation was that EMB is better positioned to address these concerns, especially as it can cancel or suspend ECCs, but clarity is needed on how to operationalize this.

The Chair opened the floor for questions and comments.

The Chair commended the consultant's report and invited the body to share their comments and recommendations regarding the presentation of the first consultant.

A civil society representative asked if there are possible alternative terms to the theme "turning point," as it may sound overused or have negative connotations. Suggestions like "transition point" or "competitive shifts" were mentioned.

An industry representative raised two key points for consideration. First, it was suggested that the consultant, East, include EVOS in the contextual section of the report. EVOS, a program initiated by the Department of Energy (DOE) in 2019, aims to fast-track the movement of applications within the energy sector. The program's website was noted to be comprehensive and could serve as a useful resource for contextualizing the discussion.

Second, the participant proposed incorporating the ongoing work of the Anti-Red Tape Authority (ARTA) into the report. ARTA has established a technical working group focused on improving the ease of doing business in the mining sector by removing obstacles and streamlining the application process. However, ARTA's scope extends beyond these efforts. It was recommended that the relevant recommendations from this technical working group be adapted and included in the report, given that EITI is a leading member of the group. Additionally, it was noted that the DOE is a signatory to the Memorandum of Understanding (MOU) with ARTA.

The Chair acknowledged the suggestions, and the recommendations were noted for inclusion.

The Chair inquired whether the body still wished to adhere to the target of publishing the report the following day or if additional time for review was necessary. The Chair emphasized that if the body was satisfied with the document's current state, they could proceed with publishing as planned while clarifying that revisions could still be made post-publication, if needed. The Secretariat confirmed that publishing could proceed as scheduled.

The Chair then requested further input and clarification from the Secretariat. The Secretariat explained that a deadline had been set for publishing the report on Sunday, although revisions might still be required. While aiming for on-time publication, the Secretariat noted that some flexibility was available. The next steps outlined involved conducting a final review and preparing the report for dissemination.

A civil society representative commented that if there were no further additions or issues to address and the report appeared substantial enough, it could be published as planned. Similarly, an industry representative agreed, stating that if the document required no additional edits and was deemed substantial, proceeding with publication the next day would be appropriate.

After confirming there were no objections, the Chair decided that the report would be published the following day. This decision was met with approval from all attendees.

The Chair took the opportunity to express appreciation to everyone involved, highlighting the contributions of the Secretariat and the consultants. It was acknowledged that the collective efforts had resulted in a substantial and thorough report. The Chair also congratulated the team in advance for their hard work and emphasized the importance of taking a well-deserved break after the completion of the task.

Note: The revised theme of the FY 2022 country report is under "Other Matters."

The meeting proceeded to the next consultant, who was next to present her output.

The Secretariat formally introduced the PH-EITI consultants to present updates on their deliverables. The report consists of three segments. The first is the Employment Analysis with Gender Statistics, which was presented during the last MSG meeting, circulated to the Secretariat, and shared with other consultants for inclusion in the Contextual Information Chapter. The second is the Review of PH-EITI's Progress in SET UP GO, which was also presented at the previous MSG meeting, with its revised draft distributed to the Secretariat.

Lastly, the Industry Outlook was discussed during this meeting, with further details provided on its findings.

The consultant presented the outline and clarified that it has not yet been circulated due to ongoing revisions and pending items. She committed to sending the finalized version to the Secretariat later today. For this meeting, she focused on presenting only the key insights. She acknowledged that, due to time constraints, the full scope outlined in the inception report for the industry outlook could not be completed. Specifically, she was unable to conduct interviews with key stakeholders, and certain data analyses, such as revenue figures and date-specific statistics, were not included. Instead, the report features an extensive review of relevant literature, published outlooks, analyses, articles, and other key documents, along with a basic trend analysis based on the available data. The consultant further expressed her willingness, as previously mentioned by other consultants, to continue refining the analysis and submit an updated version or addendum for the FY 2022 Report, should the MSG approve.

The consultant began the presentation by discussing Global Market Trends. In examining these trends, it was observed that different extractive industries are following varying trajectories. In the Mineral Sector, substantial growth is anticipated, particularly in transition minerals, driven by the increasing demand for clean technologies. In the Oil and Gas Sector, evolving price patterns are being influenced by developments in global geopolitics and markets. However, the Philippine industries have shown resilience in adapting to these changes.

The consultant discussed the dynamics of the supply chain, noting the geographical concentration in critical mineral processing, with China continuing to dominate this sector. This concentration has created vulnerabilities within the supply chain, which are particularly significant for the Philippines due to its limited downstream processing capacity.

The consultant provided an update on the global energy transition, highlighting its impact on demand patterns across various extractive industries. In the oil and gas sector, there is a noticeable demand for growth, coupled with an increasing need for biofuels. In contrast, the coal sector faces pressures from energy transition policies, although demand in developing markets, particularly in the Philippines, remains robust and essential for sustaining energy requirements.

