

1 **PH-EITI 9<sup>th</sup> MSG MEETING**  
2 **3:00 PM- 4:30 PM | November 28, 2013**  
3 **Rio Tuba Nickel Mine, Club House**  
4 **Rio Tuba, Palawan**

7 **Attendees:**

8		
9	Asst. Sec. Ma. Teresa S. Habitan	Department of Finance (DOF)
10	Febe J. Lim	DOF
11	Charmaine Bagacay	DOF
12	Asst. Dir. Elmer Billedo	Mines and Geosciences Bureau—Department of Environment and Natural Resources (MGB-DENR)
13		MGB-DENR
14	Engr. Romualdo Aguilos	Department of Energy (DOE)
15	Josephine Mariel Palay	Union of Local Authorities of the Philippines (ULAP)
16	Michael Joseph Juan	Bantay Kita
17	Dr. Cielo Magno	Action for Economic Reforms (AER)/Bantay Kita
18	Filomeno D. Sta. Ana III	University of the Philippines, College of Law
19	Prof. Jay L. Batongbacal	Visayas State University
20	Prof. Maria Aurora Teresita W. Tabada	Philippine Rural Reconstruction Movement (PRRM)/ North Luzon
21	Ronald Allan A. Barnacha	GITIB, Inc.
22		Samar Island Bio-diversity Foundation (SIBF)/Eastern Visayas Network of NGOs and POs, Inc. (EVNET)
23	Roldan R. Gonzales	Romblon Ecumenical Forum Against Mining (REFAM)/ Romblon State University
24	Agustin B. Docena	Chamber of Mines of the Philippines (COMP)
25		COMP
26	Dr. Merian C. Mani	COMP
27		Cambayas Mining Corporation
28	Gerard Brimo	CTP Construction and Mining Corporation
29	Nelia Halcon	Chevron Malampaya LLC/ Petroleum Association of the Philippines (PAP)/
30	Ronald S. Recidoro	Secretariat
31	Engr. Francisco J. Aranes, Jr.	Secretariat
32	Atty. Casiana N. Dalangin	Secretariat
33	Sabino L. Santos	Secretariat
34		Secretariat
35	Atty. Gay Alessandra V. Ordenes	Secretariat
36	Maria Meliza T. Tuba	Secretariat
37	Abigail D. Ocate	Secretariat
38	Mary Ann D. Rodolfo	Secretariat
39	Grace A. Estacio	Secretariat

1 **AGENDA:**

- 2 • Minutes of the 8<sup>th</sup> MSG meeting  
3 • Matters arising from previous MSG meetings  
4 • Finalization and approval of work plan and MDTF grant request  
5 • Upcoming activities  
6 • Financial report  
7  
8

9 **1. Call to Order:**

10  
11 1.1. The Philippine Extractive Industries Transparency Initiative (PH-EITI) Multi-Stakeholder Group (MSG)  
12 meeting was called to order at 3:00 PM.  
13

14 The proposed agenda was presented and subsequently approved by the body.  
15

16 **2. Minutes of the 8<sup>th</sup> MSG Meeting**

17  
18 2.1. The Chair mentioned that the minutes of the meeting was sent out to the Multi-Stakeholder Group  
19 (MSG) Members one week after the 8<sup>th</sup> MSG meeting.  
20

21 2.2. It was shared that the Secretariat did not receive any comments from the MSG members regarding the  
22 minutes of the meeting.  
23

24 2.3. One of the MSG members made a clarification regarding the suggested expenditure report from  
25 industry sector's participation to EITI. The Secretariat replied that while the expenditure report is not a  
26 requirement, it was suggested that the different sectors report their expenditures so that the other MSG  
27 members will have an idea about the expenses being incurred by the MSG members with regard to their  
28 participation in the EITI process. An example of an expense incurred for MSG participation would be the  
29 transportation expenses of an MSG member coming to the MSG meetings. Participation in international  
30 conferences is another example of incurred expenditures that can be accounted for in the expenditure  
31 report.  
32

33 2.4. The industry representative then inquired about how such report will be used. The Secretariat clarified  
34 that such report will only be for the information of the MSG.  
35

36 2.5. A representative from the government clarified that the statement from the previous minutes stating,  
37 "a representative from MGB responded that all taxes and payments are remitted to the national treasury"  
38 should also include the line, "however, DBM appropriates 10% of the 5% mineral reservation royalties to be  
39 used for MGB projects".  
40

41 2.6. Having no further comments, the body approved the minutes of the 8<sup>th</sup> MSG meeting.

