

Philippine Extractive Industries Transparency Initiative  
**70th Multi-stakeholder Group Meeting**  
 11 June 2021 (Friday) | 9:00 am to 12:00 am | Google Meet

**Attendees**

<b>Government</b>	
Asec. Ma. Teresa Habitan	Department of Finance (DOF)
Ms. Febe Lim	Department of Finance (DOF)
Engr. Romualdo Aguilos	Mines and Geosciences Bureau (MGB)
Ms. Araceli Soluta	Department of Energy (DOE)
Mr. Rainier Diaz	Department of Budget and Management (DBM)
Mr. Joseph Decrepito	Department of Budget and Management (DBM)
Ms. Gianna Capacia	Department of Budget and Management (DBM)
Maria Angela Monica Salud B. Mamuyac	Department of the Interior and Local Government (DILG)
Anselmo M. Pascua, Jr	Department of Energy (DOE)

<b>Industry</b>	
Atty. Ronald Rex Recidoro	Chamber of Mines of the Philippines (COMP)
Atty. Francis Joseph Ballesteros, Jr.	Philex Mining Corp.
Engr. Rolando Paulino Jr.	Petroleum Association of the Philippines/ Shell Philippines Exploration B.V.
Atty. Odette Javier	Lepanto Consolidated Mining Co.
Atty. Joan Adaci-Cattiling	Oceana Gold Philippines

<b>Civil society</b>	
Mr. Vincent Lazatin	Bantay Kita / Publish What You Pay
Dr. Buenaventura Maata, Jr.	Philippine Grassroots Engagement in Rural Development Foundation, Inc.
Dr. Glenn Pajares	Sectoral Transparency Alliance on Natural Resource Governance in Cebu, Inc.
Mr. Chito Trillanes	Social Action Center – Ecology Desk, Diocese of Tandag, Surigao del Sur
Ms. Aniceta Baltar	Concerned Citizens of Abra for Good Governance
Angelica Dacanay	Bantay Kita

<b>PH-EITI Secretariat</b>
Mr. Eastword Manlises
Ms. Mary Ann Rodolfo
Ms. Mary Jane Baldago
Ms. Anna Leigh Anillo
Ms. Erryce Althea Antonio
Ms. Zoe Jimenez
Ms. Roselyn Salagan
Ms. Katherine Dennise Domingo
Ms. Rhea Mae Bagacay

<b>PH-EITI Consultants</b>
Atty. Brenda Jay Angeles
Ms. Linnet Chan
Ms. Sharon Macagba

## Agenda

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## Proceedings

### I. Call to Order

DOF Assistant Secretary Ma. Teresa Habitan chaired the meeting. There being a quorum, the meeting was called to order at 9:05 AM.

### II. Approval of the Agenda of the 70th MSG Meeting

The Secretariat presented the meeting's agenda. The Chair asked the members if there were any additional items for discussion. With no additional item for discussion, the agenda was approved.

### III. Matters arising from previous meetings

NO.	ITEM	ACTION	IN CHARGE	STATUS	REMARKS
<b>From the 69th MSG Meeting - May 14, 2021</b>					
69.1	Civic space	The DILG, based on a list that will be provided by the civil society constituency, will notify specific LGUs regarding the intention of civil society organizations to participate in the deliberations of local development plans.	BK and DILG	<b>Not yet started</b>	
69.2	Eight PH-EITI Report	The Secretariat to submit, for the MSG's approval, the revised draft TOR for the SSM chapter of the Eight PH-EITI Report.	Secretariat		To be presented in the meeting
<b>From the 68th MSG Meeting - April 16, 2021</b>					
68.1	Validation	The Secretariat to resend to the MSG the list of preliminary questions from the Validation team.	Secretariat	<b>Completed</b>	The list of preliminary questions has been sent to the MSG via the reference material for the 69th meeting.

68.2	Civic space	The Secretariat to propose the inclusion of the discussion of the key findings and recommendations of BK's shadow report on civic space in the agenda of the next MSG meeting.	Secretariat	<b>Completed</b>	The matter has been included in the agenda of the 69th meeting.
68.3	Mainstreaming	The Secretariat to form a technical working group to discuss mainstreaming plans, including proposed revisions to the terms of reference of the MSG, Secretariat, and independent administrator	Secretariat	<b>Not yet started</b>	
68.4	Eight PH-EITI Report	The Secretariat to submit to the MSG draft TORs for the consultancy requirements of the Eight PH-EITI Report	Secretariat	<b>Completed</b>	The draft TORs had been circulated to the MSG and are now being finalized based on MSG comments/inputs.
68.5	Small-scale mining	The Secretariat to inquire with the BSP regarding SSM production data	Secretariat	<b>Completed</b>	The Secretariat has requested a meeting with the BSP Mint and Refinery Operations Department, but the office has yet to grant the request.  May 17 - The Secretariat had a meeting with the MROD.
68.6	Subnationalization	The Secretariat to form a technical working group that will thresh out issues on subnationalization and prepare a concept note on the creation of subnational EITIs. The concept note shall be presented in the MSG's meeting in June 2021.	Secretariat	<b>Not yet started</b>	

## **IV. Main Business**

### **1. Draft Validation Report**

The Secretariat presented the preliminary findings of the validation team. The preliminary overall Validation score of the Philippines is 78.9 or Moderate. The MSG then discussed the responses to the preliminary comments.

#### Work plan (1.5)

*"... the plan does not clearly address the scope of EITI disclosures or the policy changes that the MSG wishes to see result from the EITI. The plan has an overall budget, but individual activities are not costed." p. 13*

The Secretariat said that it can provide additional details then the MSG can assert that the Philippines has exceeded the minimum requirements.

#### Public debate (7.1)

The Secretariat has no further recommendation on requirement 7.1 since the preliminary assessment is already "exceeded."

#### Data accessibility and open data (7.2)

*"Data on production (Requirement 3.2) or contribution to the economy (Requirement 6.3) does not appear to be available in open format, beyond the EITI summary data files." p. 14*

The Secretariat will address this observation. The MSG can then assert that the Philippines has exceeded the minimum requirements.

#### Recommendations from EITI implementation (7.3)

The Secretariat did not have any recommendation on Requirement 7.3. However, the CSO constituency sought clarification on the score being "fully met." During the validation consultation, the CSO constituency already identified issues and concerns on EITI implementation. The CSO representatives do not support the preliminary assessment score given on requirement 7.3.

The Secretariat surmised that there may be an implied suggestion to downgrade the score to "mostly met" but the CSO is requested to confirm it.

#### Review the outcomes and impact of EITI implementation (7.4)

The Secretariat has no further recommendation on requirement 7.4. The preliminary assessment score is "exceeded."

### Government engagement (1.1)

*"According to some stakeholders, efforts to seek additional funding have been limited." p. 15*

The Secretariat noted that there was a comment that the work plan is not properly costed so a column on budget will be included. The Secretariat explained that there was no budget allocated to specific activities and the budget is only allotted for the salaries and professional fees of consultants and Secretariat members.

The Secretariat also stated in response to the draft Validation report that the PH-EITI consistently proposes a budget that can cover the cost of implementation. It also regularly seeks and applies for external funding.

*"Consulted stakeholders noted weaknesses in the engagement of the Department of Energy (DOE). Its participation at MSG meetings was at a level that does not seem adequate to initiate reforms within the ministry or to ensure comprehensive disclosures. For example, it is yet to pass an administrative order that would compel coal producing Semirara Mining and Power Corporation to disclose information despite this issue being repeatedly discussed by the MSG." p. 15*

The Secretariat recommended the DOE to address the gap. Afterwards, the MSG may assert that the general objectives of the requirement have been fully met.