The consultant provided an overview of the Philippine industry outlook, beginning with the mining sector, as illustrated in the presented figure. Over the past decades, there have been two distinct periods of growth, with acceleration observed from 2019 to 2023, driven by

strong domestic market infrastructure, including the BSP gold buying program. For copper, the market experienced three phases: stability (2014-2016), decline (2017-2020), and recovery (2021-2023). Despite a decline in volume, production value increased, primarily due to rising prices. The Tampakan gold-copper project holds significant potential to enhance the Philippines' regional position.

Nickel production follows a cyclical pattern influenced by market conditions and seasonal factors, with constraints in the Caraga region during the rainy season. Indonesia's nickel ore export restrictions have created new opportunities for the Philippines to capture a share of the growing market for energy transition minerals.

In the oil and gas sector, there has been a consistent decline in oil production from 2012 to 2021, exemplified by the Galoc field (primary producer), as well as the Nido and North Matinloc fields. These declines highlight the need for new exploration investments to offset the depletion of mature fields.

Natural gas production has experienced three distinct phases from 2012 to 2021, reflecting the natural depletion of fields and varying operational conditions.

For coal, there have been dramatic changes in the supply-demand structure. Domestic production has grown steadily, but consumption patterns have shifted, widening the supply gap, which has been met through increasing imports while maintaining exports. The market dynamics are complex, with specific coal grades being exported and others imported.

The consultant shows the update in investment and infrastructure to support the goal of the extractive industries, wherein there are substantial investment requirements in the mineral sector. The critical sector-wide investment needs to be identified by NEDA with the workforce challenges and the importance of technology adoption planning and value addition facilities.

In aiming for the strategic priorities. The PDP 2023-2028 outlines the priorities for sector transformation. This includes developing the downstream processing capabilities, integrating with domestic manufacturing industries, enhancing research development in green technologies, and strengthening environmental and social safeguards. Capitalize the opportunities for the Philippines, which are specialized processing, higher-value products, strategic positioning, and technical expertise. The balance of opportunities with challenges, developing needs, technology adoption, and market volatility. The PH can establish a strong position in the global market for the extractive industries.

The consultant presented their preferred recommendation, which focuses on downstreaming processes and adding value within the mining sector. This approach also

stimulates oil and gas exploration and development, particularly as many of our oil and gas fields are maturing. The consultant emphasized the importance of developing a long-term energy transition plan for coal in light of the pressures from energy transition commitments and global agreements. They believe that the Department of Energy (DOE) has already conducted relevant studies on this matter. Additionally, the consultant recommended maintaining enhanced environmental and social governance (ESG) standards and promoting collaboration in research and development. They also highlighted the importance of implementing workforce training initiatives to support industry growth.

The MSG raised concerns regarding the report's mention of an anticipated increase in demand for critical minerals. In the Philippine context, they advised tempering expectations. Specifically, Philippine nickel is largely of low grade, and most of it is exported to buyers, where it is typically mixed with other nickel imports and processed into stainless steel. The MSG questioned how much of the country's nickel actually contributes to the renewable energy (RE) and electric vehicle (EV) sectors, suggesting that due to its low grade, it is more likely to be used in stainless steel production. They recommended conducting a study to assess the role of Philippine nickel in RE and EV efforts and to determine its actual contribution.

Additionally, the MSG pointed out the competitive landscape, particularly the partnership between Indonesia and China. Many of China's smelters are now located in Indonesia, and they are producing the majority of the world's processed nickel, creating an oversupply that is expected to persist. This oversupply has contributed to a significant drop in nickel prices since 2023, with a decline of around 45%, and such price reductions are expected to continue. The MSG emphasized that this context should be incorporated into the report and outlook.

Moreover, it was noted that Indonesia has been increasing imports of Philippine nickel while simultaneously halting mining of its own high-grade nickel. This raises the possibility that Indonesia is not mining its own nickel but is instead sourcing cheaper nickel from the Philippines. The MSG urged that this situation be flagged in the scoping report, as it could hinder the establishment of a downstream processing industry in the Philippines. The critical question remains: how can the Philippines remain competitive when Indonesia and China are flooding the market with cheap nickel, and most smelters are already based in Indonesia? This strategy poses a significant challenge that must be addressed.

The MSG highlighted the importance of critical minerals in driving the country's progress. It was emphasized that there is still a lack of clarity regarding the specific types and quantities of minerals necessary to support national development. This gap is evident in existing plans such as the Philippine Development Plan (PDP), which does not outline the minerals

required to address the country's developmental needs.