1 **3. Matters Arising from Previous MSG Meetings**

2  
3 3.1. *Harmonization of PH-EITI work plan with Philippine Poverty Environment Initiative (PPEI) work plan:* The  
4 body was informed that the Secretariat already discussed this with PPEI-Department of the Interior and  
5 Local Government (DILG). According to the Secretariat it was decided that there's no more need to  
6 harmonize the two work plans since PPEI will just follow the directives of the MSG as to EITI  
7 implementation. Moreover, it was shared that PPEI pledged to provide support to the MSG.

8  
9 3.2. *Establishment and management of a revenue-linked database:* It was clarified that this can only be  
10 implemented once the Multi-Donor Trust Fund (MDTF) from World Bank is made available. The MDTF is  
11 expected to be available by March 2014.

12  
13 3.3. *Auditing of government reports:* It was recalled that the Secretariat was tasked to invite the Commission  
14 on Audit (COA) to discuss current auditing processes on government data to determine if these are  
15 compliant with the international standards of supreme audit institutions. The Secretariat shared that in their  
16 meeting with Commissioner Heidi Mendoza of COA, the Commissioner remarked that although COA is very  
17 much interested in engaging with EITI, such engagement will not be feasible at this point given COA's  
18 present commitments. Commissioner Mendoza recommended that instead of engaging COA as a whole, EITI  
19 can meanwhile seek the assistance of the resident COA auditors of the relevant government agencies  
20 should there be a need to attest to the kind of auditing process the resident auditors are following for the  
21 government data generated by the government offices.

22  
23 3.4. Commissioner Mendoza further suggested that if the MSG decides to engage COA formally as a member  
24 of either the MSG or TWG, then the MSG should send a formal letter of engagement to the agency  
25 specifically stating the extent of assistance or service required from COA. Said letter should be submitted to  
26 COA by January 2015, in time for their planning session so that they can decide on whether they will engage  
27 with EITI by 2016.

28  
29 3.5. The Chair asked what the MSG had in mind when it raised the possibility of engaging with COA. The  
30 Secretariat explained that the intention was for COA to be part of the MSG or the TWG, however, it should  
31 be recalled based on the minutes of the interim MSG that the agreement was for COA to just be invited as a  
32 resource agency that can be tapped whenever the need arises.

33  
34 3.6. A representative from the Civil Society Organization (CSO) raised a concern over the capacity of the  
35 resident COA auditors to make a definitive statement on whether in fact the practices comply with the  
36 international standards since the auditors might also end up referring to the COA Central Office regarding  
37 this.

38  
39 3.7. It was suggested that if the MSG is really decided to engage with COA, the MSG should formally engage  
40 with the agency in January. Alternatively, it was also suggested that the MSG send a letter to COA with their  
41 questions and then decide after that if there is still a need to engage with the agency through the TWG.

1 3.8. The Chair reiterated that the MSG has to be very clear about why it wants to engage COA. Since the  
2 Secretariat is based in the Department of Finance (DOF), they have regular contact and consultations with  
3 the resident auditor regarding day to day systems and activities undertaken by the Secretariat. However,  
4 there is a need to reexamine what it is in the work plan that will require more a serious engagement with  
5 COA as a supreme audit institution.

6  
7 3.9. A representative from the CSO suggested that the MSG wait for the results of the scoping study to be  
8 able to identify the gaps and the information that is needed. From there, the MSG can ask COA more specific  
9 questions on the need to engage them.

10  
11 3.10. At this point, the Chair mentioned that the MSG will revisit whether or not there is a need to engage  
12 COA after the scoping study. In the mean time, the Chair asked the different sector representatives to take  
13 note of the possible questions they wish to ask COA as MSG members, not as individuals. The Chair  
14 requested the MSG members to reflect on the question, "As part of the MSG and part of the work of the PH-  
15 EITI, what is it that I wish to clarify with COA?"

16  
17 3.11. According to a representative from Government, the MGB submitted a study on the discrepancy of  
18 government production vis-à-vis exports. The representative suggested that this study could help surface  
19 some of the discrepancies and MGB can provide the PH-EITI with a copy of the said report.

20  
21 3.12. *Whether service contracts should be part of the waiver that is being executed by the companies:* It was  
22 recalled that this was the subject of a letter that Asec. Habitan sent to the Department of Energy (DOE)  
23 inquiring about their policies regarding public disclosure of data. It was noted that this is still a pending  
24 matter since the Secretariat has not yet received a formal response from DOE.

25  
26 3.13. *Offer of Timor Leste to conduct a training for the PH-EITI MSG on the Petroleum Fund process:* It was  
27 reported that this is still a pending matter which the MSG will decide on once its necessity has been  
28 determined and when the funds are already available.

