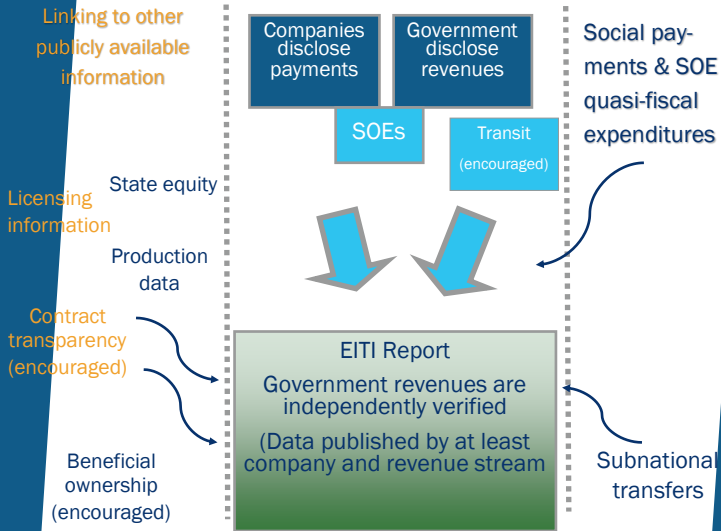


## WHAT IS THE EITI STANDARD?

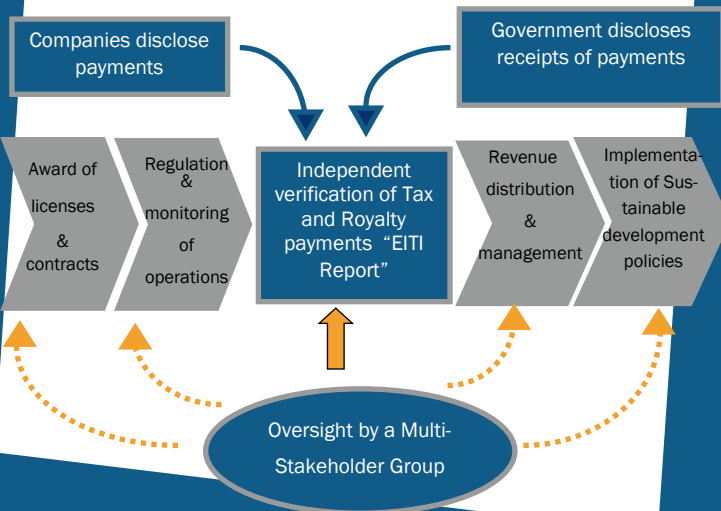
Multi Stakeholder Group (government, industry & civil society)

Establish scope → EITI Report → communication → informed debate



## HOW THE EITI WORKS

The EITI provides a Forum for dialogue and a Platform for broader reforms



## THE EITI STANDARD

The EITI standard consists of two chapters:

Chapter one, *Implementation of the EITI Standard*; and Chapter two, *Governance and management*.

**Chapter one**, *Implementation of the EITI Standard*, includes:

- ◆ **The EITI Principles**, which were agreed by all stakeholders in 2003. These Principles lay out the general aims and commitments by all stakeholders.
- ◆ **The EITI Requirements**, which must be adhered to by countries implementing the EITI.
- ◆ A section on **EITI Board oversight of EITI implementation**, which outlines the time frames that implementing countries must adhere to and the consequences of non-compliance with the EITI Requirements.
- ◆ **Overview of Validation**. Validation provides stakeholders with an impartial assessment of progress in EITI implementation towards meeting the requirements of the EITI Standard.
- ◆ **The protocol "Participation of civil society"**, which sets out requirements and expectations regarding civil society participation in EITI implementation.
- ◆ **Expectations for EITI supporting companies.**
- ◆ **The Open Data Policy.**

**Chapter two** addresses the EITI's *Governance and management*. It includes : the **Articles of Association** which address how the EITI Members' Association is governed and the **EITI Openness policy**, which addresses how the EITI itself should be transparent. Each constituency of the Association has agreed on the **Constituency guidelines**. It also includes the **EITI Association code of conduct** which establishes expectations for conduct for all EITI Board Members, their alternates, Members of the EITI Association, national and international secretariat staff and members of the multi-stakeholder groups.

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 LIKE US ON



Promoting Transparency and Accountability  
of Revenue from the PNG Mining and  
Petroleum Value Chain

## EITI AND ITS IMPLEMENTATION IN PNG



The EITI Value Chain ranging from Agreements &  
Contracts, Production Data, Revenue Collection, Revenue  
Allocation and Social and Community Benefits

## WHAT IS THE EITI

- ◆ The Extractive Industries Transparency Initiative (EITI) is the global standard established in 2002 with a goal of increasing transparency and accountability across oil, gas and mineral resources value chain.
- ◆ There are over fifty (50) EITI implementing countries, and these countries are required to produce annual reports that disclose information in line with the EITI Standard.
- ◆ The adoption of the EITI Standard is discretionary and must be incorporated into individual country's laws to be binding.