### Industry engagement (1.2)

*"A long-standing issue is the non-reporting of Semirara Mining and Power Corporation." p. 16*

The Secretariat recommends that the DOE sign the draft order that would compel Semirara to participate in PH-EITI. It is a long-standing issue and has been identified as one of the issues in the 2017 Validation and remains unaddressed.

If DOE will be able to do that, the MSG could then demonstrate and assert that:

- the overall objective of the requirement is met;
- majority, if not all, of stakeholders are engaged; and
- the oil and gas industry participates in MSG meetings and stakeholder engagement activities

### Civil society engagement (1.3)

*"... Validation identified obstacles related to civil society's freedom to express views, operate and associate on issues related to the EITI, in particular on the subnational level. The objective of ensuring an enabling environment for civil society engagement in the EITI is therefore not fully met." p. 17*

The Secretariat did not propose any recommendation, considering that the CSO Constituency already identified concerns in civil society engagement or civic participation, and that these concerns are valued and acknowledged.

### Multi-stakeholder group (1.4)

*"Some civil society representatives noted that the government and industry were unwilling to discuss social and environmental concerns at the MSG. However, MSG meeting minutes suggest that civil society has been able to raise concerns at the MSG. Stakeholders from all constituencies were supportive of gearing the MSG's work more towards analysis and impact." p. 17*

The Secretariat recommends the MSG to assert that the Philippines has exceeded the minimum requirements since the MSG conducts regular meetings, always has a quorum, and is able to discuss the matters or concerns on EITI implementation.

### Exploration (3.1)

#### Contribution of the extractive sector to the economy (6.3)

The Secretariat has no recommendation. Both requirements are preliminarily assessed as "fully met."

### Legal framework and fiscal regime (2.1)

The Secretariat has no further recommendation on requirement 7.1. The preliminary assessment is "exceeded."

### Contracts (2.4)

*"In practice, mining contracts are published, but only three oil and gas contracts (and no coal contract) are published." p. 21*

*"... the 6th PH-EITI Report's reference to the DOE's inability to publish contracts whose project terms are still active is a concern, as it raises questions about the prospects for the systematic publication of new coal, oil and gas contracts and amendments in future." p. 21*

The Validation team identified a missing contract pertaining to SC 14c. Four (4) oil and gas projects were covered in the 6<sup>th</sup> Report, the report under review, but there are only three (3) oil and gas contracts in the Contracts Portal.

The DOE explained in previous meetings that the PSC for SC 14c is the same as the PSC for SC 14. The Secretariat requested an immediate confirmation from the DOE.

The Chair called on the DOE representatives but unfortunately there were technical issues encountered on DOE's end. The Secretariat proceeded with the presentation.

The Validation team also took notice of the lack of coal contracts in the Contracts Portal. The lone material company for the coal industry is Semirara Mining and Power Corporation, and aside from that, there is no disclosure from other coal mining companies.



The DOF wrote to the DOE thrice regarding the matter. First in September, next was immediately after the Validation consultation, and then after the draft Validation report was released.

*"... there does not appear to be a comprehensive list of active contracts and licenses (including exploration licenses) indicating which contracts are publicly accessible and which are not. In addition, the full text of licenses does not appear to be published and it is unclear whether there are significant variations between licenses (permits)." p. 21*

The DOE and MGB should provide a comprehensive list of active contracts and licenses, including exploration licenses.

The DOE previously shared a list to the Secretariat, but there is a need to identify which copies of contracts and licenses are publicly accessible.

The Secretariat reiterated that there are 3 oil and gas contracts, and not a single coal operating contract.

#### Environmental impact (6.4)

Requirement 6.4 was not assessed.

#### Contract and license allocations (2.2)

*"... stakeholders expressed concerns that consultation processes were not always followed in practice... the number of mining license and contract transfers in 2018 is unclear from public sources." p. 23*

*"The 6th PH-EITI Report and online government sources list the one new oil and gas contract award in 2018 but does not clarify whether any new coal contract was awarded in this period. While the minutes of MSG meetings indicate that there were no transfers of participating interests in coal contracts in 2018, they note that the DOE was expected to subsequently confirm whether there were any transfers of interests in oil and gas contracts in 2018. There is no public record of the DOE's clarification of the number of transfers in oil and gas contracts in 2018." p. 23*

*"Although the bid criteria for awarding the oil and gas contract granted through bidding in 2018, the full list of bidders does not seem publicly accessible." p. 24*

Related to the previous requirement, the full list of bidders pertaining to the findings has been shared by the DOE even prior to the Validation consultations. The Secretariat was not able to include it in the Validation dossier. The Secretariat needs to publish the said list.

#### Register of licenses (2.3)

*"There is no single license register that is publicly accessible for licenses and contracts in mining, coal, oil and gas in the Philippines. It is unclear whether the 6th PH-EITI Report lists*

*all licenses and contracts held by material companies, or only those that gave rise to material payments to the government in 2018 (i.e. producing licenses and contracts). While some of the information listed under Requirement 2.3.b is accessible for the mining, oil and gas licenses, there are significant gaps in dates of application, coordinates and commodity(ies) covered. It is unclear whether information on coal contracts is available in the public domain. The Philippines is therefore far from the objective of ensuring the public accessibility of comprehensive information on property rights related to extractive deposits and projects." p. 24*

The Secretariat informed the body that requirement 2.3 received the lowest preliminary assessment score. The CSO constituency sought clarification on why the license register does not meet the EITI standard.

The Secretariat responded that the license register of the MGB database portal does not include the actual copies of the licenses. There is a requirement to disclose the actual licenses and dates of application, commodities and coordinates.

The Secretariat shared that, strictly speaking, the MGB does not issue licenses. What it issues are approvals of the Declaration of Mining Project Feasibility.

The Secretariat reminded the body that this is just one part of the equation. There should be a disclosure from the DOE, copies of licenses of oil and gas, and coal projects.

DOE previously declared that some of their contracts are proforma or model contracts/licenses. The Secretariat will try to explain that in the feedback.

Initially, the Secretariat did not think that the MSG could assert a higher assessment score but because of the MGB's proactive cooperation, there may be a strong case for requesting a higher assessment outcome.

#### *Beneficial ownership (2.5)*

*"... there are regulatory constraints hindering the publication of BO data given the lack of legal requirements to publish BO data and provisions of the Data Privacy Act." p. 26*

The Secretariat has no recommended action, but the CSO constituency explicitly suggested that the assessment score be downgraded to "partly met." They recognized that the SEC memo contributed to the disclosure of beneficial ownership, but noted that there are still more obstacles to be able to fully disclose the beneficial ownership information.

*"Yet while information on the filings of companies publicly listed in the Philippines appears to be available online, it is unclear whether the MSG has reviewed the filings of companies that are publicly listed overseas." p. 26*

*"The MSG does not appear to have undertaken a review of foreign-listed companies' filings to their respective stock exchanges." p. 26*

The Secretariat acknowledged that the MSG has not done this review because of other priorities and activities in the past few months. The MSG has not yet undertaken a review of foreign listed companies' filings to their respective stock exchanges, or other stock exchanges aside from the PSE.

The presentation was paused to hear comments from the MSG. The Chair opened the floor to comments.

A civil society representative expressed interest to see the list and participate in the process of analysis. Another civil society representative recommended having a special meeting to peruse the documents and be part of the minutes for compliance.

The Secretariat informed the CSO representatives that the list is publicly accessible and agreed on the latter's recommendation.

The Chair asked the Secretariat for the number of foreign listed companies.

The Secretariat identified at least three foreign listed companies but will coordinate with the SEC to validate if there are other companies listed overseas.

The Chair clarified that these numbers are foreign listed extractive companies. The Chair inquired with an industry representative regarding the number of foreign listed members of the Chamber of Mines of the Philippines (COMP).