29  
30 3.14. *List of accredited reconcilers:* The Secretariat pointed out that the list of reconcilers was already  
31 submitted to the MSG members. It was also motioned that the Secretariat made a query to other countries  
32 regarding the cost of hiring a reconciler. Based on the responses that the Secretariat received, the estimated  
33 amount for hiring a reconciler is around 4 to 5 million pesos which can be fully funded by the government  
34 based on the current work plan of PH-EITI.

35  
36 3.15. *BIR waiver:* It was recalled that the waiver was finalized last MSG meeting. However, the Secretariat  
37 shared that they are still coordinating with the companies regarding the names of the signatories for the  
38 waiver. The Chair informed the body that the deadline for the submission of the names of signatories is  
39 December 7, 2013.

40

1 3.16. A representative from the industry informed the body that the non-COMP members will have a  
2 meeting with Secretariat since the non-COMP members have not responded regarding the Bureau of  
3 Internal Revenue (BIR) Waiver. Said meeting will be held in the DOF on December 12, 2013.  
4

5 3.17. *Hypothetical models showing pricing of mineral*: The Secretariat stated that this item will be discussed  
6 the following day.  
7

8 3.18. *Incentive regime for mining*: It was again recalled that during the last MSG meeting, there was a  
9 suggestion to look into the incentives that were given to the mining sector and the Secretariat was tasked to  
10 invite Board of Investments (BOI) to present this. However, since the meeting is being conducted in  
11 Palawan, BOI will just be invited to the next MSG meeting in January.  
12

13 3.19. A representative from the industry sector commented that this item is irrelevant since the income tax  
14 holiday was already removed. It was explained that in the discussion of new fiscal regime, incentives will  
15 have to be tackled but it won't add any new information to the group since there are no incentives and  
16 there is no mining permit that is being issued anyway.  
17

18 3.20. A representative from the CSO expressed that the group will still benefit from understanding the  
19 incentive structure.  
20

21 3.21. The Chair clarified the purpose for inviting a resource person from BOI, which is to enlighten the MSG  
22 regarding the current incentive system structure as it prevails for the mining industry.  
23

24 3.22. Another representative from the CSO inquired that since mining contracts take a long time to expire, it  
25 might be useful to also understand past incentives that are no longer enjoyed by mining companies as these  
26 might help in understanding the status of certain companies. Companies might also be enjoying different  
27 incentives and yet they are operating at the same time.  
28

29 3.23. An industry representative replied that the only incentive that was working for mining companies was  
30 the income tax holiday; however, such incentive does not exist anymore. Another incentive is the duty free  
31 imports for equipment and accelerated depreciation; both incentives however are standard for any industry.  
32

33 3.24. According to the industry representative, inviting BOI to present to the MSG is fine, but they will share  
34 the same information with the MSG.  
35

36 3.25. A representative from the MGB suggested that the MSG obtain the list of companies (38 large scale  
37 mining companies covered by the EITI report) that have incentives. According to the MGB representative,  
38 some of these companies have already availed of the incentives earlier since the income tax holiday was  
39 only removed in 2012.  
40

1 3.26. The secretariat was tasked to send a letter to BOI requesting for the list of companies which availed of  
2 income tax holiday and other incentives. The Chair also asked the Secretariat to invite BOI to the next  
3 meeting to be held at DOF.

4  
5 3.27. *Subnational transfers*: The Secretariat was also tasked to invite BIR and DBM to the next MSG meeting  
6 to discuss how collections are allocated to the intended beneficiaries.

7  
8 3.28. A representative from MGB shared that there have been discussions regarding this with Senator  
9 Ferdinand Marcos, Jr., DOF, BOI, BIR and other financial institutions. It was mentioned that Senator Marcos  
10 is also spearheading a law that will require for the money to be “directly downloaded (to the local  
11 governments), with automatic appropriations”.

12  
13 3.29. It was suggested the MSG get in touch with the office of Senator Marcos to find out the results of the  
14 discussions on this matter.

15  
16 3.30. The Chair clarified whether the said proposal is in connection to the proposed bill amending the Local  
17 Government Code. The MGB representative mentioned that it could be related to the proposed bill.

18  
19 3.31. Another government representative shared that PPEI-DILG has a study on subnational transfers and it  
20 will be useful to invite them to an MSG meeting to present the results of the study.

21  
22 3.32. The Chair stated that the context as to why and what do we want to find out regarding the subnational  
23 transfers has to be provided. Inviting PPEI-DILG, for example, needs to support one of the activities in the  
24 work plan.

25  
26 3.33. The Chair instructed the Secretariat to provide the context before the MSG proceeds with inviting  
27 PPEI-DILG, BOI, etc. as it is important that the MSG members look back at the minutes of the meeting and  
28 remember the context of the actions undertaken by the group.