The Chair raises concerns about the transition to renewable energy and the absence of detailed guidance in the Philippine Energy Plan (PEP) and other relevant frameworks. For instance, there is no clear indication of the types of renewable energy being prioritized, such as wind or hydro, nor the corresponding minerals and quantities required for these technologies. Furthermore, questions were posed about the potential impact of renewable energy projects on ecosystems, including whether the areas affected contain minerals critical to such developments.

The MSG further pointed out the need to consider the implications for downstream industries, such as processing and smelting, when addressing critical minerals for energy transition. It was stressed that the context for defining critical minerals should not remain general. Instead, it should be scoped with precision, addressing the specific types, quantities, and strategic importance of minerals to align with the country's development and energy transition goals.

At the MICC, the Chair explained there was a discussion on the definition of critical minerals, highlighting that interpretations vary at the international level. The term "critical minerals" may not align globally, and its distinction from terms such as "green minerals" was also questioned. This discrepancy underscores the need for clarity and consistency when addressing critical minerals in the national context.

The Chair suggested during the discussion was acknowledged as valuable, and it was suggested that consultants take these considerations into account when developing recommendations.

The consultant explained that the meeting addressed concerns regarding the submission and resubmission of reports, focusing on deadlines and the process involved. It was clarified that while there is no strict deadline imposed by the international secretariat for report revisions or updates, the quality and completeness of the submitted reports are thoroughly reviewed. The international secretariat typically provides feedback, identifying gaps or areas requiring augmentation, which can then be addressed without a fixed resubmission period.

The consultant added that it noted that the previous report submitted in April included substantial revisions, particularly on reconciliation, highlighting the need for internal agreement on future deadlines to streamline the process. A consultant emphasized the importance of setting an internal timeline to avoid delays, as relying on indefinite resubmission opportunities could lead to complacency.

The Secretariat concern was raised about whether the international secretariat would

review the report immediately after submission or later, potentially around June. It was shared that the country manager, known for being detail-oriented, had already gathered draft reports and expressed a preference to avoid any delays in submission. A recommendation to write to the board for a submission delay was raised but ultimately not favored due to the time-consuming process involved.

The Secretariat agreed that the report must be finalized and submitted before the March board meeting, as incomplete reports are reported to the board. It was also noted that previous addendums were typically accepted until February, though specific timelines from past submissions were unclear.

The Chair collectively decided to proceed with the current submission tomorrow. Any revisions or updates will be discussed later, with a tentative resubmission deadline set for January 31, considering limited availability during the first two weeks of January. The timeline was deemed feasible, and agreement on the internal deadline was reached to ensure timely compliance with reporting requirements.

The Chair moved on to the next presentation, inviting Ms. Linette Madelane Chan to proceed.

The consultant began the presentation by greeting the Chair, the secretariat, and MSG members. She reported on the reconciliation chapter, which covered the fiscal year (FY) 2022 revenue streams and other taxes. Her report included the methodology, scope, reconciliation results for revenue streams and taxes, results for social, health, and environmental expenditures, focusing primarily on LGUs, and recommendations. She mentioned that her content reflected the draft submitted the previous day and confirmed that the methodology used in this cycle remained consistent with the previous one.

The methodology consisted of five phases: (1) scoping and finalizing reporting templates to identify targeted projects and agencies; (2) data gathering from these entities; (3) determining materiality of revenue streams using a 2% threshold; (4) reconciliation; and (5) report writing. For FY 2022, the scope covered 121 projects: 56 metallic, 59 non-metallic, 5 oil and gas, and 1 coal project. Criteria included all operating metallic and non-metallic projects, active oil and gas projects with production, and the coal sector, represented solely by Semirara Mining and Power Corporation, which accounted for 99% of the coal sector. The overall participation rate stood at 74%, with breakdowns of 71% for metallic, 78% for non-metallic, 60% for oil and gas, and no participation from the lone coal project for the 10th consecutive year. Participation trends generally showed improvement, particularly in the non-metallic sector, attributed to increasing familiarity with EITI reporting.

The consultant provided a detailed overview of government agency participation, which included BIR, BOC, DOE, LGUs, MGB, PPA, and NCIP. The total revenue streams and taxes submitted by these agencies amounted to ₱83.8 billion, with the highest contributions coming from the oil and gas sector (₱33 billion), followed by metallic (₱18.9 billion), coal (₱17.8 billion), and non-metallic (₱13.3 billion). The total marked a 21% increase from 2021. Of the total revenue streams, 14 material revenue streams amounting to ₱82.5 billion (98%) were identified for further reconciliation, covering taxes such as corporate income tax, excise tax, and royalties.

Factors contributing to pre-reconciliation variances include:

- Timing differences
- Quality of reporting
- Different accounting period
- Foreign exchange (FOREX) fluctuations

Post-reconciliation variances were attributed to:

- Delays and absence of supporting schedules and documents, such as technical challenges encountered in uploading schedules and documents to the ORE system.

