

MINUTES OF DELAYED SECOND QUARTER MSG (MEETING # 02/2021)

FRIDAY, 27TH AUGUST 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. Samuel Tobung – Department of Petroleum & Energy (DPE)
3. Christy Tende – Department of Treasury (DoT)
4. Langa Kopio – Department of National Planning & Monitoring (DNPM)

Industry

1. Professor Albert Mellam – PNG Chamber of Mines & Petroleum (PNG CMP)
2. Leah Warupi-Morlin – PNG Chamber of Mines & Petroleum
3. Samuel Koyama – Exxon Mobil PNG Limited (EMPL)
4. Fairlilyn Aiwa - Mineral Resources Development Company (MRDC) - online
5. Kepas Wali – Harmony Gold (PNG) Exploration Limited - online
6. Harold Duigu – Ok Tedi Mining Limited (OTML) - online

Civil Society Organisations (CSOs)

1. Paul Barker – Institute of National Affairs (INA) - online
2. Arianne Kassman – Transparency International PNG (TIPNG) - online

Development Partners / Consultants / Observers

1. Dr. Wilfred Lus – World Bank (WB) - online
2. Shiro Otomo – JICA Expert Team (online)
3. Shiro Otomo – JICA Expert Team (online)
4. Yoshio Chikamatsu – JICA Expert Team (online)
5. Amy Fitina – JICA Expert Team

National Secretariat (PNGEITI)

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

APOLOGIES

1. Stanley Komunt – Newcrest Mining Limited (NML)

NOT REPRESENTED

1. Internal Revenue Commission (IRC)
2. Mineral Resources Authority (MRA)
3. Department of Prime Minister & National Executive Council (PMNEC)

4. Department of Finance (DoF)
5. Department of Mineral Policy & Geohazards Management (DMPGM)
6. Auditor General Office (AGO)
7. Kumul Consolidated Holdings (KCH)
8. TotalEnergies EP PNG Limited
9. Oil Search (PNG) Limited
10. Kumul Petroleum Holdings Limited (KPHL)
11. PNG Resource Governance Coalition (PNG RGC)
12. Consultative Implementation & Monitoring Council (CIMC)

1. WELCOME & INTRODUCTION

National Secretariat (Lucas Alkan) welcomed MSG members to the second Quarter MSG Meeting for 2021. He informed that since we had lost time while waiting for others, he would start the meeting while waiting for the Acting Chair (Mr Channan Kumalau of DPE) to arrive. Mr Alkan welcomed those that were in attendance, either physical or virtually and the meeting commenced. He said the meeting would only deliberate on the agenda items that were left pending in the First Quarter MSG Meeting (Meeting No. 01/2021) held on 05th July 2021. These included the updates on the following: the draft PNGEITI Commission Bill; the second Validation; the World Bank funded projects, the JICA Technical Cooperation Project, the USAID Contract Transparency Scoping Study; and procurement of the 2020 PNGEITI Report.

2. REVIEW OF MATTERS ARISING FROM MEETING #01/2021

Acting Chair informed that minutes of the First Quarter MSG Meeting (Meeting No. 01/2021) would be circulated with minutes of the Second Quarter MSG Meeting (Meeting No.02/2021) in the Third Quarter MSG Meeting (Meeting No. 03/2021) scheduled for 03rd week of October 2021 as the agenda items were continuing from MSG Meeting No. 02/2021.

Harmony Gold (Kepas Wali) and PNG Chamber of Mines & Petroleum (Albert Mellam) agreed for the meeting minutes for Quarters 1 and 2 to be reviewed and sanctioned on the Third Quarter MSG Meeting and the meeting proceeded to the next agenda item.

3. UPDATE ON DRAFT PNGEITI COMMISSION BILL

Acting Chair verbally provided an update on the ongoing PNG Extractive Industries Transparency Commission (PNG EITC) Bill consultations. He informed that two regional consultations were successfully concluded which were held in Kavieng for the New Guinea Islands Region and Lae for the Momase Region. He reported that both Governors of Morobe and New Ireland opened the consultations in these regions and pledged to support the Bill when it is presented in Parliament. The regional centres that were pending were the Highlands and the Southern Regions. The Highlands Regional Consultation would be held simultaneously from 05th-09th September 2021 in Goroka for Lower Highlands (Eastern Highlands, Chimbu and Western Highlands Provinces) and Wabag in Enga Province for the Upper Highlands (Enga, Hela and Southern Highlands).

