

MINUTES OF DELAYED THIRD QUARTER MSG (MEETING # 03/2021)

WEDNESDAY, 15TH DECEMBER 2021

10:00 AM – 12:15 PM

LEVEL 05 CONFERENCE ROOM, THE TREASURY BUILDING

IN ATTENDANCE

Government

1. Channan Kumalau – Department of Petroleum & Energy (DPE)
2. Arnold Lakamanga – Mineral Resources Authority (MRA) - online
3. Christy Tende – Department of Treasury (DoT)
4. Gilmister Ben – Department of Treasury (DoT)
5. Albert Kenny – Internal Revenue Commission (IRC)
6. Nancy Kavv – Conservation & Environment Protection Authority (CEPA) - online

Industry

1. Professor Albert Mellam – PNG Chamber of Mines & Petroleum (PNG CMP) online
2. Osbourne Karmie – Kumul Petroleum Holdings Limited (KPHL) – online
3. Malcom Negints – Kumul Petroleum Holdings Limited (KPHL) – online
4. Fabian Kuais – Kumul Petroleum Holdings Limited (KPHL) – online
5. Joshua Kais – Newcrest Mining Limited (NML) online
6. Harold Duigu – Ok Tedi Mining Limited (OTML) – online
7. Richard Kassman - TotalEnergies EP PNG Limited (online)
8. Kakra Koram - TotalEnergies EP PNG Limited (online)
9. Maryline Santana - TotalEnergies EP PNG Limited (online)

Civil Society Organisations (CSOs)

1. Paul Barker – Institute of National Affairs (INA) – online
2. Wallis Yakam – Consultative Implementation & Monitoring Council (CIMC)
3. Yuambari Haihuie – Transparency International PNG (TIPNG)
4. Lloyd Kombe – Transparency International PNG (TIPNG)
5. Andrea Maru – Transparency International PNG (TIPNG)
6. Jasmine Murray – Transparency International PNG (TIPNG)

Development Partners / Consultants / Observers

1. Sakaro Takchi – JICA Head Quarters (GPD) online
2. Reiko Kawaba – JICA Head Quarters (GPD) online
3. Akira Fujiwara – JICA PNG (online)
4. Takihiko Yokota – JICA PNG (online)
5. Alvin Mokavelaga – JICA PNG (online)
6. Shiro Otomo – JICA Expert Team (online)
7. Yoshio Chikamatsu – JICA Expert Team (online)
8. Harume Toyama – JICA Expert Team (online)
9. Amy Fitina – JICA Expert Team local consultant
10. Leonard Catalon – Ernst & Young
11. Rowina Belapuna – Ernst & Young (online)
12. Paul Kiriwi - Kuna Taberia Kiruwi Accountants & Advisors (KTK) – online

National Secretariat (PNGEITI)

1. Lucas Alkan
2. Christopher Tabel
3. Oliver Maingu
4. Francis Diakon
5. Gedion Timothy
6. Sarita Peai
7. Naomi Puipui

NOT REPRESENTED

1. Department of Prime Minister & National Executive Council (PM&NEC)
2. Department of Finance (DoF)
3. Department of Mineral Policy & Geohazards Management (DMP&GM)
4. Department of National Planning & Monitoring (DNPM)
5. Mineral Resources Development Company (MRDC)
6. Auditor General Office (AGO)
7. Kumul Consolidated Holdings (KCH)
8. Santos
9. Harmony Gold (PNG) Exploration Limited
10. Exxon Mobil PNG Limited (EMPL)
11. PNG Resource Governance Coalition (PNGRGC)
12. World Bank (WB)

1. WELCOME & INTRODUCTION

National Secretariat (Lucas Alkan) welcomed members (both in physical attendance and on-line) to the 3rd MSG meeting for the year and informed that a senior Government MSG representative was not available to chair the meeting. He therefore sought advice from the members present if it would be acceptable for the National Secretariat to chair the meeting given the circumstance. It was agreed by the MSG for the Head of Secretariat to conduct the meeting as the Acting Chair. The Acting Chair assumed the role of the Chair and welcomed members again and commenced the meeting at 10:00am after everyone had introduced themselves.

2. REVIEW OF MATTERS ARISING FROM MEETING MINUTES # 1 & 2, 2021

The Acting Chair allowed some time for members to review the first and second meeting minutes before being accepted as true records of the meetings. After the review, INA (Paul Barker) moved that the minutes the first meeting be accepted as a true record of that meeting. MRA (Arnold Lakamanga) seconded the motion and the minutes were accepted as an accurate record of that meeting. INA (Paul Barker) further moved that the minutes of the second meeting be accepted as a true record of that meeting. Since there was no seconder for the motion (as none of the members present had attended the second meeting), the minutes were accepted as an accurate record of that meeting.