The consultant shared that reconciliation results showed that 95% of revenue streams (₱63.14 billion) were reconciled, leaving a post-reconciliation variance of ₱8.6 billion or -13%. This variance primarily originated from BIR data, notably withholding taxes on profit remittances of Prime Energy Development. Despite attempts, the consultant shared that Prime Energy did not respond to emails and calls to dispose of the variance. Excluding this amount, the post-reconciliation variance would drop to 0.2%.

Social and health, Environmental, and Social Development and Management expenditures amounted to ₱1.5 billion, with the metallic sector contributing ₱1.4 billion (7%) and the non-metallic sector ₱69.9 million (1%). The consultant noted incomplete data submissions from MGB regarding environmental expenditures, which were cumulative instead of annual. She outlined that safety and health expenditures comprised 49% for SDMP, 42% for environmental expenditures, and 9% for safety and health programs.

Direct payments to LGUs totaled ₱1.9 billion, with Region 13 receiving the largest share, followed by Region 3. Shares in national wealth released by DBM amounted to ₱4.5 billion, with LGUs reporting receipts of ₱4.47 billion. Compared to 2021, DBM releases and LGU receipts increased significantly due to fewer pandemic-related delays.

The consultant concluded the report with recommendations. These included reducing the

reporting cycle gap to one year, strict implementation of DAO No. 2017-07, issuing show-cause orders to non-participating entities before report finalization, and mandating the submission of payment schedules to streamline reconciliation. Additionally, she proposed improving the ORE and ENDRMT systems used by LGUs and NCIP for monitoring payments. She highlighted the need to address technical issues in data uploads to enhance efficiency.

The consultant ended the report by thanking the MSG members for their attention.

An industry representative clarified with the Consultant that the 13% variance was due largely to the withholding tax on dividends from Prime Energy. He asked for confirmation, and the consultant affirmed that it was indeed withholding tax on profit remittances. The Chair then asked why there was a variance. The consultant explained that while the BIR data showed no remittance, Prime Energy's disclosure indicated otherwise. Attempts to contact Prime Energy via email and phone were unsuccessful, which left the variance unresolved.

The industry representative expressed concern, stating that a 13% variance was significant and reflected poorly, even if it could be easily explained. They discussed resolving the issue by possibly requesting audited financial statements (FS) from the SEC, which would normally disclose taxes paid.

As the discussion continued, a civil society raised a point about the NCIP royalty monitoring tool, clarifying that it sought to track how much royalty mining companies reported to NCIP. She suggested that Indigenous communities could pilot disclosing how royalties were utilized, which could become a best practice for PH-EITI. The Chair supported the idea and proposed adding it to the recommendations. She also noted the importance of including the monitoring of compliance with MOA provisions, as this was a common complaint from Indigenous communities.

The Secretariat then built on civil society representative's points and proposed reviving two NCIP en-banc resolutions from 2015 and 2022 that mandated reporting and monitoring of royalties. He also raised concerns about the variance issue with Prime Energy and suggested seeking assistance from Atty. Kiril. The Chair agreed and directed the Secretariat to reach out to Atty. Kiril to address the variance and explore ways to access necessary data.

On the NCIP engagement, the Chair emphasized the urgency of signing the MOA with NCIP, particularly since the current Chair's term would expire in February. They stressed that the MOA would improve data access and transparency for IP-related disclosures. The Secretariat confirmed that a draft MOA had been prepared and was recently discussed in the IEC, with plans to present it to the MSG body. The Chair reiterated the importance of finalizing and signing the MOA as soon as possible.

2. Presentation of Initial Findings of the INRM Studies

The meeting continued with the presentation of the case study analysis for best practices in environmentally sensitive, socially responsible, and inclusive mining, delivered by the Consultant. The Consultant began by noting that the presentation consisted of 10 slides, many of which had already been shared with the implementation committee. The analysis is rooted in inputs from INRM, based on a request from the EITI and feedback from the Chamber of Mines to address the negative perception surrounding the mining sector.

The Consultant outlined the objectives of the study, which aim to codify and disseminate best practices in mining governance. The study seeks to identify barriers that impede the development of good practices and to propose policy reforms and collaborative models that can benefit companies, communities, and investments in the sector. The Consultant emphasized the need for inclusive mining governance practices that are environmentally sensitive and socially responsible.

The tasks involved in the study include collecting data from three examples of positive mining practices and two cases highlighting sectoral issues. This process also involves conducting interviews and focus group discussions (FGDs) across various regions to gather insights and perspectives. The findings will be synthesized into five thematic case studies: environmental management and stewardship, women's social development, local stakeholder coordination, Indigenous Peoples' participation, and post-mine life initiatives (a revision from the original focus on wealth-sharing concerns).

To determine best practices, the team developed criteria that include alignment with the thematic areas, measurable social and environmental impacts, geographic and cultural diversity, and adherence to mining regulations. Additional considerations include the inclusion of stakeholder perspectives, a review of historical and current practices, and the use of innovative and sustainable technologies.