An industry representative informed the body that currently, all operating mines are local, even OceanaGold Philippines. COMP will look into some of the projects in the application stage that may have foreign participation such as Goldfields although it is non-operating.

The industry representative also raised a question on the objective of the review— what is it that the MSG should be looking for and what does it hope to find out.

The Chair concurred with the point expressed by the industry representative. The chair believes that the matter refers to those publicly listed in the stock exchange market overseas, citing Philex as previously listed in the New York stock exchange. The Chair is also unsure of how many local companies are listed in stock exchanges abroad.

The industry representative responded that if there is a common share A in the PSE listing, it is usually traded overseas. He also named some companies with A shares (Lepanto, Philex and Benguet Corp.) He then called on the industry representative from one of these companies to further explain.

Another industry representative clarified that having A or B shares does not necessarily mean that the company is listed abroad. The representative clarified that Lepanto is not listed overseas. A shares are exclusively available to Filipinos such that A always consists of 60% of the entire outstanding capital stock, while the B shares are available to all nationalities but shall not exceed 40% which is the allowed cut-off for foreign ownership. They emphasized that this built-in mechanism is for them to comply with the constitutional requirement.

The reason why Lepanto still has foreign shareholders was because they were initially owned by the Americans but in the 60's or 70's, there was a Philippinization and the company was sold to Filipinos. Still, there are American shareholders who held onto their shares, but are B holders only.

The Chair resolved that it does not necessarily mean that companies like Lepanto are listed in the stock market abroad. The Chair was interested to know how many companies are subject to this kind of disclosure or review.

The Chair recognized another industry representative.

The representative from OceanaGold has a Philippine entity, the OceanaGold Philippines which is not listed in the Philippines, however the parent company is listed in Toronto and Australian stock exchanges. The representative expressed concern that filing, disclosure, and compliance with the listing requirements of different exchanges may require a lot of time and effort, thus, supporting the question of what will be the objective of the review.

The Chair again stressed on what will be the added value of this review, whether it will be for beneficial ownership or ensuring companies listed abroad are complying with EITI standards in a jurisdiction other than the Philippines.

The Secretariat confirmed that the comment of the International Secretariat is associated with the beneficial ownership transparency requirement. The Secretariat also took note of the questions stated on the objective of the review of filings and will then include them in the MSG feedback.

A civil society representative suggested that the added value of this review could be that the members will be able to see the compliance to the constitutionality of the 40% and 60% foreign and Filipino ownership.

Another industry representative confirmed that Philex is registered only in the Philippine stock exchange. They also shared that previously, the shares were classified into A and B shares but later merged into one class in 2006.

A civil society representative noted that the issue has a complex aim. They supposed that from the lens of the International Secretariat it is more on beneficial ownership but the PH-EITI review might help in improving the country's standard for transparency. It might help in looking at the gaps in this aspect and why it is failing to comply with the international standard.

The Chair recognized the interest of the members to undertake the review and suggested that before doing it, the MSG should first determine the framework of the review and the policy intended to improve or strengthen. The Chair also urged the body to be purposive in using the resources of the MSG.

The Chair aims to determine the purpose of the review, what the MSG will be looking for, and how this will enhance the implementation of EITI in the Philippines. The Secretariat may lead in establishing a TOR of the review.

An industry representative proposed to clarify with the International Secretariat “how far up the chain do we go?” because as discussed, the operating mines are all listed locally though some of the shareholders are foreign. The representative asked if the MSG needs to look into the filing of the parent company or just the local company or if all the majority owners are local but have foreign interests. He again reiterated the need to identify what the MSG is looking for, and what the review is going to be about.

A civil society representative convinced the body to not delimit the issue to a threatening context. Since the body is talking about beneficial ownership in a global context, the body should look at the beneficial owners regardless of the nationality. This leads to a global knowledge base with regards to beneficial ownership.

The Chair reckoned that the body had exhausted the discussion on requirement 2.5.

#### *Requested actions from the DOE*

The Chair requested DOE to address the comments earlier presented.

A government representative informed the body that the documents containing the agency’s response to the Validation comments have been routed to the concerned officials of the DOE. The representative also announced that they have requested ERDB to be the DOE focal person to the MSG.

The Chair emphasized that with the help of the response coming from the DOE, what the body wants to see is the current average scores to approximate the high scores that the Philippines got from the first validation. This is considering that only the DOE has control of most of the matters arising from the preliminary assessment of the validation team— such as the issue of Semirara's participation.

A CSO representative was convinced that the DOE has done its part but still cannot force Semirara to participate and therefore suggested that Semirara should be the one answering the questions of the International Secretariat in relation to the Validation. The representative believes that it is just a matter of responding if they want to join and if they finally say no, with any reason that they have, explore the possibility of leaving them alone. The representative also said that the body should inform the International Secretariat of the situation, and if they still wanted to deduct points, then the body should accept it since participation is voluntary.

The Chair thanked the civil society representative’s pragmatism and requested the Secretariat to continue with the next item.

Another CSO representative shared his thoughts on the Semirara issue citing two options— one is what the other CSO representative suggested, and the other is the opposite: elevate

the issue. They noted that the problem with Semirara has been an ongoing problem that it may reach a point where it becomes a mere footnote, and they do not want that to happen. The representative believes that participation and transparency is quite paramount. It may be considering a downgrade of the area.

Another civil society representative agreed.

The Secretariat proceeded with the presentation of the draft validation report.

#### State participation (2.6)

*"... there are a number of technical gaps such as the lack of information on the terms attached to state equity and participating interests in extractives projects and the lack of consideration of direct state loans and guarantees to extractive companies." p. 28*

The Secretariat requested the PNOC-EC and PMDC to address the gaps and respond to the comments of the validation team. The Secretariat has received feedback from the PMDC and is still waiting for PNOC-EC. When the comments have been addressed, the MSG could assert that the overall objectives of the requirement have been "fully met."

#### Sale of the state's in-kind revenues (4.2)

Requirement 4.2 is not applicable to the Philippines.

#### Transactions related to state-owned enterprises (4.5)

*"Subject to the MSG's confirmation that the figures for 2018 dividends from SOEs in the 6th PH-EITI Report are related to dividend payments actually made in 2018, it can be concluded that the MSG has adequately demonstrated that the requirement is not applicable in 2018 given that SOE dividends were below the materiality threshold of 2% of sector revenues." p. 29*

#### Quasi-fiscal expenditures (6.2)

*"It appears that this requirement was not applicable in 2018, but it would be helpful to understand the basis for the MSG's assessment, ideally based on a review of PMDC and PNOC expenditures in 2018." P. 29*

The independent administrator explained that what was used is the declared amount of dividend payments in PMDC and PNOC's respective financial statements and compared it to the total sector revenues. Neither the dividends paid in 2018 nor the dividends declared for 2018 exceeded the 2% threshold of sector revenues.

The MSG, following an explanation and recommendation from the IA, should confirm the information to retain the assessment that the requirement is not applicable to the Philippines.

The Secretariat will share the computations with the MSG.

### Production (3.2)

*"The Philippines has addressed all aspects of this requirement aside from the publication of production values for crude oil, natural gas, condensate and coal." p. 30*

*"... production values for fossil fuel commodities are not publicly accessible for 2018." p. 30*

The Secretariat pointed out that this is another item that the DOE may be able to address. They informed the Chair that the DOE has provided the production volume data but not the production value data. It is a gap that was already identified during the validation consultation. The DOE even then already emphasized that they were not able to collect these data. The ORE tool was able to collect the production value data of participating oil and gas companies but the 6<sup>th</sup> Report only covered four projects. The suggestion of the International Secretariat is to work closely with the DOE. The information could be extracted from ORE and ask the DOE to confirm any other production data that could be compared against ORE tool data.