He added that the PNGEITI Commission Bill would be presented to Cabinet through the Minister for Treasury during the 2022 National Budget submission in November 2021, if the Bill was cleared and ready to be submitted. However, if time had lapsed then it would be presented in the first quarter of 2022. He also informed the MSG that a brief on the draft Bill would be circulated through the email for further comments.

PNG Chamber of Mines and Petroleum (Albert Mellam) enquired as to whether there were representatives from Madang, East Province and West Sepik Provinces that had participated in the Momase Regional Consultation and the East New Britain, West New Britain and Autonomous Region of Bougainville for the New Guinea Islands Regional Consultations.

National Secretariat (Christopher Tabel) said that invitations were sent to impacted provinces for their inputs into the draft Bill based on the advice from the Constitutional Law and Reform Commission (CLRC) to conduct selective consultations. Representatives from Madang, East Sepik and Sandaun attended the Momase Regional Consultation in Lae from 01st -06th August 2021. Representatives from East New Britain and New Ireland Provinces participated in Kavieng from 12th -15th July 2021 for the New Guinea Islands Region. He reported that differing views were expressed on how best the Bill would impact companies and to capture the EITI process at the provincial levels. Mr Tabel reported that positive contributions and constructive feedbacks were captured in the Bill during the two regional consultations. He further informed that political support was necessary to pass this legislation in the hope that the EITI process would address legacy issues on the extractive sector in their respective provinces.

INA (Paul Barker) expressed his gratitude on the work done to date on this legislation, however he suggested that civil society bodies needed to participate in these consultations. National Secretariat (Christopher Tabel) assured

that CSO's participation would be considered in the upcoming consultations for the Highlands and the Southern Regions.

4. PREPARATION FOR SECOND VALIDATION

Acting Chair (Lucas Alkan) briefed on PNG's preparation for second validation. He said the second validation was scheduled to commence in October 2021. However, the deadline was impractical as substantial work was needed to be done by the MSG as required under the new validation model. He mentioned that the first validation in 2018 was based on the 2016 PNGEITI Report and PNG was assessed as having achieved 'meaningful progress'. The second validation would be based on the FY 2019 PNGEITI Report.

Acting Chair further advised that validation preparedness was crucial to addressing critical gaps that were identified in the 2018 validation. These also covered; subnational payments and transfers, contract transparency, Beneficial Ownership disclosure and SOE scoping study. SOE scoping study and BO disclosure items needed to be actioned following the recommendations made in the first MSG meeting of 2021. He said lack of political ownership, limited timing and lack of capacity at the National Secretariat could pose risk to PNG being assessed properly, if the validation was rushed. He therefore sought MSG's endorsement on the following recommendations:

- (i) MSG to seek EITI Board's approval for a six (6) months extension to the validation date from October 2021 to April 2022.
- (ii) MSG to engage a short-term consultant or a validation coordinator to collate documents for the MSG and prepare PNG well for the validation to commence in April 2022.

The World Bank (Wilfred Lus) queried as to whether there would be enough resourcing and a budget for this exercise. National Secretariat (Lucas Alkan) responded that development partners are welcome to support, however the National Secretariat had sufficient funds to meet this cost.

The MSG agreed for a 6 months extension on the second validation and also approved for the engagement of a consultant (Validation Coordinator) to assist the MSG and the National Secretariat to collate and compile information in preparation for this validation. The MSG was of the understanding that the validation coordinator to be engaged would not play the role of the independent validator, rather it would be a firm that would collate, compile and furnish data and information to the independent validator for assessment on PNG's progress in implementing the EITI. ExxonMobil PNG Limited (Samuel Koyama) moved the motion and DNPM (Langa Kopio) seconded the motion for a 6 months extension to the validation date. That would mean that the second validation would commence from April 2022.