The Consultant provided an update on the study's progress. They noted that their engagement began in October and is constrained by a February deadline. Despite time limitations, the team has made significant progress. Activities to date include site visits, informal stakeholder meetings in Palawan, Baguio, and Caraga, and participation in workshops and summits. Interviews were conducted with various stakeholders, including representatives from CSOs, government officials, IP leaders, and mining companies. Initial findings have refined the thematic areas, particularly shifting the focus from wealth-sharing to post-mine life initiatives.

The next steps involve continuing data collection and consolidating findings for the final report. The Consultant acknowledged the assistance of the secretariat and other stakeholders in facilitating meetings and providing valuable insights. The meeting concluded with a reminder to stakeholders to share any additional input or data that could enhance the study.

The Consultant began the presentation by noting that while the data collected is preliminary due to time constraints, significant findings have emerged regarding social development and environmental stewardship in the mining sector. It was emphasized that the data gaps remain, and the report should reflect this, with a disclaimer indicating the findings are initial in nature.

The Consultant highlighted that many mining companies address social development and environmental issues primarily to comply with existing laws. Social development initiatives are typically handled through the Social Development and Management Program (SDMP), as mandated by the Mining Act, while environmental management is overseen by the Mining Environmental Protection and Enhancement Office (MEPEO). Additionally, CSR initiatives are often managed by separate entities within the companies. It was noted that when discussing these topics, responses were mostly focused on SDMP, with little awareness of CSR or revenue-related practices.

During the ComRel workshop, several companies were identified as potential models for best practices, although further investigation is needed to identify those that have had long-term, sustainable impacts on both the community and the environment, especially with respect to women's roles. The Consultant called for more data and input from stakeholders to help refine the findings.

Regarding the issue of life beyond mine life, the Consultant observed that, so far, there has been limited preparation for sustainable community life post-mining. The focus remains on environmental management, and most companies are not yet planning for life beyond mining. Notably, Agata Mining in the Caraga region is implementing initiatives that could provide valuable lessons. They are transforming mining areas into a recreational nature farm in partnership with the Department of Tourism and DOST to improve soil quality. Similar efforts by Berong in Palawan were also noted. The Consultant emphasized the need for more community-based input on this issue.

On local stakeholder coordination, the Consultant noted that there is no single entity responsible for coordinating mining concerns or providing a platform for multi-stakeholder dialogues. Different government units, including PMRB, MGB, and PENRO, focus on specific

aspects of mining but do not provide an integrated approach. Furthermore, many stakeholders at the local level are not aware of the EITI's mandate and its role in facilitating data exchange and stakeholder engagement, despite previous roadshows. However, positive practices were observed in the MGB regional office, which successfully convenes local stakeholders for collaboration on mining issues. The participation of academic institutions, such as Father Uyo University, was also highlighted, as they have facilitated neutral platforms for discussions on sensitive issues like royalties.

Finally, the Consultant addressed issues related to Indigenous Peoples (IP) participation and concerns about mining. Key issues identified included the interpretation of MOUs, FPIC, royalty payments, and the combination of royalties with SDMP funds. These concerns have led to conflicts or controversies within IP groups and between different communities. The Consultant emphasized that this is a complex and multifaceted issue, requiring further investigation and dialogue to better balance the interests of mining companies and IP communities.

The Consultant noted that the data collected remains preliminary, with significant gaps identified in terms of the information available from mining companies. One key issue is the lack of understanding regarding royalty payments, with many companies and stakeholders uncertain about how these payments work and how to track them. This has affected relationships, trust, and community dynamics, particularly in areas where mining operations are situated within or near ancestral lands.

While these challenges are prevalent, there are some positive developments. The Consultant shared an example from Benguet, where an Indigenous Peoples' Organization (IPO) is facing challenges in receiving their royalty payments despite following the NCIP process. This journey could serve as a valuable case study on overcoming barriers to effective participation in mainstream processes that differ from their cultural practices, as well as building trust in the potential benefits of mining to their communities.

The Consultant also highlighted a positive development from the NCIP Regional Director of MIMAROPA, Grace Pascua, who launched an IPRA Academy in her region. The Academy provides virtual sessions for dialogue on IP concerns and facilitates greater understanding of the IPRA process. The Consultant expressed interest in exploring this further, particularly in understanding how the royalties are managed and ensuring sustainability once they are received.

The Consultant also pointed out that NCIP, when royalties are received, often takes a hands-off approach, as the royalties are considered the IP's property. However, it would be

beneficial if the IPs themselves were willing to disclose and share how these royalties are utilized, which could set a positive precedent for transparency.