The DOE representative shared that the Financial Services office does not have this kind of data. They audit and require contractors to report their expenditures for the purpose of computing the cost recovery. There is no provision in the service contract that they must provide DOE with the production value. The DOE also cannot Validate any data that the companies provided to PH-EITI.

The Secretariat understands the situation and arrangement within the DOE and acknowledged that they are not able to collect the data. The workaround is to rely on the data submitted by the companies in the ORE tool. It noted that the data does not include everybody yet the requirement is for all.

### Exports (3.3)

*"All of the information listed under Requirement 3.3 is publicly available in the Philippines, but not particularly accessible given that the data is published with HS code numbers without commodity names." p. 30*

The Secretariat is already addressing the comments.

### Comprehensive disclosure of taxes and revenues (4.1)

*"... there are gaps in the comprehensiveness of the disclosures of government revenues, particularly from the coal sector. The MSG's approach to materiality remains somewhat unclear and the value of the government's total revenues from the extractive industries, including from industries considered non-material, is not yet public. The lack of reporting by material companies accounting for a large share of government revenues from the coal sector is a concern." p. 32*

*"... there are stakeholder concerns among those consulted over whether the government has undertaken sufficient efforts to ensure participation in EITI reporting by all material*

*companies selected to report. Therefore, the broader objective of comprehensive disclosures cannot yet be considered fulfilled." p. 33*

The Secretariat requested the IA to provide feedback, and for the BIR to help address the issue. The materiality threshold was computed based on the data received by the participating companies but the International Secretariat asserted that the data that should be used is the overall revenue including those who are not participating. The BIR was able to provide this data. Other implementing agencies were able to provide data on their collection even with the non-participating companies. The Secretariat called on the IA to give additional information.

Although the IA recognizes that the waivers required by the BIR limits the comprehensiveness of the disclosure of taxes and revenue, the IA believes that the issue on this matter is the non-participation of Semirara since there is no data to reconcile with.

The Secretariat confirmed the statement of the IA. Whatever recommendation or action that the Secretariat or the agencies would do, it would still not be able to assert higher assessment scores. The issue on Semirara and coal operating contracts cut across plenty of specific requirements. These issues pulled the assessment scores down. Semirara is 99% of the coal sector.

The Chair said that it will be ironic knowing how the International Secretariat is really pushing on this if it turns out after all that it hardly pays any taxes. The Chair also wondered if that is the information intended to be surfaced.

The independent administrator noted that the coal sector represents only 7% of the entire extractive sector.

The Chair expressed that it is unfair that PH-EITI is bearing the onus of making Semirara comply.

An industry representative reiterated his earlier suggestion to have a little push back against the comments because the MSG of every country has a discretion to set what is material for its purposes and the MSG has already determined what it deemed to be material.

The Chair concurred and stated that it is the same thing with state participation where revenues are insignificant. Both agreed that a little push back is timely.

The Secretariat took note of the comments and requested a particular language to be included in the draft feedback.

An industry representative expressed support for the Chair's statement. The representative believes that this might be beyond the remit of PH-EITI because in the end what PH-EITI is trying to do is to encourage the organization to be transparent, and to a certain extent, a lot of the activities are on a purely voluntary basis, and that PH-EITI is not here to mandate them to be part of PH-EITI. And therefore, this issue raised by the International Secretariat might be appropriate to be escalated at DOF and DOE secretary level because they are the ones who have government power to mandate things to happen.



The Chair shared that they tried to get the incentive exemption of Semirara repealed under the TRAIN law and did not succeed. From then, one can assume that they are not paying excise taxes or are paying lower taxes compared to other companies. And they are still enjoying their incentive. The DOF will try again with the CREATE law.

There are actions to be taken to make them comply which are over and above the remit of PH-EITI and the MSG should make the International Secretariat understand that. The Chair acknowledges the need to follow a template, but this has to be responsive to country developments and situations. And in the Philippines the coal industry is not really significant when it comes to the revenues to the government. Another question is if it should be a significant revenue source for the government.

An industry representative added that from an external perspective, there is nothing wrong with what Semirara is doing. They have been given that incentive. As far as they are concerned, they are following the law. And the International Secretariat should respect that. In the end, PH-EITI cannot mandate them to be part of something that they do not want to be part of. PH-EITI can only encourage. As long as they can demonstrate that they are following those rules and structures that were originally given to them, the industry representative thinks that there should not be an issue. They said that it may be the tone of reply that the MSG should be giving the International Secretariat.

The Secretariat thanked the members and acknowledged the comments of a CSO representative sent through the chat box.

A civil society representative believes that this will signal other companies to invoke certain incentives given to them, or even the privacy under the national internal revenue code. He noted that it *is* time for the MSG to review the strategies it has implemented. The representative also said that they are not against the proposal from the other members and suggested that they sit down and negotiate.

The Chair clarified that the discussion is for the response to the International Secretariat's observations and to appreciate the efforts the PH-EITI has undertaken in the past regarding Semirara. The Chair noted that the MSG has conducted negotiations with Semirara in the past. It is the law that needs to be changed.

A CSO representative requested for a copy of Semirara's response to the MSG's requests to be able to read exactly what Semirara is trying to say. The representative however asked the MSG to not labor on the matter at this time, noting that when the president or the senior official is changed then maybe they will participate. The hope is there.

Another CSO representative shared the sentiment and suggested a case study on the Semirara engagement where the MSG will be able to present the facts of this story.

The Secretariat shared that a suggestion on a scoping study on Semirara had been previously suggested by the International Secretariat and that the MSG could assert a case for systematic disclosure. The Secretariat noted that it may require an application for mainstreaming, so they asked the MSG to wait for the results of the mainstreaming study.

Infrastructure provisions and barter arrangements (4.3)

Transportation revenues (4.4)

Not applicable in the Philippines.

Level of disaggregation (4.7)

No recommendation from the secretariat.

Data timeliness (4.8)

Data quality and assurance (4.9)

These are just suggestions to provide more information on the MSG plans to improve the timeliness of the report. PH-EITI has already closed the gap of reporting to one year. However, for 2019 and 2020, the gap returned to 2 years because of administrative delays. In the interest of time, we will not require MSG's comment. We only have to explain why the gap returned to 2 years.

Distribution of extractive industry revenues (5.1)

*"Subject to publicly accessible confirmation by the MSG that this was still the case in 2018 and that no new extra-budgetary extractive industry revenues existed in 2018, it could be assessed that the broader objective of the requirement of ensuring the traceability of extractive revenues to the national budget has been fulfilled." p. 35*

The Secretariat requested the DBM, MGB and DOE to make a statement on the observation of the International Secretariat. The secretariat said that there is a need to confirm that there are no new extra budgetary extractive industry revenues for 2018 and then the assessment score will be moved to "fully met."

A government representative from DBM confirmed.

The DBM explained that for intergovernmental transfers, it only processes what is in the Local Government Code (LGC)—mining, forestry, charges, and the energy resources collection.

The DBM confirmed DOF's explanation that extra budgetary means outside of the budget, and that what is disseminated to the LGUs are always presented in the budget as part of revenue collection which is the basis for allocation for the LGUs. This revenue collection distributed to the LGUs is certified by the different collecting agencies such as BIR and due to the Supreme Court's Mandanas ruling, for 2022 it will also include certifications from the Bureau of Customs and the Bureau of the Treasury for other offices which also collect tax revenues. Everything that is distributed to the LGUs are part of the budget and recognized in the budget.

The MGB confirms that there are no extra extractive industries budgetary revenues for 2018.