29  
30 3.34. An industry representative added that aside from the context, the Secretariat could also give an  
31 update regarding the joint circular of DBM, DILG, DENR and BIR which required said agencies to facilitate the  
32 downloading of the LGU shares within a period of time. According to the said representative, it is important  
33 that the MSG be updated regarding the implementation of the joint circular and the possible problems and  
34 issues encountered in the course of its implementation.

35  
36 3.35. A representative from the MGB remarked that there are plans to amend said joint memorandum  
37 circular.

#### 38 39 **4. Finalization and Approval of Work Plan and MDTF Grant Request**

40  
41 4.1. It was recalled that after the 8<sup>th</sup> MSG meeting, a small working group was formed to work on the work  
42 plan. The Chair then asked for the report of the small working group.

1 4.2. The Secretariat, as tasked by the small working group, gave the report regarding the work plan. It was  
2 mentioned that the members of the small working group are the following:

- 3 • Ms. Nelia Halcon
- 4 • Atty. Ron Recidoro
- 5 • Dr. Cielo Magno
- 6 • Ms. Elsa Agustin
- 7 • Ms. Febe Lim
- 8 • Secretariat

9  
10 4.3. The Secretariat instructed the MSG to go over their kits for the documents required by the World Bank  
11 for the processing of the MDTF grant request. These documents include the work plan, the Gantt chart, key  
12 performance indicators, the procurement plan and the concept note.

13  
14 4.4. According to the Secretariat, the concept note is currently being reviewed by Mr. Philip Chan of the  
15 World Bank. The procurement plan on the other hand has already been cleared and approved by the lead  
16 procurement specialist of World Bank Manila. The matter at hand is for the MSG to finalize and approve the  
17 work plan as the EITI Standard requires for the work plan to be formally endorsed by the MSG. Said  
18 endorsement should be documented as well.

19  
20 4.5. In discussing the salient points and highlights of the work plan, the Secretariat presented the objectives  
21 of the work plan that have been formulated by the MSG from the Conference last September and from the  
22 last MSG meeting (the presentation material is attached as Annex A). It was explained that the activities in  
23 the work plan were based on these objectives.

24  
25 4.6. The body was asked for further comments regarding the objectives.

26  
27 4.7. A CSO representative suggested to change the language of objective number 2.b from “increase the  
28 accessibility of data for informed decision making” to “increase the public availability of data for informed  
29 decision making”. It was explained that the data are already accessible and can be requested from the MGB  
30 and DOE. However, the data should be made publicly available.

31  
32 4.8. One of the MSG members suggested to use the word “improve” instead of “increase” thus, “improve  
33 the public availability of data for informed decision making”.

34  
35 4.9. Another comment was to change the phrase “public oversight” in objective number 2. The Chair asked  
36 the MSG members what they mean by public oversight.

37  
38 4.10. The Secretariat referred to the minutes of the 8<sup>th</sup> MSG meeting and read that: “The Chair suggested to  
39 change objective number 2 from “strengthen government accountability in the management of natural  
40 resources” to “strengthen public oversight in the management of natural resources”.

1 4.11. It was explained that from the previous discussions “strengthen government accountability” was  
2 changed to “strengthen public oversight” because the latter phrase includes public participation.  
3

4 4.12. It was clarified that objective number 2 implies more public participation in the way that the natural  
5 resources are being managed. The Chair expounded that through improved accessibility of data in  
6 government websites and other database, the public can get more information causing an improved  
7 understanding of the extractive industry thus, making the public a more informed participant.  
8

9 4.13. There was a suggestion to specify what contributions are referred to in objective number 1, which is  
10 “show direct and indirect contribution of extractives to the economy”. In relation to this, there was also a  
11 comment that the phrase “management of natural resources” in objective number 2 is broad considering  
12 that the specific mandate of EITI is about transparency in revenues.  
13

14 4.14. The Chair asked whether the body wants the objectives to be specific to the short term goal or they  
15 want the objectives to cover a much wider work plan of PH-EITI. The Chair advised that the work plan would  
16 have to be revised after 3 years if the MSG members chose to have more specific objectives.  
17

18 4.15. One member of the MSG expressed that it is better to have a broader perspective to avoid going back  
19 to the objectives of the work plan. It was explained that eventually, revenues will just be one part of the  
20 contribution.  
21

22 4.16. A CSO representative added that having broad objectives is fine since it will be the work plan which will  
23 determine the level of specificity. As an example it was mentioned that in using the phrase “contribution of  
24 extractives to the economy”, the MSG members can choose to look at tax revenues alone or also include  
25 Social Development and Management Program (SDMP) and other payments. The CSO representative added  
26 that the same applies to using the phrase “public oversight”.  
27