3. PROJECT UPDATES

(a) 2020 PNGEITI Report Preparation

The Acting Chair informed Ernst & Young (EY) was the successful bidder for the 2020 report preparation and the MSG had already appointed EY as informed earlier through the email circular. He further informed that the Independent Administrator (EY) had already commenced mobilizing resources to progress the work. The Acting Chair invited the Independent Administrator (IA) to brief the MSG on the approach to be taken in executing the assignment.

The IA (Leonard Catalon) conveyed his appreciation to the MSG for reappointing EY to prepare the 2020 PNGEITI Report. He further thanked the MSG and the National Secretariat for appointing EY as the Coordinator for PNG's Second Validation to commence in April, 2022.

The compilation of information and data for the 2020 reporting process were outlined by Mr. Catalon as follows:

- ✓ Scooping Study- January 2022
- ✓ Inception Report- January, 2022
- ✓ EITI Reporting Template Training, 27th January 2022
- ✓ Date Collection and Initial Reconciliation, Feb- April, 2022
- ✓ Investigation of Discrepancies, May 2022
- ✓ Draft PNGEITI 2020 Report, June, 2022
- ✓ Final PNGEITI 2020 Report, July, 2022
- ✓ Evaluation Report and Reporting Templates, July, 2022

Mr. Catalon informed that the EY team members that would be engaged in the compilation of the PNGEITI 2020 Report would remain the same as in the previous year.

Further, Mr. Catalon indicated that there are some potential factors that could contribute to delays in compiling the report on time such as the continued Covid-19 pandemic restrictions and the 2022 national general elections. The Acting Chair underscored the importance of delivering the report on timely manner and raised concern that the Covid-19 Pandemic disruptions would continue to affect report preparation and delivery. He recommended to the MSG to also procure the 2021 report early in 2022 for the IA to work on both the 2020 and 2021 reports to be published in 2022. National Secretariat (Christopher Tabel) supported by saying that it was possible because the MSG did the same in 2017 where both the 2015 and 2016 reports were prepared concurrently and published.

MRA (Arnold Lakamanga) said the onus was with the MSG to procure and select an IA as soon as possible to produce these two reports at the same time. The Acting Chair expressed that the MSG could consider procuring multi-year contracts (e.g., 3 years) for the IA to be engaged for a longer term to produce the reports rather than the current annual procurement practice. He pointed out also that adopting to a longer-term contractual arrangement might cause extended delays in complying with the EITI global reporting deadlines because of the long process it takes to engage a consultant through the public tendering process with the National Procurement Commission. Therefore, engaging the IA through the current annual procurement

process has worked well for producing the EITI country reports so far. However, MSG could consider adopting to longer term procurement process at some point in future.

(b) Approval of Scoping Study Report on Contract Transparency

The Acting Chair informed that KTK Accountants and Partners were engaged to assess the benefits, challenges, risks and opportunities of contract transparency in PNG's mining and petroleum sectors. He invited KTK and Partners to present the Scoping Study Report on Contract Transparency to the MSG.

KTK Accountants and Partners (Paul Kiruwi) expressed his appreciation and thanked the MSG for appointing them for the second time to deliver on an EITI assignment. Mr. Kiruwi informed that preparations of the report, including stakeholder engagements occurred during a period when PNG suffered the resurgence of Covid-19 pandemic. He said the report was focused on Requirement 2.4 of the 2019 EITI Standard. He said the report considered factors that prevented PNG's ability to comply with the EITI requirement and the actions that would be required to enable compliance.

Mr. Kiruwi said that consistent with Requirement 2.4, the report was focused on PNG's system for licensing of the "exploration" and the "extraction" of oil, gas and minerals. He said PNG was in partial compliance with requirement 2.4 of the EITI 2019 Standard. He explained that limited amount of information on active licenses to exploit oil gas and minerals was available. He said information was also available on the legal framework for awarding licenses and the legal barriers to greater transparency. He however pointed out that the full text of licenses and the contracts were not available to the public as there was no national policy framework in place for contract transparency or disclosure of contracts. He said in addition to legal barriers, the consultants identified cultural and practical barriers. He said there appears to be a culture of non-transparency. Practical barriers stem from the volume of information that could need to be disclosed to meet the EITI requirement. The consultants estimated that there are approximately 118 active exploration licenses for oil gas and minerals. Each license could require the disclosure of several documents.

The consultants also identified a number of opportunities to advance contract transparency in the country. This include the development of a comprehensive plan by PNGEITI, better communications of publicly available information and the enactment of a freedom of information law. He informed that the consultants have drafted the outline of a three-year roadmap for contract transparency disclosure in PNG. He said 8 recommendations were made in the report to the MSG with a 3 years action plan to execute the recommendations.