The INA (Paul Barker) moved the motion and Harmony Gold (Kepas Wali) seconded the motion for engagement of the validation coordinator.

Resolutions:

- (i) MSG agreed for a 6 months extension on PNG's Second Validation from October 2021 to April 2022.
- (ii) MSG agreed to engage a consultant or a validation coordinator to support the MSG and the National Secretariat to collate documents and prepare well for PNG's Second validation to commence in April 2022.

5. PROJECTS UPDATE

Acting Chair invited the World Bank (Wilfred Lus) to provide an update on Bank funded projects. Dr. Lus provided an update on the four projects that were undertaken. These projects included; the Electronic Reporting Platform, Educational Mainstreaming Project, CSO Capacity Development Project, and the Institutional Capacity and Accountability Strengthening project at the provincial and subnational levels (Roadshows).

He provided brief updates on scoping studies by the World Bank as being part of PNG Extractive Industries Accountability and Governance Project. He said these projects were delayed due to time constraints making it difficult to offer technical assistance through client executed project hence, used bank executed instrument to assist clients going forward. The three (3) scoping studies have been completed except for Institutional Capacity & Accountability Strengthening Project at the provincial and subnational roadshows due to Covid-19 travel restrictions.

5.1 World Bank Scoping Study Final Report on Electronic Reporting Platform

The World Bank (Wilfred Lus) said the consultant (Deloitte Touche) had been reviewing the report as requested by their Partner and should be made available by end of August 2021. He said a point was raised during the World Bank peer review process that a detailed legal and institutional basis for digital disclosure platform would be cleared after the enactment of the PNGEITI establishment legislation. The World Bank planned to work with the PNGEITI National Secretariat and the MSG for dissemination of the study findings to regional and subnational stakeholders including the industries before June 2022. He said feedback from the dissemination would assist to

inform ongoing digital disclosure work between the World Bank, the PNGEITI National Secretariat and the Stakeholders. He said he was awaiting feedback from the consultant (Deloitte Touche) once the final touches to the report were done.

5.2 World Bank Scoping Study Report on Educational Mainstreaming

Dr Lus informed that the scoping study was completed by the consultant (Dr. Philip Kavan) and planned to work with PNGEITI and the MSG for dissemination of study findings to regional and subnational stakeholders and the industry before June 2022. He said this was necessary because the research work that was completed was done in Port Moresby only. He considered that feedback from this dissemination would assist and inform them on the ongoing mainstreaming work between the World Bank and the PNGEITI, particularly on the regulatory implications and geographical targeting in resource rich provinces for EITI Education Mainstreaming.

5.3 World Bank Scoping Study Report on CSO Capacity Development and the Road Map

World Bank (Wilfred Lus) notified that the above study and Road Map were completed by the consultant (Square Circle) already. The World Bank planned to work with the PNGRGC and the PNGEITI for dissemination of study findings to regional and subnational levels including the stakeholders and the MSG before June 2022. He mentioned that the feedback from the dissemination would assist to inform on the on-going work between the Bank, PNGEITI National Secretariat and the CSO's. This also included the participation of the rural and community based CSOs.

5.4 World Bank CSO Operationalization

This delivery was excluded due to the Covid-19 related travel restrictions and lockdowns but could be revisited whenever funding becomes available in the future.

Going Forward

- (i) Hold discussions with the PNGEITI National Secretariat and the MSG to consider Deloitte's findings and recommendations, and consider possible funding options for the setup and operationalization of the Electronic Reporting Platform.
- (ii) Consult with the PNGEITI National Secretariat, the Education Department and the MSG on the recommendations and the funding options for a pilot study on the PNGEITI Education Mainstreaming in the country.
- (iii) Maintain discussions with PNGRGC, PNGEITI Secretariat and MSG members to look at support options for PNGRGC and CSOs.
- (iv) Items 1, 2 and 3 may also be subject to the enactment of the PNGEITI legislation (PNGEITI Commission Bill) and request from GoPNG through the Department of Treasury on such support.