28 4.17. One representative of industry sector suggested to change “strengthen public oversight in the  
29 management of natural resources” to “strengthen public understanding of the management of natural  
30 resources” since the MSG wants the public to understand what government and industry sector are doing  
31 with respect to the management of natural resources. It was further explained that the public does not  
32 exercise oversight because there are government agencies responsible for that.  
33

34 4.18. It was recalled that during previous discussions, objective number 2 is about government oversight.  
35

36 4.19. The Chair expressed that if the body agreed to use “government oversight” in objective number 2, the  
37 sub-objectives under it need to be also changed.  
38

39 4.20. The MSG members were given an option to either keep the sub-objectives and change the major  
40 objective, which is about government oversight, or keep the general objective and change the sub-  
41 objectives.



1 4.21. A representative of the CSO suggested to use the word “participation” instead of “oversight”. It was  
2 explained that Non-Government Organizations (NGOs) actually participate in the oversight, especially in the  
3 Multi-Partite Monitoring Team (MMT) and that the MSG would also want the CSOs to be accountable in  
4 terms of participating in the different multi-stakeholder groups that monitors extractive industries.  
5

6 4.22. The Chair reminded the body that the objectives have to be related to the identified key performance  
7 indicators.  
8

9 4.23. The industry representative responded that objective 2 should be about the public and not the  
10 government. It was reiterated that what should be replaced is only the word “oversight” since the public do  
11 not have oversight power. It was again suggested to change the objective to “strengthen public  
12 understanding of the management of natural resources”.  
13

14 4.24. The Secretariat commented that the suggested change in the wordings would make the objective  
15 similar to the sub-objectives under it.  
16

17 4.25. There was a suggestion to replace the word “strengthen” with “improve” since the latter is more  
18 appropriate to use for public understanding. Another suggestion was to phrase objective 2 as “improve  
19 public understanding of the management of natural resources and availability of data” then remove the sub-  
20 objectives.  
21

22 The body agreed.  
23

24 4.26. A question was raised regarding objective 3. One MSG member clarified if it is the role of the MSG to  
25 assess tax and legal systems. The Secretariat explained that this will inevitably be an output of the EITI  
26 report as it will provide the legal and regulatory framework of the extractive industries. In fact, this is one of  
27 the deliverables of the legal consultant for the scoping study.  
28

29 4.27. The Chair suggested to remove the sub-objectives under objective number 3. Another suggestion was  
30 to use the 3 sub-objectives as key performance indicators.  
31

32 The body agreed to remove the sub-objectives of the work plan.  
33

34 4.28. The Secretariat clarified that since the sub-objectives will be used as performance indicators, it would  
35 mean that the activities in the work plan that relate to the sub-objectives can be retained. The body agreed.  
36

37 4.29. As part of the presentation, the Secretariat enumerated the key activities in the work plan, key results,  
38 budget and the funding of PH-EITI implementation (please see Annex A). It was mentioned that the  
39 Secretariat referred to the old EITI work plan, which the MSG already approved based on the old EITI rules,  
40 and listed the activities that are still consistent with the present objectives.  
41

1 4.30. The Chair clarified if the budget that was presented by the Secretariat will cover only 1 year of PH-EITI  
2 implementation.  
3

4 4.31. The Secretariat responded that the PH-EITI budget of Php 88,303,126.71 will cover the cost of activities  
5 until year 2015.  
6

7 4.32. The Chair asked if the Secretariat can provide the body with an annual breakdown of the budget. In  
8 response, the Secretariat explained that the activities of the work plan are spread over an 18 month period  
9 and that is difficult to identify the actual cost for a particular year or month. However, it was explained that  
10 there is an annual budget (2013 to 2014) for the costs that will be covered by the government.  
11

12 4.33. For clarification, it was mentioned that the cost of producing the 2<sup>nd</sup> PH-EITI report is not covered in  
13 the budget presented for 2015. It was noted that the budget for the production of the 2<sup>nd</sup> report is also  
14 needed since the Philippines is required to produce the 2<sup>nd</sup> PH-EITI report by the end of year 2015.  
15

16 4.34. There was a question if it is possible to produce a financial report which will show both budget per  
17 activity and quarterly budget. The Chair explained that this is to identify how much of the budget is for the  
18 publication alone or how much is for capacity building on a quarterly and annual basis.  
19

20 4.35. The Secretariat responded that in the current work plan of PH-EITI the budget per activity is already  
21 indicated. However, some of the activities have no definite timeline for implementation. One example that  
22 was given is the consultation with different stakeholders. It was explained that the dates for the  
23 consultations are not yet determined since the said activity will be done as the need arises. The Secretariat  
24 also mentioned that the same applies to the publication of the reference materials.  
25