The DOE says that from the production share, national and local government shares are collected by the DOE and deposited to the Bureau of Treasury. There is no LGU share from Malampaya because the source of energy is not within the jurisdiction of any local government in Palawan as it is deep water, thus all are deposited to the Bureau of Treasury.

Revenue management and expenditures (5.3)

Requirement 5.3 was not assessed.

Subnational payments (4.6)

*"... the large number of non-reporting LGUs due to challenges in the ENRDMT system means that the objective of transparency in direct subnational payments cannot yet be considered fulfilled." p. 37*

The Secretariat requested the BLGF to address the findings that involve a large number of non-reporting of LGUs due to challenges in the ENRDMT system. For fiscal years 2018 and 2019, there are system issues that hinder LGUs from submitting reports. The BLGF tries to collect data manually so they must be able to disclose the data just the same. The BLGF already acknowledged the communication, and is expected to send updated data within the day.

Subnational transfers (5.2)

*"The Philippines has addressed most aspects of this requirement, although the relatively small number of local government units for which subnational transfers are disclosed raises concerns about the comprehensiveness of disclosures of subnational transfers of mining revenues in the 6th PH-EITI Report. Indeed, subnational transfer data was only disclosed for 11 LGUs receiving shares of royalties from mineral reservations and 36 LGUs receiving shares of mineral taxes, which appears low relative to the number of LGUs entitled to receive shares of mineral revenues." p. 37*

The DBM is requested again to explain the concern.

Mr. Rainier informed the body that upon perusal of the 6<sup>th</sup> PH-EITI, it suggests that the DBM released those that are charged against the General Appropriations Act, and this is based on the 2017 collections. However it should be noted that the DBM only released portions of the LGU base on the joint certification of implementing agencies and BTr and there are delays with the reconciliation and the DBM saw that they also charge collection from 2017 in the 2018 continuing Appropriations, 2019 GA and 2020 GA and it expects that it will still go beyond 2021 GA so there are difference from those being reported by the collecting agencies due to the fact that they report the collections on May during the year while DBM only release funds based on joint certification provided to them.

### *Ways Forward*

The Secretariat estimated that PH-EITI would not be able to submit the feedback on the 14<sup>th</sup>. The Secretariat asked the MSG if it would like to request an extension. This will give time to address concerns, particularly those concerning the DOE. The Secretariat informed the Chair that it may take two weeks to complete the responses.

The Secretariat also asked for any other feedback from the MSG. If there is none, all the recommendations presented will be included. Specific constituencies can also write separately to the International Secretariat.

The Secretariat again asked if the MSG would authorize the seeking of an extension for feedback.

There was no disagreement or comment from the body.

The Chair announced the request for an extension as final.

### **2. Presentation of the draft 7th Report**

Prior to the meeting, the four consultants engaged for the 7th Report have provided the drafts and key findings of their respective chapters for the perusal and review of the MSG.

The consultant for the Industry Outlook Chapter who was supposed to present first wasn't able to due to a scheduled flight.

#### *Reconciliation Chapter*

The Independent Administrator (IA) presented the initial findings for the Reconciliation Chapter.

In summary, the total projects that participated for the 7th Report is 72 out of the 86 targeted. The difference from what was reported in the last MSG meeting is the inclusion of Shangfil Mining and Trading Corporation (SMTTC) and Montalban Millex Aggregates Corporation (MMAC), which only submitted data in early June this year. However, the data submitted would no longer be subjected to further reconciliation since the submissions already surpassed the cut-off period for reporting. Both SMTTC and MMAC submitted due to the show-cause letters sent by the MGB that instructed the non-participating projects/companies to provide an explanation as to their non-participation and compel them to participate. Nonetheless, those who submitted data past the cut-off date will still be included in the report.

In terms of the rate of participation of projects/companies, the participation in 2019 decreased by 1% which is mainly due to the decrease in the participation of oil and gas companies. For this reporting period, only 2 contracts from the oil and gas sector participated, which are SCs 48 and 14C.

In terms of revenue, the total government collections from the extractive industry for FY 2019 is Php 62,400,501,509, whereas the total collections from those that participated is Php 56,110,013,989, which is 89.92% of the total collections from the extractive industry.

In terms of percentage, the participation increased in 2019, mainly due to the increase in scope of the non-metallic sector from the previous report from 20 to 28 non-metallic mining projects.

As to the decrease in total government collections in 2019, the IA hasn't dealt with that part yet. In terms of the percentage of targeted projects to the industry total, the revenue stream from the targeted projects is at 97.75% of the entire extractive industry revenue streams. The percentage of the in-scope revenue streams to industry total is at 96.39% of the total extractive industry revenue streams. As for the scoped-out revenue streams or those that will not be subjected to further reconciliation, the percentage to industry total is at 1.36%.

For the percentage of targeted projects to the industry total of the metallic mining sector, the revenue stream from the targeted projects is at 96.75% of the total revenue streams from the metallic mining sector. The in-scope revenue streams is at 96.55% and the scoped-out is at 0.20% of the total revenue streams from the metallic mining sector.

For the non-metallic mining sector, the revenue stream from the targeted projects is at 98.64% of the total revenue streams from the non-metallic mining sector. The in-scope revenue streams is at 94.86% and the scoped-out is at 3.78%.

For the oil and gas sector, it's 99.63% of the total revenue streams from the sector. The in-scope revenue streams is at 98.48% and the scoped-out is at 1.15%.

For the coal sector, the percentage of the revenue streams from the targeted project, which is SMPC, is at 85.33% of the total revenue stream collections from the coal sector. The in-scope revenue streams is at 85.17% and the scoped-out is at 0.16%.

In terms of reconciliation, the IA is at 60% of the reconciliation process since most of the companies have a work from home (WFH) arrangement, hence some of the supporting documents requested cannot be provided.

The total reconciled revenue streams and other taxes for the entire extractive sector is Php 49,391,240,483, which is already 86% of the reported total extractive government collections. If the government tax collections from the LGU are excluded, the percentage reconciled to total sector revenue streams and other taxes is at 86%.

In comparison to the metallic and oil and gas sectors, the non-metallic mining sector is dragging down the percentage of reconciled revenue streams to total sector revenue streams since some projects/companies from the sector are still not responding to the IA.

Similar to FY 2018, the percentage of reconciled revenue streams from the LGU is still over 100%, specifically 112%. The reason for this is the existing issues with the ENRDMT. Similar to FY 2018, the secretariat and IA requested supporting documents from the projects/companies instead.

The IA is still waiting for the data from MGB since most of the initial data provided is still incomplete, with some data only pertaining up to the 2nd quarter of 2019. The IA and secretariat already forwarded the data needed for reconciliation to MGB.

For the Safety, Health, Environmental and Social expenditures, the reconciled amount is Php 647,721,269. The main challenge encountered by the IA is the unresponsiveness of some companies, with reasons cited such as having a WFH arrangement. The IA asked the MSG for the deadline that should be imposed on the projects/companies for the submission of the requested schedules and supporting documents for reconciliation of the revenues reported, considering the data needed for the upcoming National Conference to be held on July 29, 2021.

To elaborate, the Secretariat shared that the original deadline of reporting was on November 8, 2020, however due to the pandemic, the MGB recently issued show-cause letters to companies identified by the secretariat as non-participating. The MGB granted dispensation to the companies that were not able to participate, as long as they provided an explanation as to their non-participation. The secretariat also allowed the companies that provided explanations to comply with the requirements, with the communication to the IA that should the data be not included in the reconciliation, at least provide unilateral disclosures. Some of these companies participated in EITI reporting for the first time.

To paraphrase the question of the IA, the Secretariat asked the MSG if the late submission would count as compliance, considering the provisions of DENR DAO No. 2017-07. The secretariat asked for the hard deadline before a company is declared as non-compliant and the sanctions for those who didn't respond.