## EITI IMPLEMENTATION IN PNG

- ◆ The discussion of EITI started in 2006 as a result of the PNG LNG project.
- ◆ A scoping study was conducted to determine the feasibility of PNG joining the EITI. The study found that PNG was already implementing some of the initiatives under EITI.
- ◆ The study also highlighted that implementing EITI would greatly increase transparency and accountability of the extractive industry revenue flows to the government and further down to local level governments.
- ◆ National Executive Council (NEC) Decision 47/2011 endorsed the establishment of a State Working Group to look into possibilities of joining EITI in consultation with all stakeholders.
- ◆ NEC Decision 90/2013 approved PNG to sign up to the EITI and endorsed Treasury Minister to lead EITI implementation in the country.
- ◆ End of 2013, PNG applied to become an EITI candidate country, at the same time PNGEITI MSG signed the MSG MoU that established the platform for collaboration of stakeholders in ensuring revenue transparency and accountability in the extractive sector.
- ◆ In 2014 EITI Board declared PNG an EITI candidate country.

## EITI GOVERNANCE & LEADERSHIP IN PNG

- ◆ The EITI Standard requires candidate countries to form a multi-stakeholder group (MSG) as the key decision making body for implementation.
- ◆ The MSG represents government, civil society and the extractive industry.

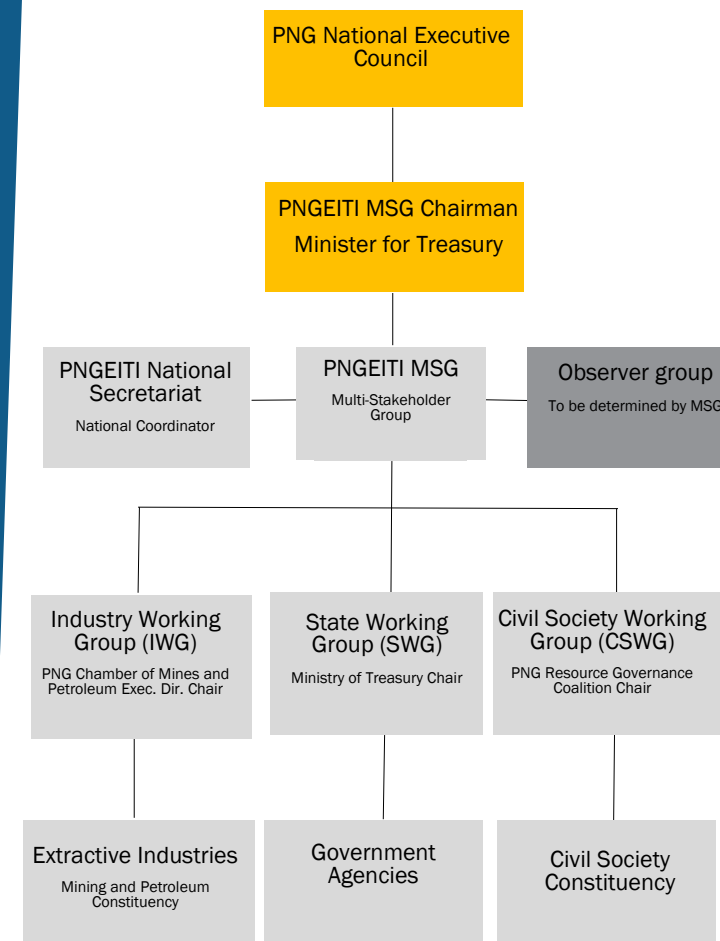
**The MSG is chaired by the Minister for Treasury, and comprises members;**

- ◆ 11 representatives from the Government, including 4 voting and seven non-voting;
- ◆ 4 representatives from state-owned enterprises, including 3 voting members and 1 non-voting member;
- ◆ 8 representatives from civil society, including 7 voting and 1 non-voting, selected through a democratic process based on agreed criteria, representing a range of perspectives and constituencies
- ◆ 7 representatives from the extractive industry, selected through a democratic process based on agreed criteria, in collaboration with the PNG Chamber of Mines and Petroleum.

## PNGEITI'S OBJECTIVES OF IMPLEMENTING EITI

- ◆ Increased transparency of revenue flows from the companies to government, various landowners' trust funds, associations, and the provincial governments.
- ◆ Use of the EITI model as a diagnostic tool to assess government's management of resource revenue and its policy settings with recommendations to be used as a platform for broader reforms.
- ◆ Provide reliable data for citizens to stimulate debate and hold government and companies accountable.
- ◆ Increase investors' confidence to invest in PNG.
- ◆ Provide a forum for enhancing dialogue between the government, industry, landowners and citizens.
- ◆ Support and complement PNG's Sovereign Wealth Fund (SWF) and Government reforms to fight corruption such as the establishment of the Independent Commission against Corruption (ICAC).

## THE PNGEITI STRUCTURE OF GOVERNANCE



The PNGEITI National Secretariat assists the Chairman in providing coordination, facilitation and administrative support to the MSG. It is governed by terms of reference approved by the MSG.

*The PNG Extractive Industries Transparency Initiative (PNGEITI) is an independent body established by the PNG Government to promote transparency and accountability of revenue it receives from the mining, oil & gas sectors and how it spends these funds. PNGEITI is part of a global best practice standard known as the Extractive Industries Transparency Initiative (EITI) that promotes good governance in the extractive sector. In EITI implementing countries, companies involved in the extractive natural wealth (oil, gas and minerals) industries are required to report on what they pay to the governments and governments are required to publish what they receive from these companies in a given financial year. These financial data are then reconciled by an independent administrator and are published in the annual EITI Reports for public information.*