26 4.36. The industry sector representative clarified if the MSG actually needs to conduct the following studies:  
27 - Legal and administrative obstacles to the implementation of EITI.  
28 - Scoping study on payments and incentives in the extractive industry, materiality of these payments,  
29 and assessment of capacity of regulatory agencies, tax administration agencies and extractive  
30 industries in generating the data needed to produce the report  
31

32 4.37. The Secretariat elucidated that the said studies are needed for the contextual information which is  
33 required to be included in the EITI report.  
34

35 4.38. To be consistent with the objectives, there was a suggestion to change the word “oversight” in one of  
36 the key results presented. The phrase “capable local stakeholders with strong oversight in the management  
37 of natural resources and revenues” was changed to “capable local stakeholders with improved  
38 understanding of the management of natural resources and revenues”.  
39

40 4.39. In relation to this, it was explained that since “capable local stakeholders” would include other  
41 stakeholders that will have to be part of the process and not just the general public, the word

1 “participation” should be added in the key result. Thus, it was changed to “capable local stakeholders with  
2 improved understanding and participation in the management of natural resources and revenues”.

3  
4 4.40. In discussing the key result, the secretariat was asked to differentiate the following key results:

- 5 - b. Bills/Legislations and policies institutionalizing EITI in the Philippines
- 6 - g. Policies, recommendations, and proposed legislations that will improve government systems and  
7 strengthen natural resource management

8  
9 4.41. The Secretariat explained that item b only refers to the law that will create EITI while item g pertains to  
10 the policies, recommendations or legislations that the MSG will recommend to address the gaps that have  
11 been identified.

12  
13 4.42. The Chair shared that the International Secretariat requires the work plan to be officially approved by  
14 the MSG.

15  
16 4.43. For clarification, the Secretariat mentioned that the work plan will still be amended and regularly  
17 reviewed by the MSG, as also required by the new standard.

18  
19 4.44. The body was reminded that the deadline for submission of the work plan to the International  
20 Secretariat is on December 31, 2013.

21  
22 4.45. Having no further comments, the MSG members formally approved the PH-EITI work plan in its  
23 entirety.

## 24 **5. Upcoming Activities**

25  
26  
27 5.1. The Secretariat reminded the body that there will be an EITI Conference in Jakarta, Indonesia on  
28 December 2 to 5, 2103. It was mentioned that the participants from the MSG are the following:

- 29 - Asst. Sec. Ma. Teresa S. Habitan
- 30 - Engr. Artemio F. Disini
- 31 - Prof. Maria Aurora Teresita W. Tabada
- 32 - Atty. Gay Alessandra V. Ordenes

33  
34 5.2. The body was also informed that the MSG representatives were tasked to present the objectives and  
35 the work plan during the said conference.

36  
37 5.3. The Secretariat also raised that the body needs to determine when the next MSG meeting will be held.

38  
39 5.4. It was also shared to the body that the work plan committee suggested to conduct a forum with the  
40 development partners and hold it back-to-back with the MSG meeting. The Secretariat expounded that the  
41 objective for the forum is to present the work plan to the development partners and encourage them to  
42 provide more support to PH-EITI activities.

1 5.5. The Chair clarified that there will be no MSG meeting for the month of December, 2013.  
2  
3 5.6. The body agreed to have the MSG meeting and the forum with development partners on January 24,  
4 2014.  
5  
6 5.7. The Chair mentioned that the Secretariat will consult the MSG members on the list of development  
7 partners to invite in the forum.  
8  
9 5.8. The Secretariat updated the body regarding development partners that are already funding PH-EITI  
10 activities. The following development partners were mentioned:  
11 - British Embassy  
12 - AUSAID  
13 - CIDA  
14  
15 5.9. It was also shared that the Asian Development Bank (ADB) has already expressed interest in supporting  
16 PH-EITI. However, no firm commitment has been made yet.  
17  
18 5.10. The Secretariat added that ADB is interested in helping with the following activities:  
19 - activities in relation to subnational implementation  
20 - production of reference materials  
21 - hiring of a communication strategist  
22  
23 5.11. For the information of the body, it was also shared that a meeting with World Bank was also  
24 conducted. The said meeting was participated in by the following:  
25 - Asst. Sec. Ma. Teresa S. Habitan  
26 - Mr. Sabino Santos  
27 - Atty. Ronald Recidoro  
28 - Atty. Gay Alessandra V. Ordenes  
29  
30 The Secretariat explained that during the meeting, World Bank also expressed their commitment and stated  
31 that they will expedite the processing of the MDTF for PH-EITI.  
32  
33 5.12. In relation to this, it was shared that the Secretariat plans to submit the MDTF application documents  
34 to the World Bank by early next week for review. Once approved, the Secretariat stated that the application  
35 for MDTF will then be formally submitted.  
36  
37 5.13. The Secretariat reported that that the World Bank guaranteed to make the funds available before April  
38 2014.  
39  
40 5.14. Since engaging the Senate and Congress is part of the work plan, in order to help the MSG adopt a law  
41 creating EITI, the Secretariat announced that a briefing with Congress and Senate is being planned and that

1 the tentative date is on February 4 to 5, 2014. The Secretariat explained that the briefing aims to introduce  
2 EITI and explain why there is a need to engage Congress and Senate on the process.