The MGB explained that based on the data received from the non-participating companies, only nine (9) were given show-cause letters and six (6) of them responded already. The other companies who opted to submit data will still be included in the report but not in the reconciliation. The MGB decided to give these companies, for lack of a better term, a sort of an amnesty, considering the pandemic, and with the condition that they need to commit to participate in the next reporting cycle.

A CSO representative wanted to make sure that DENR DAO No. 2017-07 is enforced to ensure compliance with participation of the metallic and non-metallic mining projects.

The Secretariat reiterated that projects/companies that submitted data in response to the show-cause letter from MGB are still considered compliant, although their data will not be subjected to reconciliation. This is also to give these companies the chance to participate in succeeding reports. For those companies that haven't responded yet, either they will be followed up or the DAO will be enforced upon them.

Another CSO representative requested for the active and inactive PMRBs in all provinces to be included in the next report, for the reason that most of the things happening on the ground are not properly registered or recorded because there's no assurance that the PMRBs are still functioning.

A CSO representative supported the manifestation of the DAO, saying that it should be invoked for the compliance of non-participating companies and to improve their participation.

### *Thematic Report on SDMP*

The consultant for the SDMP Chapter presented updates and initial findings on the SDMP Thematic Report, specifically on the results of the perception survey.

During the 64th MSG meeting, the MSG requested the triangulation of information from the government, companies, and communities to appropriately capture the SDMP implementation in the case study areas. Thus, the primary data were collected from different stakeholders. The survey for the primary data collection started in late April through Google forms for the Project Officers of mining companies and local government unit (LGU) representatives. For the community survey, the survey questionnaires were coursed through the respective LGUs, considering the mobility limitations.

The target respondents were grouped into 3; one is the Project/Community Officer of the mining company for each case study area, second is representatives from the community of each case study area, and representatives from the LGU of each case study area.

For the communities, the barangay leader, women representatives, and other sectors were targeted. For the LGUs, the Planning and Development Coordinators and Local Government Operator Officers were targeted. There are different sets of questionnaires for each stakeholder. However, some questions are similar, with the intention of the consultant to gather the perception specific to the stakeholder.

For the perception survey questionnaires, each contains questions that are grouped into:

- Profile of respondents
  - Age, sex, position, and years in the company/position, and office and years with the local government
  - Occupation for community respondents
- Information on SDMP
  - Focus of SDMPs in their respective areas (Project Officers)
  - Knowledge of SDMP projects being implemented in the area (LGUs and community)
  - Perception on the level of involvement of different stakeholders in the SDMP (from identification of intervention to implementation of projects)
- Perception on the impact of SDMP Projects (Likert scale)

The survey questionnaire is different on the last part to cater to the respective interest of stakeholders:

- Challenges and Lessons Learned (for Project Officer respondents)
  - Challenges in the implementation and how they responded
  - Impact of these challenges to the implementation of projects
  - Observed manifestations of participation of the community
  - Strategies to ensure participation
  - Impact of disasters in the implementation (including covid-19)
  - Tangible and intangible changes in the community

- Best practices
- Suggestion to improve the implementation
- Local Government's Development Agenda and SDMP (for LGU respondents)
  - Monitoring of SDMP Projects
  - How SDMP projects fit into the LGUs development agenda
  - Issues and Challenges and how they responded
  - Evidences/manifestations of cooperation and participation
  - Tangible and intangible changes in the community
  - Contribution of SDMP in the municipality
  - Suggestion to improve the implementation of SDMP
- Impact of SDMP Projects (for community respondents)
  - Significant changes they noticed in the community attributed to the SDMPs (includes sketch map to show the "before and after situation" of their communities)
  - How SDMP projects helped the community
  - Changes in the attitude and aspirations of the community due to interventions thru SDMP
  - Knowledge on the initiatives of the companies to respond to disasters
  - Suggestions to improve the implementation of SDMP

As of June 9, 2021, the following have submitted survey responses:

- Project/ Community Officers of mining companies
  - Philex – Community Relations Officer
  - Oceana Gold – Social Development and Management System Superintendent
  - Atlas Consolidated Mining and Development Corporation/ Carmen Copper Corp. – Head
  - Community Relation Department
  - Republic Cement and Building Materials Inc. – Community Relations Manager
  - Taganito Mining Corp. – Sr. ComRel Development Specialist
- Local Government Units
  - Tuba, Benguet
  - Claver, Surigao del Norte
- Community
  - Taganito, Claver (2 responses); Urbiztondo, Claver (1 response); Hayanggabon, Claver (3 responses); Cagdianao, Claver (1 response)
  - Toledo, Cebu (7 responses)

The following are some updates:

- Claver LGU committed to assist in the collection of community survey responses (and is currently completing the submissions, as communicated on June 11)
- The Project Officer of CCC also committed to follow up on Toledo, Cebu LGU survey response, as communicated on June 9.
- For other submissions, PH-EITI and the consultant have devised an alternative way to collect these data.



## Initial Results of the Survey

### Project Officers of Mining Companies in Case Study Areas

- Age of respondents
  - Three respondents are between the age of 41-51 years old, one respondent is older than 51 years old and 1 respondent is between the age of 21-30 years old
  - Three respondents are males; two are females.
- Years in the company
  - Two respondents worked in their companies for more than 10 years; one respondent worked for less than 10 years; and two respondents worked for less than 5 years.

### Focus of SDMP

	Philex	Oceana Gold	Republic Cement	Carmen Copper	Taganito
Human resource capacity building	✓	✓	✓	✓	
Enterprise development and networking	✓	✓	✓	✓	✓
Assistance to infrastructure development and support services	✓	✓	✓	✓	✓
Assistance to education and educational support programs	✓	✓	✓	✓	✓
Access to health services, health facilities, and health professionals	✓	✓	✓	✓	✓

	Philex	Oceana Gold	Republic Cement	Carmen Copper	Taganito
Protection and respect of socio-cultural values, use of facilities and services within mine camp or plant site	✓	✓		✓	✓
Basic and applied research on mining technology, geosciences, and advanced studies related to mining, to be conducted by qualified researches	✓	✓		✓	
Expenditures for scholars, fellows and trainees, including grants for dissertations, on mining technology and geoscience and related subjects	✓	✓	✓	✓	✓

Expenditures on equipment and capital outlay as assistance for research and educational institutions	✓	✓		✓	
Establishment, enhancement, and maintenance of information and publicity centers where stakeholders can access information on the performance of a mining project	✓	✓	✓	✓	✓
Publication of information, education, and communication (IEC) materials on social, environmental, and other issues relative to mineral resources development and responsible mining operations	✓	✓	✓	✓	✓

Expenditures for continuing public awareness and education campaign	✓	✓	✓	✓	✓
Expenditures on equipment and capital outlay as assistance to the institutionalizing public awareness and education on mining technology and geosciences	✓	✓	✓	✓	✓

- Other than the prescribed activities for SDMP, Carmen Copper also include disaster resiliency program for their SDMP

### Perceived involvement of different actors in SDMP

Community Relations Officer, Philex

	Mining Company	Project/Community Officer	LGU	Barangay Officials	Community	IPs	Other stakeholders
Identification of intervention			✓	✓	✓	✓	✓
Identification of beneficiaries			✓	✓	✓	✓	✓
Designing of project implementation strategies				✓	✓	✓	✓
Implementation of projects	✓	✓		✓	✓	✓	✓