Looking ahead, the Consultant noted that significant data gaps remain to be filled. For example, the Consultant plans to visit OGPI and continue engaging with relevant stakeholders such as MEPEOs, MGB, and PIMEA to gather more information. Further research and interviews with local communities, IP organizations, and civil society organizations (CSOs) will also be conducted, with the goal of completing the report by February.

Plans for the next steps:

- Further interviews with key stakeholders and community members.
- Desk research will continue through January.
- Completion of the final report by February.

The Chair added that a good case study for rehabilitation of mined-out areas could be Subanan, an Indigenous Peoples' group involved with TVI Shokon, the same company operating with Agata Mining. The Chair offered to connect the Consultant with relevant contacts in the region. The Chair also mentioned a technical conference organized by FSUU and Bantay Kita on the delayed payment of royalties as an example of effective collaboration between government, academe, CSOs, and Indigenous Peoples' organizations. This collaborative effort is part of the subnational work of Bantay Kita and a response to the case filed regarding delayed royalty payments in Agusan del Norte.

The Chair further highlighted the importance of ensuring credible and diverse CSO participation in oversight committees. REACH Foundation, which has been present in all multi-stakeholder groups in Caraga, has raised concerns regarding the representation of other CSOs. This concern has been discussed with MGB-13, which is open to collaborating with Bantay Kita and PH-EITI to reform the policy for CSO engagement, ensuring a more inclusive and representative process.

The floor was opened for questions from the members of the MSG. There were no questions raised about the previous agenda, so the meeting moved forward to the next item.

The consultant presented the initial findings of the INRM studies, particularly on subnationalization. She acknowledged that most of the findings had already been shared by the other consultant. She explained that the primary goal of the subnationalization assessment was to evaluate how EITI could be integrated at the local level. This included

assessing current practices, identifying existing subnational bodies, understanding governance structures, and evaluating their impact on local development. The key deliverables for this assignment were conducting a comprehensive assessment, engaging in extensive stakeholder consultations, and developing a framework for the integration of EITI at the local level.

The consultant also provided a summary of the comments and recommendations from the implementation committee following the inception report. These comments were incorporated into the data gathering phase. Notable recommendations included expanding the assessment beyond environmental scanning to focus on sustainability, creating guidelines for implementing EITI at the local level, identifying existing subnational entities that could manage EITI, and evaluating how revenue management and data dissemination are handled at the local level, particularly in relation to the ENRDMT developed by BLGF.

The assessment criteria for subnationalization focused on four components: structure, selection process, reporting and monitoring mechanisms, and capacity and capability. The team evaluated whether local entities had the proper structure to manage extractive-related tasks, how members were selected for these entities, the effectiveness of data gathering and analysis mechanisms, and whether there were sufficient resources, both financial and digital, to support EITI activities at the local level.

In terms of data gathering, the consultant shared that the official data collection began in November after initial networking and literature reviews in October. Stakeholder consultations were extensive and included visits to mining sites and meetings with local officials in regions such as Baguio City, Palawan, Dinagat Island, and Agusan del Norte.

The consultant presented the number of stakeholders consulted over the last month and a half. She also provided an update on the ongoing subnationalization assessment, beginning with an explanation of the consultation approach used for the data gathering. The methodology primarily employed narrative inquiry, utilizing semi-structured and structured questions. Due to time constraints, she was unable to develop a quantitative tool for the consultation. She noted that narrative inquiry was better suited for dialogue and engagement with respondents, especially at the regional, provincial, municipal, or barangay levels, rather than relying on a static questionnaire.

She highlighted that the data gathering officially started in the first week of November. Her consultations began with the Chairperson to discuss civil society organizations' roles in engaging with host and neighboring communities affected by mining activities. She mentioned that while she found valuable insights from various stakeholders, the time

constraints and logistical challenges, such as traveling between municipalities, impacted the depth of engagement. Consequently, the data gathered was not as comprehensive as intended.

Furthermore, the consultant explained that the Terms of Reference (TOR) for the study did not include the Visayas, focusing on Luzon and Mindanao instead. While she was able to engage with multiple provinces and municipalities in Caraga, the limited time and scheduling conflicts meant that she couldn't conduct consultations in the Visayas, which was an area originally planned for the assessment.

In terms of initial findings, the consultant presented key observations about the existing subnational bodies. She noted that many committees, especially at the regional, provincial, and municipal levels, were ad hoc in nature, with the exception of the Palawan Council for Sustainable Development (PCSD), which is legally mandated. She explained that the overlapping roles and functions of these bodies often caused confusion among stakeholders, with some even bypassing the appropriate channels to consult with trusted entities, like PCSD, for issues outside its mandate.

Another common challenge identified was the lack of clarity regarding the purpose of the PITI (platform for stakeholder engagement). Many at the barangay and municipal levels did not fully understand how to use the platform or engage effectively, especially when discussions involved technical data. Additionally, concerns related to Indigenous Peoples (IP) and their representation in extractive discussions were raised, with some stakeholders unsure about how to address IP-related concerns, as the NCIP was not consistently involved in these discussions.