3  
4 5.15. The Secretariat mentioned that Mr. Michael Stanley and Mr. Andrew Schloeffel of World Bank have  
5 been invited to give the briefing to the Senate and Congress. The Secretariat wants to ask the different  
6 sectors to also give a presentation for the briefing.

7  
8 5.16. Regarding PH-EITI institutionalization, the MSG members were asked to think about whether or not  
9 they want to push for the creation of a separate EITI office or keep EITI as an adjunct to DOF. The Chair  
10 clarified this is something that will become relevant once the Congress is engaged.

11  
12 5.17. The Chair reiterated that the MSG members, as a group, should decide regarding how EITI will move  
13 forward and what will be its structure. It was mentioned that each organization will have a different view on  
14 the matter and that is why the Chair asked the MSG members to be more consultative and participative in  
15 all the actions that will affect EITI in the future.

16  
17 5.18. A concern was raised regarding the funding for the National Coordinator of PH-EITI. It was explained  
18 that the funding for the salary of the National Coordinator is only up to December 2013 while the salary  
19 from MDTF will not be available until April, 2014.

20  
21 5.19. The Secretariat was asked to draft a letter to Mr. Trevor Lewis of British Embassy requesting funds to  
22 cover the salary of the National Coordinator from January to March, 2014.

23  
24 5.20. The body was also informed that there will be an upcoming briefing for Local Government Units (LGUs)  
25 on February 11 to 12, 2014. The Secretariat shared that the briefing will cover all the 15 provinces where  
26 there are large-scale metallic mines and that they have been coordinating with DILG regarding this briefing.  
27 The objective of the briefing was also to inform the LGUs about EITI since the EITI consultants will be visiting  
28 these provinces for the scoping study.

29  
30 5.21. The Secretariat further explained that it is important that the LGUs be briefed regarding the output  
31 that the MSG will need from them for the EITI report.

32  
33 5.22. The Secretariat informed the body that CIDA agreed to fund the legal consultant needed for the  
34 contextual information of the report. It was also mentioned that the Secretariat has already identified a  
35 lawyer who will conduct the study and that they are in the process of finalizing the TOR of the consultant.

36  
37 5.23. As for the scoping study for subnational payments and transfers, the Secretariat shared that the  
38 agreement of the groups, composed of CSO and industry representatives and Dir. Bonagua of DILG, was to  
39 hire a consultant who will conduct a study on the feasibility of subnational implementation and come up  
40 with an operational framework for subnational implementation. On the basis of the study, the MSG will  
41 decide how to proceed with subnational implementation.

1 5.24. It was also clarified that the group also agreed that subnational payments will be included in the EITI  
2 report once the MSG decides that these payments are material. On the other hand, subnational transfers  
3 are required to be included in the report.  
4

5 5.25. The Secretariat announced that there will be a meeting with the non-COMP members on December 12  
6 to give an updated regarding EITI and the MSG members are all invited to attend. The meeting will be held  
7 at DOF.  
8

9 5.26. There was also an announcement that the Technical Working Group (TWG) of PH-EITI will have a  
10 meeting on December 11.  
11

## 12 **6. Financial Report**

13  
14 6.1. The Secretariat reported that as of October 31, 2013 the MSG has incurred a total amount of Php  
15 899,723.36. It was clarified that the said cost already covers the expenses for the previous trainings, MSG  
16 meetings and other activities.  
17

18 6.2. The body was informed that based on the allocated budget for PH-EITI in year 2013, Php 4,633,794.64  
19 was saved. The Secretariat explained that this budget is not allowed to be used for the following year since  
20 there is no continuing appropriation under the GAA for this particular year.  
21

22 6.3. The expenses of the industry sector in relation to EITI participation were also presented. The total  
23 expenditure of the industry sector, from 2012 to October 2013 is around Php 182,000.  
24

## 25 **ADJOURNMENT**

26  
27 There being no other matters to discuss, the meeting was adjourned at 4:30 PM.