The Acting Chair allowed time for MSG to comment on the report presentation. There being no feedback from the MSG, the Acting Chair thanked KTK Accountants and Partners for presenting the report. Mr. Kiruwi indicated that the final report would be made available in a weeks' time and the MSG approved the report in principle.

(c) JICA Technical Cooperation Project

The Acting Chair invited JICA experts to update the MSG on the Technical Cooperation Project for improving Resources Related Revenue Management in PNG. Project Team Leader, Mr. Shiro Otomo provided update as follows:

- Extension of the project period
- Micro-Training Session
- Awareness Promotion on social media

He mentioned that the Joint Coordinating Committee meeting held on 5th November, 2021 agreed to extend the project by two months to end of February, 2022. This extension followed a review of the action plan which had some outstanding tasks that had to be attended to in early 2021. He added that a micro-training session held on the findings of the 2019 PNGEITI Report was attended by 9 entities with 44 participants. The observation from these sessions was that more interactive trainings should be provided and greater participation of key officers would be necessary going forward.

He said that a session on the extractive Industries Value Chain and Women's Empowerment Principles for EITI implementation was ongoing. Further, he said that awareness promotion on the 2019 report on the social media platforms was concluded during the month of August 2021. Awareness during the international day for violence against women with the EITI message was delivered on the 25th November, 2021 with the development of a film by the National Secretariat.

Planned activities included improvement of data management at the Department of Petroleum and Energy with training on software for data management and the development of a Standard Operation Procedure document.

He said for sustainability reporting practice, there needed to be institutionalization of standardized procedures which entailed the development of a work plan for the DPE EITI Unit and the utilization of equipment.

Additional planned activities included capacity development of the National Secretariat and the MSG/TWG with a Micro-training follow-up session. Furthermore, he said JICA project would see training for reporting entities, support towards preparation for PNG's second validation and general awareness promotion. He said the sixth Joint Coordinating Committee Meeting would be held towards the end of the extended deadline following which a detailed report on this project would be furnished to the MSG in the first quarter of 2022.

The Acting Chair thanked JICA for its relentless support in this project over the past three years. He said PNGEITI benefited significantly from the and it was important for the work that has been undertaken to be sustained going forward. He indicated that the MSG would seek JICA's continued support for phase 2 of the project going forward. Total Energies EP PNG Ltd (Richard Kassman) recommended for the Department of Petroleum and Energy as the beneficiary to do a presentation providing some highlights that the department had seen through this project.

DPE (Channan Kumalau) responded and agreed for DPE to do a presentation in the next forum on the progress made at the Department. National Secretariat (Christopher Tabel) commented that the first two years were very beneficial, particularly at the communications front. He reported that social media presence had increased and the online contents enhanced.

(d) World Bank Projects

This agenda item was shelved for the next MSG meeting due to non-availability of World Bank official to provide an update on 3 Bank funded projects.

4. PREPARATION FOR PNG'S SECOND VALIDATION

The Acting Chair informed that PNG's second validation would be based on the 2019 Standard using the new validation model. This involved a lot of work in collating compiling data and information covering the period 2017 to 2022. National Secretariat (Christopher Tabel) added that unlike past validations, the current validation exercise was passed down to the MSGs and the National Secretariats of implementing countries. He explained that validation preparatory work basically entailed data gathering, compilation and submission to the independent validator for assessment.

Some of the areas to be filled out in the validation templates were technical, too detailed and would require significant amount of time from the National Secretariat and the MSG complete. In light of the nature of work involved, a full-time coordinator was necessary to compile and collate validation documents for the MSG to submit to the International Secretariat. Therefore, Ernst & Young was appointed by the National Secretariat through the MSG as the 2022 Validation Coordinator for that purpose.

INA (Paul Barker) commented that under the new model, EY as the independent administrator for all PNGEITI Reports is permissible to carry on this task. This would not have been possible under the old validation model because of a conflict of interest situation, however that was subject to advice from the International Secretariat.

The Acting Chair clarified that the National Secretariat had already sought clarification from the International Secretariat on this matter and it was proper to proceed with engaging the IA in the coordination task. National Secretariat (Christopher Tabel) clarified further that the actual validation was to be undertaken by the International Secretariat whereas data compilation would be tasked to the Validation Coordinator (EY) to compile in consultation with the National Secretariat and the MSG. The International Secretariat would rely upon the data and information compiled and supplied to make its assessment for Papua New Guinea. Mr. Tabel added that the new validation model was more quantifiable, entailing the use of multiple templates which meant that more inputs or work was actually required from the MSG relative to the first validation.