National Secretariat (Christopher Tabel) notified INA (Paul Barker) on item (d3) for PNGRGC setup and mobilization efforts. He shared concerns raised by the stakeholders during the PNGEITI Regional Consultation on PNGRGC's current status because its dominance was conspicuous by its absence in PNGEITI activities, particularly the PNGEIT draft Commission Bill consultations. The INA (Paul Barker) responded that PNGRGC has been operating on limited funds and has sought funding support to perform its mandated functions.

The MSG took note of the project updates by the Dr Wilfred Lus from the World Bank.

5.5 JICA Technical Cooperation Project

Acting Chair called upon the consultant (JICA Expert Team) to present an update on the JICA Technical Cooperation Project. JICA Expert Team (Shiro Otomo) briefly shared progress on the project activities outlining the ongoing and planned activities related to common areas of the project, and the highlights of activities in implementing the revised communication strategy.

Ongoing and Planned Activities:

JICA Expert Team (Shiro Otomo) spoke on common areas of the project. He said the presence of JICA expert team to PNG were delayed due to visa requirements related to the Covid-19 travel restrictions, both in PNG and Japan. Due to these restrictions, JICA resorted to engaging a local expert in PNG to support JICA TCP implementation activities. He urged the team to provide support to the local expert (Amy Fitina) on behalf of the JICA Expert Team. He said the 5th Joint Coordination Committee (JCC) meeting would meet in October 2021 to discuss on project self-evaluation and the 6th JCC meeting on project completion report. This meeting would be held in December 2021.

Output 1: DPE Data Management

Data management at DPE has improved to comply with the EITI requirements. Under the Information Infrastructure (Hardware), three (3) laptop PCs with network accessibility storage (NAS) were procured and delivered to DPE, witnessed by the Head of National Secretariat (Lucas Alkan) in August 2021. For information processing (Application), training materials on MS Excel and MS Access have been developed with training to be offered by JICA Expert Team. On Information Disclosure (reporting practice), DPE also improved its submission

status of EITI reporting template including the drafting of the standard operation procedures to be reviewed on site through the local expert.

Output 2: MSG and Reporting Entities

PNGEITI reporting mechanisms among extractive companies and government agencies have improved. Mr. Otomo said micro-training sessions were in progress to provide brief summary on the 2019 Report. The training sessions were also to review reporting practices for improvement in the reporting processes. He mentioned that DPE training was conducted a week ago followed by the Auditor General's Office (AGO). He also informed the training entities such as the; Conservation and Environment Protection Authority (CEPA, the Department of Treasury (DoT), Department of Finance (DoF), Kumul Petroleum Holdings Limited (KPHL), the Mineral Resources Development Company (MRDC), the Department of National Planning and Monitoring (DNPM), the Internal Revenue Commission (IRC), the Mineral Resources Authority (MRA) and the CSOs that did not attend to make an effort to attend through the virtual platform. One of the focus areas was the capacity development of the National Secretariat and the MSG and the TWG whereby, educational learning materials for gender and value chain with educational sessions would be circulated and conducted online.

Output 3: Awareness Promotion

Mr. Otomo further added that awareness on the implementation structure for the PNGEITI was set to improve in the country driven by the revised communication strategy. JICA Expert Team supported the National Secretariat by drafting the revised communication strategy and the TOR for the TWG and hoped to see it progressed further. The awareness promotion activity modality has changed to online remote sessions. The training materials were developed for CSO after a dialogue with them.

Highlights of Activities:

An ExxonMobil funded film was produced by the National Secretariat aimed at raising EITI awareness. Social media platforms were also created by the JICA Expert Team for public awareness. It was also to enable online accessibility of the EITI information to enhance public interest and to provide feedback, especially the PNGEITI Reports. Mr. Otomo recommended for this information to be disseminated to the public to increase awareness and to enhance their understanding of the work of the PNGEITI.

He further stressed the importance of gender issues in the extractive communities. The educational training materials on gender were developed in collaboration with the CSO and agreed to localize or customize the materials from English to local language or from digital to analogue.