	Mining Company	Project/Community Officer	LGU	Barangay Officials	Community	IPs	Other stakeholders
Major decision maker				✓	✓	✓	✓
Monitoring of progress		✓		✓	✓	✓	✓
Permits and licenses			✓	✓	✓	✓	✓
Dissemination of relevant information	✓	✓	✓	✓	✓	✓	✓
Approval of projects				✓	✓	✓	✓

Other Stakeholders:

- Schools, churches, indigenous people's organizations, livelihood associations, senior citizens,
- Local representatives of Dept of Health, Dept of Education, Dept of Agriculture, Dept of Tourism, Dept of Trade and Industry, Cooperative Development Authority, Benguet Electric Cooperative, Benguet State University, Municipal Planning and Development Offices of Itogon and Tuba, Mines and Geosciences Bureau, etc

Social Development and Management System Superintendent, Oceana Gold

	Mining Company	Project/Community Officer	LGU	Barangay Officials	Community	IPs	Other stakeholders
Identification of intervention	✓	✓	✓	✓	✓	✓	✓
Identification of beneficiaries			✓	✓		✓	✓
Designing of project implementation strategies	✓	✓	✓	✓		✓	✓
Implementation of projects					✓	✓	

Major decision maker				✓	✓	✓	✓
Monitoring of progress		✓		✓	✓	✓	✓
Permits and licenses			✓	✓	✓	✓	✓
Dissemination of relevant information	✓	✓	✓	✓	✓	✓	✓
Approval of projects	✓	✓					

Other stakeholders:

- MGB, MMT, MRFC for monitoring of project implementation and accomplishment

Community Relations Manager, Republic Cement and Building Materials Inc.

	Mining Company	Project/Community Officer	LGU	Barangay Officials	Community	IPs	Other stakeholders
Identification of intervention	✓	✓		✓	✓		✓
Identification of beneficiaries	✓	✓		✓			✓
Designing of project implementation strategies	✓	✓		✓			✓
Implementation of projects	✓	✓		✓	✓		✓

Major decision maker	✓	✓		✓			
Monitoring of progress	✓	✓	✓	✓	✓		✓
Permits and licenses							
Dissemination of relevant information	✓	✓		✓	✓		✓
Approval of projects	✓	✓		✓			

Other Stakeholders:  
Sectoral groups such as Senior Citizens, Youth, and Teachers

Atlas Consolidated Mining and Development Corporation/ Carmen Copper Corp. – Head  
Community Relation Department

	Mining Company	Project/Community Officer	LGU	Barangay Officials	Community	Ips	Other stakeholders
Identification of intervention	✓	✓	✓	✓	✓		✓
Identification of beneficiaries	✓	✓	✓	✓	✓		✓
Designing of project implementation strategies	✓	✓	✓	✓	✓		✓
Implementation of projects	✓	✓	✓	✓	✓		✓
Major decision maker	✓	✓	✓	✓			
Monitoring of progress	✓	✓	✓	✓	✓		✓
Permits and licenses			✓	✓			✓
Dissemination of relevant information	✓	✓	✓	✓	✓		✓
Approval of projects	✓	✓					

Other stakeholders:

- DepEd, DA, DOST and DSWD are the other stakeholders involved in the implementation of SDMP in Cebu

Other activities:

- Program impact assessment – Project/ Community Officer
- Maintenance of projects – LGU and Community
- Provide baseline information – Barangay Officials
- Technical support – Other stakeholders

Sr. ComRel Development Specialist, Taganito Mining Corp.

	Mining Company	Project/Community Officer	LGU	Barangay Officials	Community	Ips	Other stakeholders
Identification of intervention							
Identification of beneficiaries							
Designing of project implementation	✓	✓	✓	✓	✓		✓

<b>strategies</b>							
<b>Implementation of projects</b>	✓	✓	✓	✓	✓		✓

<b>Major decision maker</b>	✓	✓	✓	✓	✓		
<b>Monitoring of progress</b>	✓	✓	✓	✓	✓		✓
<b>Permits and licenses</b>	✓	✓	✓	✓	✓		✓
<b>Dissemination of relevant information</b>	✓	✓	✓	✓	✓	✓	✓
<b>Approval of projects</b>	✓		✓	✓	✓		

Other stakeholders:

- Government Line Agencies - TESDA, DA, BFAR, CDA and Private Institutions

For the other details of the updates on the Thematic Report on SDMP, kindly refer to slides 30-51 of the presentation [here](#).

### *Contextual Information Chapter*

The consultant for the Contextual Information Chapter presented the initial draft and findings for the first chapter of the report. The consultant explained the reason for the delay of submission of the full draft. She further explained that she is still working on the narratives, but currently, the draft narrative provided expounded on the initial presentation made during the last MSG meeting.

For the full draft of the chapter, kindly access it [here](#).

### *3. National Conference and Transparency Awards (for comments/inputs and approval)*

The Secretariat presented the proposed program.

The Chair expressed preference for Representative Jose Clemente “Joey” Salceda as keynote speaker.

The Chair suggested preparing a speech for the Opening Remarks of Secretary Carlos G. Dominguez. The secretariat confirmed that the speech can be delivered via video recording. The secretariat explained that the structure of the program includes presentation of each chapter of the country report.

While the Chair has informally notified the secretariat for a more relaxed involvement in the National Conference, the secretariat requested her to present the Industry Outlook, being her last major activity with PH-EITI.

The Social Development and Management Program (SDMP) will be presented by Atty. Ronald Recidoro of the Chamber of Mines of the Philippines, while the CSO part will be the

presentation of the Mainstreaming Action Plan by Mr. Vince Lazatin, National Coordinator of Bantay-Kita.

The Secretariat emphasized that the spotlight in the presentations will be on the National Wealth Shares Portal of the Department of Budget and Management (DBM) since this has been a concern raised in previous stakeholder engagements.

The Secretariat encouraged the MSG to share their comments in the chat box or write the detailed suggestions in the reference document sent to the MSG prior to the meeting.

### Transparency Awards

The secretariat mentioned that the mechanics used in previous years will be adopted, but a new set of criteria is being proposed. In previous years, there were only three main criteria: comprehensiveness, least discrepancy and timeliness. The proposed criteria focus on disclosure and assign a score for each set of data that should be disclosed. For instance, the scoring criteria for a company include contracts, information on beneficial ownership, production and export data, payments, and gender data. Whereas, for LGU and NGAs the criteria are for data sets relevant to their sector. For NGAs though, points will be deducted for every EITI requirement that is not reported.

The overall purpose of the new set of criteria is to assess not only the transparency in revenue but in other pertinent areas as well.

The secretariat requested comments from the MSG.

With limited time, the secretariat did not present the program on OnLearn.

### **Other Matters**

#### *TOR on SSM Chapter*

The secretariat presented the Terms of Reference for the production of the chapter dedicated to Small Scale Mining.

Considering time and budget constraints and based on information received from BSP and other entities consulted, the objectives were reduced to two:

1. Assessment of the impact of existing and proposed legal and regulatory framework for small-scale mining (SSM) on SSM production and revenue transparency; and
2. Assessment of the applicability of PH-EITI's SSM reporting tool to other SSM areas.

The chapter will include the following:

1. An overview of the SSM sector, including the sector's contribution to the economy, for fiscal year 2020 pursuant to EITI Requirement 6.3;
2. Comprehensive updates on and an analysis of current and proposed legal and regulatory framework for SSM, including government policies/guidelines on the sale

- and purchase of gold, and their impact or potential impact on SSM production and revenue transparency;
3. An assessment of the applicability of PH-EITI's SSM reporting tool to at least three SSM case study areas; and
  4. Wherever feasible, disclosures or references to and analysis of disclosures by national/local government and small-scale miners of production and revenue data covering fiscal year 2020

The Secretariat noted that PH-EITI may advocate the use of ORE tool among LGUs to help in the monitoring of production and revenue. The Secretariat shared that the BSP has expressed intention of having the production monitoring, particularly how much goes to the BSP and how much goes to the black market.