5. UPDATE ON PNG EXTRACTIVE INDUSTRIES TRANSPARENCY COMMISSION BILL

The Acting Chair invited National Secretariat to update the MSG on the above activity. National Secretariat (Sarita Peai) reported that regional consultations with stakeholders on the draft Commission Bill was completed successfully with the final one held in September 2021 in Port Moresby for the Sothern Region.

The Acting Chair added that good progress was made with valuable comments and inputs collected from various stakeholders. These consultations were undertaken despite the negative impact that Covid-19 had on business and travels. The Acting Chair informed that the final task of collating, documenting and drafting a report on stakeholder inputs together with the finalization of the draft Bill and associated statutory

documentations had to be outsourced due to lack of capacity within the National Secretariat. He pointed out that the TOR for the short assignment was advertised in the media for an experienced person with legal background to be engaged to complete the work.

TIPNG (Yuambari Haihuie) suggested that it would assist had the TWG on legislation backed the consultant to carry out this task. Mr. Yuambari also pointed out that this piece of legislation was included in the Open Government Partnership (OGP) so the TWG needed to also assess where exactly it (Commission Bill) fitted into the OGP work for wider support. National Secretariat (Christopher Tabel) said the timeframe in which the Bill was being progressed coincided with the 2021-2023 OGP Strategy. He said substantial collaboration was required to address a lot of legacy issues.

The Acting Chair informed that the successful bidder to be engaged to finalize the draft Bill would be confirmed in two weeks' time and the consultant would be required to work within the tight schedule to finalise this piece of legislation, the consultation report and associated statutory documents. It was anticipated that the draft Bill would be ready for presentation to Parliament in March, 2022.

6. NATIONAL SECRETARIAT MATTERS

(a) 2021 Second & Third Quarters Financial Statements

The above reports were presented to the MSG for noting only.

(b) Endorsement of 2022 Annual Work Plan

The above was presented to the MSG for consideration and approval. The Acting Chair informed MSG members that the draft Work Plan was already circulated in advance in the email circular for their consideration and feedback. After reviewing the Work Plan, the MSG endorsed it in principle for use in 2022.

(c) Endorsement of PNGEITI Media & Communications Strategy

The Acting Chair allowed time for the MSG to review the Strategy which was made available on line and also for those that were attending physically. The MSG considered the Media and Communications Strategy 2022-2023 with further feedbacks to be reflected before it was finalized. National Secretariat (Christopher Tabel) thanked JICA, ExxonMobil and the World Bank for their support on the communications front and indicated to further enhance the working relationship with them going forward. The MSG approved the Strategy in principle for implementation, noting that further feedback will have to be reflected in the final document

(d) Endorsement of PNGEITI 2020 Annual Activity Report (APR)

The Acting Chair invited the National Secretariat to present the Annual Activity Report. National Secretariat (Christopher Tabel) sought MSG's endorsement of the 2020 APR in principle and informed that the draft report would be circulated for MSG's comments and sanctioning before uploaded by 31st December, 2021 as per deadline set by International Secretariat.

Mr. Tabel took the opportunity to thank the MSG members in delivering on a successful year despite challenges brought on by Covid-19 pandemic. He said during the reporting year, three major studies were delivered and also saw a shift towards online activities pushed by the implications Covid-19 had on travel and people movement. He said there was meaningful participation from each stakeholder despite the Covid-19 setbacks. The MSG endorsed the report in principle for publication.

7. ANY OTHER BUSINESS

(a) PNGRGC Operationalization Support

The Acting Chair invited CIMC (Wallis Yakam) to present the PNG Resources Governance Coalition (PNGRGC) operations and funding needs in which a proposal was already submitted to the National Secretariat for consideration. Ms. Yakam who was participating online faced technical difficulties and got cut off before she could complete her presentation. The item was deferred to the next MSG meeting for deliberation due to the technical difficulty.

(b) Workshop on Energy Transition

TotalEnergies EP PNG Ltd (Richard Kassman) referred to a PNG position paper presented by the Minister for Environment and Conservation at the Global Summit of the 26-member state Global Energy Transition group of countries. He recommended that the MSG checked with CEPA on this and obtains a copy of this paper to

understand the contents of it. Mr. Kassman further suggested that the MSG could find out and understand the terms on what entailed an energy transition. It was agreed that the National Secretariat would take note and follow up with CEPA on this matter.

There being no further matters for discussion the Acting Chair thanked all the MSG members, the project consultants and development partners for their continued support and commitment to EITI implementation for the year 2021 and closed the meeting at 12: 15 pm.



Lucas Alkan
Acting Chair &
Head of National Secretariat