INA (Paul Barker) requested JICA Expert Team to provide the social media platform link so the MSG could disseminate information to the public. The National Secretariat (Christopher Tabel) shared similar sentiments with the INA. JICA Expert Team noted the comments raised and said to share links after the meeting. DPE (Channan Kumalau) expressed his gratitude to the JICA Expert Team for the laptops and informed that work was already in progress and he would provide further updates thereafter.

5.6 Scoping Study on Contract Transparency

Acting Chair briefly provided updates on Contract Transparency. He said that the study was commissioned by the EITI International Secretariat and facilitated by the National Secretariat with funding support from USAID. The assignment was scheduled for 20 days from July to August 2021 however, it had been rescheduled to the end of December 2021. He said the contract was awarded in accordance with the TOR to a local consultant KTK with its UK based partners.

The project agreements (MOAs, UBAs, etc) were held and maintained at the State Solicitor's office and to date, no contracts have been made publicly available due to contract confidentiality. From this study, the outcome is expected to enhance stakeholders understanding on any potential risks and offer practical solutions on how best to address such risks and reap the benefits of public disclosure. The disclosure of contracts has now become mandatory and was also a key gap identified and recommended in the first validation.

The INA (Paul Barker) reiterated CSO's position to ensure transparency, both in existing and in new contracts or project agreements. The National Secretariat (Christopher Tabel) said from the recent MOA reviews conducted, the stakeholders requested PNGEITI to publish the MOA undertakings in the report to promote transparency in the agreements as a number of undertakings were not fulfilled and left outstanding. Acting Chair summarised by indicating that justifications or valid reasons should be documented in the report highlighting the challenges or difficulties in disclosing the details of the contracts. Also, the MSG should document clearly in the report as to how it intends to address these challenges so that PNG, as a EITI implementing country is seen to be working towards addressing this requirement going forward.

The MSG took note of the project updates.

5.7 Preparation of FY2020 PNGEITI Report

Acting Chair briefed on the above sub-item. TOR on FY2020 Report had been circulated to the MSG for their feedback. The National Secretariat would commence with the procurement process to engage an Independent Administrator. The International Secretariat had given 7-8 months flexibility for publication of FY2020 Report in light of the ongoing disruptions caused by Covid-19 pandemic. In relation to this, the Acting Chair reminded the MSG to take note of the 2022 National General Elections that may affect the report preparation.

PNG Chamber of Mines and Petroleum (Albert Mellam) notified that the report submission timeframe was a challenge given the continuous covid-19 disruptions. He stressed the significance of having the report delivered on time. Acting Chair noted the points raised and assured to have the report delivered on time. INA (Paul Barker) shared same sentiments with Professor Mellam and indicated that the FY2020 Report be released in the first quarter of year 2022.

6. NATIONAL SECRETARIAT MATTERS

Acting Chair advised that National Secretariat has yet to secure half of its funding for 2021 allocation as the office was still operating from the balances brought forward from year 2020.

7. ANY OTHER BUSINESS (AOB)

Acting Chair invited all for AOB discussions.

7.1 Endorsement of Communication Strategy

National Secretariat (Christopher Tabel) mentioned that Part 2 of the revised communication strategy was developed by the National Secretariat with the assistance of JICA Expert Team. He further added that a number of minor projects were being undertaken with funding support from ExxonMobil that included; a documentary project and a social media EITI content project for other stakeholders. The publication of these projects required endorsement by the TWG.

7.2 Ministerial endorsement on the FY2019 Report.

Acting Chair said the Chair of PNGEITI MSG and Minister for Treasury has finally endorsed the FY2019 Report for publication. He however, said that lack of ministerial support to PNGEITI implementation activities including his involvement in the MSG meetings was still a concern.

With no other businesses for discussion, the Acting Chair thanked everyone for their attendance and closed the meeting at 12:30pm. It was informed that details of the next MSG meeting would be advised by the National Secretariat in due course



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CHANNAN KUMALAU (Mr)

Acting Chair &
Director, Special Projects
Department of Petroleum & Energy