The proposed contract price and engagement period remains the same, and the Secretariat will help with data gathering.

The chair asked the MSG for comments and gave provisional approval on the TOR for SSM, pending comments in the next five to seven days.

### *Report on activities*

#### Mainstreaming consultation with government and industry stakeholders

- To finalize the mainstreaming feasibility study and develop an action plan on mainstreaming, the consultant with the help of the Secretariat facilitated a consultation with EITI implementing agencies on May 21. A significant number of MSG members participated in the consultation, which was also attended by around 70 representatives from over 15 government agencies.
- Following the recommendation of Atty. Ron Recidoro, and recognizing that members of the industry also have a significant role in EITI mainstreaming, the consultant agreed to hold a special session for industry members. The consultation was held on June 4 and was attended by around 80 representatives from 25 metallic and 16 nonmetallic mining companies.
- The consultant also held a separate consultation with the Secretariat on May 27.
- Common/emerging themes, preferences, or suggestions from the three sessions include:
  - The redefinition of systematic disclosure or the adaptation of EITI mainstreaming in the context of the Philippines;
  - The continued relevance of reconciliation at least in the interim and in particular datasets;
  - The significance of a schematic diagram or some form of visualization to better communicate how systematic disclosure should or will look like;

- The combination of centralized and decentralized disclosures as the Philippines' model of mainstreaming at least in the interim. This will also facilitate efficient aggregation of data for analyses; and
  - Redefining the role of the MSG and the Secretariat under EITI mainstreaming.
- Following the successful consultations, the consultant also suggested that a final session be held with civil society representatives. The proposed date of the consultation is next Friday, June 18th, 9am to 12nn.

#### Meeting with NRGi on anti-corruption diagnostic tool

- The use of the NRGi anti-corruption is part of the approved work plan for 2021, under a program on anti-corruption, which the MSG agreed to just call a Transparency and Accountability. It is initially meant to be used for analyzing contracts and beneficial ownership disclosures. The tool was first introduced in an EITI International regional webinar, and next in PH-EITI's Extractives Transparency Week series in November last year.
- The NRGi some time in April reached to the Secretariat to have a follow through on the possible pilot use of the tool in the Philippine context. A meeting was then arranged and held on May 20. MSG members have been invited to the meeting. The EITI International also participated in the meeting by providing a recap on the anti-corruption initiatives given that it is one of the priorities of the Board this year.
- In the meeting, the NRGi presented how EITI disclosures can be used to diagnose corruption risks. It has been emphasized that the tool is not for "witch-hunting", and the focus is on identifying vulnerabilities along the extractives value chain or identifying weaknesses in the system that could be a potential area for illicit activities. The tool is not meant for investigating specific entities.
- While national secretariats may take on the responsibility in implementing the tool, the tool is best implemented by an independent researcher who can focus on the work that may last a minimum of four (4) months. The NRGi may also assist in the implementation process.
- The Secretariat said that, considering other priorities in the second half of the year, it may not be possible for the Secretariat to finish implementing a tool that is as rigorous as the anti-corruption diagnostic tool within the year without additional manpower or the aid of a consultant.
- The NRGi said that the MSG may decide on its priorities, and it may opt to implement only the first two out of the six steps in the process.
- More information about the tool is accessible at <https://www.resourcegovernance.org/analysis-tools/publications/how-can-anticorrupti-on-actors-use-eiti-disclosures>.



## Updates on the Meeting with NCIP on IP royalty data, MOAs, and CRDPs

- The Secretariat sought a meeting with the NCIP to discuss the following:
  - Optimization of the Online Reporting in the Extractives (ORE) tool for the reportorial requirements of the NCIP that also contains data and information that the PH-EITI needs;
  - Disclosure of copies of Community Royalty Development Plans (CRDP), and memoranda of agreements (MOAs) between IP communities and mining companies.
- The meeting was attended by NCIP regional directors, and other representatives from NCIP central and regional offices.
- The participants relayed the following issues in IP royalty monitoring:
  - Lack of manpower
  - Correct computation of the royalty that must be paid to the community
  - Lack of company coordination with or reporting to regional offices
  - Pending FPIC applications
  - Regions that have no extractive operations
- The NCIP central and regional offices welcome the idea of using the ORE tool in submitting IP royalty data and other information required by both the NCIP and the PH-EITI. The central office said that it is better that the regional offices, being the ones directly monitoring IP royalty payments, directly submit data through ORE.
- If there would be an orientation on or training in using ORE, it is suggested that all regional offices participate even those that are in areas without extractive operations as officials and personnel are sometimes rotated or reshuffled.
- Other concerns in IP royalty monitoring include data privacy and data quality.
- On the matter of MOA and CRDP disclosures, the NCIP relayed that there is a standing commission en banc (CEB) resolution that prohibits public disclosure of documents that are in the custody of the Ancestral Domains Office, and these include MOAs and CRDPs.
- The ADO, however, is willing to find a workaround or iron out some concerns in order to comply with the transparency requirement.
- A main concern is getting the consent of the community to disclose copies of the documents.
- Proposed ways forward include the (i) review of existing monitoring tool; (ii) issuance of a CEB resolution or any similar instrument that would make it mandatory for NCIP regional offices to submit EITI reports through ORE; (iii) and conduct of training for regional focal persons.

## Roundtable discussion on gender

- Building on the results and recommendations of the scoping study on gender in extractives, the PH-EITI held a roundtable discussion (RTD) on gender and sustainability. The RTD aimed to (i) affirm the gaps in the current state of gender in the extractives; (ii) determine key factors for best-practice gender-based initiatives and programs, from both government agencies and extractive companies, that can be replicated, expanded, and/or sustained; and (iii) identify factors that will comprise

a framework for sustainable gender-responsive initiatives in the extractives that would contribute to local and national development.

- The RTD was held on June 3 and was attended by about 90 participants.
- There were presentations from the DOF, DIWATA, and the Provincial Government of Dinagat Islands. The presentations were followed by open discussions on genderizing rules and policies, building capacities for gender-responsive programs, and establishing support and enabling environment for gender-responsive extractives.
- The following are some of the key takeaways that may form part of the framework for sustainable gender-responsive program:
  - There should be standard, harmonized, and disaggregated data that would serve as bases for developing initiatives.
  - There should be standard courses, orientations, or learning sessions on gender sensitivity, anti-sexual harassment policies, and reproductive health care, among other relevant topics.
  - There should be a promotion of enterprising activities and there should be training for entrepreneurship.
  - Science and technology courses are promoted or are directly offered to women/girls.
  - There should be training on social skills.
  - Women should be encouraged and empowered to participate.
  - Gender and development programs must include a subprogram on financial inclusion.
  - Programs could start with specific population segments or demographics.
  - Basic services for women especially those related to reproductive health are necessary.
  - Programs should explore partnerships between and among national agencies, local governments, non-governmental organizations, and the companies, among others.
  - Companies should deliberately open employment opportunities for women.
  - Other genders should also be considered in developing initiatives.
  - There must be proper social preparation.
- To enable and advocate gender inclusion, the government should also:
  - Be conscious about the utilization of the 5% gender development fund;
  - Reduce bureaucratic processes that affect women inclusion;
  - Integrate gender considerations in policies, government-mandated bodies, and monitoring mechanisms.
- To ensure gender inclusion in the industry, companies must commit to establishing and/or improving gender and development programs.

**Setting of the next meeting**

The next MSG meeting will be scheduled for September 2021, after the National Conference.

**Adjournment**

With no other items on the agenda, the meeting was adjourned at 12:15 pm.

**- END -**