Regarding specific entities, two stood out: the Palawan Council for Sustainable Development (PCSD) and the Caraga Representative of Coast and Neighboring Communities, initiated by MGB Region 13. The consultant provided an overview of PCSD, noting that it is a multi-stakeholder body established by law, with a mandate to oversee sustainable development and zoning in Palawan. PCSD's structure includes representation from line agencies, civil society, the private sector, and even the PNP Westcom for security reasons. It operates with an executive director and a staff of almost 70, primarily composed of technical staff. PCSD's mandate also includes developing policies for sustainable development and recommending zoning initiatives to guide local economic activities. Despite its extensive technical capacity, PCSD's broad mandate sometimes results in role overlaps and challenges in managing stakeholder expectations.

The next steps will involve further refinement of the data, and the consultant emphasized the need to improve clarity in stakeholder engagement, particularly regarding the use of platforms like PITI and ensuring that Indigenous Peoples' concerns are properly addressed.

The consultant continued to discuss the structure and components of the Caraga Representative of Host and Neighboring Communities (RHNC), which operates under a 2018 Regional Memorandum from MGB Region 13. This memorandum mandated the creation of a broader multi-stakeholder body for overseeing the development of projects under the Social Development and Management Program (SDMP) and Community Development Program (CDP). The RHNC is composed of representatives from the Barangay Local Government Units (BLGUs), including barangay captains and heads of sectoral groups, along with local government units (LGUs), national line agencies, the religious sector, and the mining company, which serves as the secretariat.

The consultant explained that the RHNC's primary focus is the implementation of the SDMP, with sectoral representatives serving as resource persons for specific concerns. She highlighted the impact of RHNC in monitoring and supporting initiatives, particularly with companies like Cagdianao Mining Corporation, which ensured that SDMP discussions were reviewed by the RHNC before being finalized.

She then summarized thoughts gathered from consultations at different levels, starting with regional and provincial levels. Stakeholders from these areas emphasized the need for a multi-partite structure for a sub-national body, ensuring that all concerns have dedicated representatives. One recommendation from a representative of the Provincial Treasurer's Office in Palawan was the inclusion of small-scale mining representation due to its significance in the region. The regional and provincial representatives also stressed the importance of balancing different perspectives within the sub-national body and the need for the body to review laws and frameworks to ensure their relevance at the local level. They also saw the sub-national entity as a potential hub for capacity-building, particularly in areas like wealth-sharing and revenue management from extractive activities.

At the barangay level, participants expressed the need for sectoral representation, with many recognizing the educational benefits of the SDMP. However, they also wished to see a greater impact on their local development, including better understanding and participation in how extractive revenues are managed. Capacity-building was once again identified as a key function of the sub-national body, with barangay stakeholders seeking better understanding of technical data to enhance their involvement.

Indigenous Peoples (IP) representatives also emphasized the inclusion of legitimate IP organizations (IPOs) in EITI discussions, with the caveat that only legitimate groups should be considered, not necessarily those endorsed by the National Commission on Indigenous Peoples (NCIP). These groups particularly sought capacity-building on the management of royalties and understanding the broader financial processes involved.

The consultant shared common themes from her consultations, organizing them around the four key components of the sub-national framework: mandate, function, capacity, and funding. It was noted that the sub-national body should have a national mandate but focus its functions at the provincial level. It should be multi-partite, with a secretariat or local coordinator, ideally integrated with existing entities. The issues addressed by the sub-national body should be multifaceted, focusing on local concerns while ensuring they align with EITI's mandate. The competence of the secretariat members or local coordinators is critical, particularly in natural resource management and local development. Lastly, the issue of funding was raised as a concern by stakeholders, particularly from the Palawan PCSD, and the consultant acknowledged that this matter would need further exploration based on existing laws and frameworks.

A civil society representative suggested that the focus should remain on data rather than reflections in the interest of time. The consultant acknowledged this and proceeded with the presentation.

The consultant concluded the presentation of the findings and briefly summarized the next steps, which were also addressed earlier by another consultant. The goal, as discussed, was to optimize resources by conducting field visits together, which is reflected in the subsequent activities slide.

At this point, the discussion shifted to questions and suggestions from the members of the MSG. A civil society representative raised a concern about the decentralization process, specifically regarding what powers, authority, and functions were being decentralized and to what extent. She emphasized that before discussing the structure and mechanisms for sub-nationalization, it is crucial to understand what exactly is being decentralized, transferred, or shared. This, she argued, is essential for identifying the necessary mechanisms, capacity, and authority to manage the decentralization effectively.