# PH-EITI WORK PLAN

as of October 2013

*MSG Meeting  
28 November 2013*



# WORK PLAN OBJECTIVES

1. Show direct and indirect contribution of extractives to the economy (through EITI process)
  - a. Institutionalization of PH-EITI
  - b. Publication of EITI report
  - c. Validation of EITI report
  
2. Improve public understanding of the management of natural resources and availability of data



# WORK PLAN OBJECTIVES

3. Strengthen national resource management / strengthen government systems
  - a. Assess tax and legal systems
  - b. Ensure government receives all it is supposed to receive
  - c. Enhance stakeholder accountability (government, CSO and industries)
4. Create opportunities for dialogue and constructive engagement in natural resource management in order to build trust and reduce conflict among stakeholders
5. Strengthen business environment and increase investments

# WORK FLOW PROCESS

- a. MSG'S finalization of objectives
- b. Creation of working committee
- c. Inclusion of items from the old work plan
- d. Determination of activities to achieve the objectives
- e. Review by EITI International Secretariat and World Bank
- f. Consolidation and integration of inputs
- g. Approval and endorsement by the MSG

# KEY ACTIVITIES

- a. Institutionalization of PH-EITI
  - i. Formal creation of PH-EITI and establishment of EITI secretariat
  - ii. Strengthening of PH-EITI secretariat, MSG, TWG through capacity-building activities
  - iii. Addressing barriers to EITI implementation in the country by engaging Congress to legislate the creation of EITI and the adoption of its principles
  - iv. Developing a framework for subnational implementation of EITI
  - v. Regular meeting of the MSG

# KEY ACTIVITIES

- b. Implementation and Monitoring of EITI
  - i. Preparation of the reference materials for EITI implementation and hiring of consultants for the following studies:
    1. Legal and administrative obstacles to the implementation of EITI
    2. Scoping study on payments and incentives in the extractive industry, materiality of these payments, and assessment of capacity of regulatory agencies, tax administration agencies and extractive industries in generating the data needed to produce the report
    3. Operational framework for subnational implementation

# KEY ACTIVITIES

- ii. Building the required capacity for EITI implementation, monitoring, and reporting by giving trainings
- iii. Building the required capacity for civil society and media by training them how to understand and evaluate the EITI report
- iv. Submission of completed reporting templates
- v. Organizing study tours, participating in international conferences
- vi. Continuous outreach to stakeholders
- vii. Technical sessions to capacitate stakeholders in EITI reporting

# KEY ACTIVITIES

- c. Reconciliation of report on revenue flows
  - i. Hiring of an independent administrator
  - ii. Preparation and publication of EITI report
  - iii. Independent validation of EITI report
  
- d. Communication and Building Knowledge about EITI
  - i. Regular production of communication materials
  - ii. Establishment and Maintenance of website
  - iii. Establishment of a management information system
  - iv. Sub-national, national, and international outreach
  - v. Public dissemination of EITI report

# KEY RESULTS

- a. First Philippine EITI Report by December 2014
- b. Bills/Legislations and policies institutionalizing EITI in the Philippines
- c. A capacitated multi stakeholder group
- d. Mechanisms that will effectively facilitate the transfer of shares of local government units from earnings derived from extractive activities in their localities.
- e. Capable local stakeholders with improved understanding and participation in the management of natural resources and revenues
- f. Reference materials to create awareness and promote knowledge about proper management of revenues coming from the extractive sector

# KEY RESULTS

- g. Policies, recommendations, and proposed legislations that will improve government systems and strengthen natural resource management
- h. Ongoing dialogues that will reduce conflict among stakeholders and increase their accountability
- i. Improved information systems where EI data may be easily accessed
- j. Better business environment as a result of transparency in the extractive industries



# BUDGET

- a. Institutionalization of EITI
  - Php 23,965,554
- b. Capacity-building activities
  - Php 25,776,772.38
- c. Communications plan, reference materials and knowledge products
  - Php 3,400,000
- d. Information systems
  - 2,261,000

# BUDGET

- e. Outreach. Forums with stakeholders
  - Php 17,679,800.33
  
- f. Publication and dissemination of EITI report
  - Php 12,185,000
  
- g. Studies
  - Php 3,035,000

# FUNDING

**MDTF:** Php 62,153,320.24

**GOP:** Php 13,970,506.20

**BRITISH EMBASSY:** Php 7,511,300.27

**CIDA:** Php 1,745,000

**AUSAID:** Php 1,048,000

**STAKEHOLDERS:** Php 735,000

**WORLD BANK:** Php 1,140,000

**TOTAL:** Php 88,303,126.71

# TIMELINE

## GANTT CHART

## **DEADLINE OF WORK PLAN:**

➤ **DECEMBER 2013**

# **THANK YOU!!!**

**PH - EITI Secretariat**

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