The Secretariat responded to the concern, emphasizing that the initial document and consultations suggested that sub-nationalization would focus on revenue monitoring and management. However, as consultations progressed, it became clear that the local stakeholders now view EITI as more than just a data manager. They are seeing it as a

platform where they can raise concerns about extractive activities. The Secretariat reiterated that the core function of EITI should remain focused on data management while also enhancing local capacity to participate effectively in extractive governance. She highlighted that the sub-national body's role is to empower local stakeholders by providing the necessary resources and data for more informed decision-making at the local level.

The Secretariat also reflected on the approach of Bantay Kita, which seeks to empower local government units (LGUs) and bodies they create rather than replacing their mandates. Bantay Kita's role is to support, provide data, and help optimize existing systems, but the responsibility for implementing and sustaining sub-nationalization remains with the local government units. She stressed the importance of local funding in sustaining these efforts, as it is the LGUs that control the funds required for the localization of EITI.

In response to the concerns raised by the civil society representative, the Secretariat suggested focusing the assessment on local governments that have already piloted EITI localization. This would provide more targeted insights into how extractive issues are addressed on the ground. They recommended looking into existing multi-stakeholder platforms, such as those in Agusan Del Sur, South Cotabato, and Davao de Oro, which are addressing extractive governance through sectoral collaboration. She noted that sub-nationalization at the local level may not always follow a clear or structured approach but instead is a more fluid process aimed at addressing issues directly from the ground up.

She concluded by emphasizing the importance of understanding how sub-nationalization works in different regions and how local governments address extractive issues using multi-stakeholder platforms. The Secretariat suggested further engagement with local councils in Agusan Del Sur, South Cotabato, and Davao de Oro to gather deeper insights.

3. Presentation of the Inception Report: Energy Transition Scoping Study

The Secretariat suggested sharing this item via email due to time constraints, and the MSG concurred with the proposal.

VI. Other matters

The meeting included a discussion on the schedule for the next session and the tasks to be completed in preparation for upcoming meetings. The Secretariat informed to return to continue the remaining agenda items at the next MSG meeting.

Particular attention was drawn to slide 14, which was identified as crucial for the discussion. The slide contained the revised theme, which read: *"Breaking New Ground, Shifting Gears in Extractives Governance."* The MSG members were asked for their input on the proposed theme.

The summary of agreements from the meeting will be circulated among the MSG members.

Lastly, it was noted that the minutes and any other concerns from the Secretariat will be shared following the meeting. The next MSG meeting was tentatively scheduled for January 21–24, which will include assessment and planning sessions.

VII. Summary of Agreements

A representative from the Secretariat presented the summary of agreements.

Agreements	In charge	Timeline
1. The MSG provisionally approved the minutes of the 93rd MSG meeting, pending comments from MSG until January 10, 2025.	MSG	January 10, 2025
2. The MSG instructed the Secretariat to prioritize the matters arising, ranking them according to their level of urgency, and to include the dates they became pending along with the reasons for the delay. It was also agreed that these matters will be addressed during the upcoming MSG capacity-building and planning activity.	Secretariat	
3. The MSG recommended delegating the matters to respective committees for discussion and resolution, with the outcomes to be presented to the MSG once finalized within the committees.	Committees	
4. The MSG instructed that the consultants' profiles and the timeline for deliverables be provided to them.	Secretariat	

5. The MSG recommended modifying the theme name of the report and has instructed the consultant to propose a new theme.	Country Report Consultant	
6. The MSG instructed the contextual information chapter consultant to consider including the EVOSS and work being done by ARTA TWG on improving EODB in mining.	Country Report Consultant	
7. The MSG approved the contextual information chapter and agreed to publish the FY2022 country report on December 20, 2024.	Country Report Consultant and Secretariat	Submitted the FY 2022 Report last December 22, 2024
8. The MSG agreed to have a revised report by the end of January 2025.	Country Report Consultant and Secretariat	
9. The MSG recommends that the industry outlook consultant observe best practices from China and Indonesia in managing critical minerals.	Country Report Consultant	
10. The MSG instructed the Secretariat to reach out to Atty. Kiril Caral from Prime Energy to request assistance in obtaining supporting documents to address and reduce the variance in the reconciliation chapter of the country report.	Secretariat	
11. The MSG instructed the Secretariat to circulate the draft MOU with NCIP. This will explore the possibility of piloting the IPOs in sharing their royalty utilization and management reports instead of solely based to NCIP data.	Secretariat	
12. The MSG instructed the Subnationalization consultant to conduct a targeted assessment of the interviews, including those already piloted on EITI localization.	Subnationalization Consultant	

13. The MSG approved the proposed theme of the report (Breaking New Ground: Shifting Gears in Extractives Governance).		
--	--	--

The MSG members did not provide any comments on the Secretariat's presentation of the summary of agreements.

VIII. Adjournment

The setting of the next meeting was deferred. With no other matters to be discussed, the meeting was adjourned at 12:36 p.m.