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MEMORANDUM

To: Head of PNGEITI National Secretariat & PNGEITI National Secretariat Staff
From: Christopher Tabel DHOS, Gedion Timothy Consulting Journalist
Subject: **REPORT ON SIMBERI MINING MEMORANDUM OF AGREEMENT (MOA)
DEVELOPMENT FORUM**

SUMMARY

The PNGEITI National Secretariat participated in the Simberi Mining Memorandum of Agreement (MOA) Review in Kavieng, New Ireland Province from 19 - 23 July 2021. The purpose of the National Secretariat's participation was to ensure the inclusion of the PNGEITI reporting clause in the Simberi Mining MoA. At the conclusion on Friday the 23 July 2021, all parties of the MoA resolved to defer the MoA forum to a later date to allow the State and developer- St Barbara Ltd to agree on the project fiscal terms.

The outcome of this first phase forum included a PNGEITI clause into the draft MoA. This is progressively the third MoA behind Kainantu K92 Mining MoA and Woodlark MoA. It is envisioned that the PNGEITI cover all mining projects in the country to capture subnational and national reporting into the future.

Chris Tabel (Deputy HoS) and Gedion Timothy (consulting journalist) remained in New Ireland to represent PNGEITI at the Simberi Mining Project MoA after the conclusion of a weeklong consultation for the PNGEIT Commission Bill for the NGI. The Simberi Mining MoA review ran from 19 to the 23 of July, 2021. PNGEITI fully participated in the MOA review events at the Kavieng Beach Resort. Chris Tabel made EITI presentation based on findings from the PNGEITI 2018 Report with highlights on contributions from the Simberi Mine to the economy and the community. This took place on the second day of MOA review, 20th July, 2021. The EITI presentation was slotted for the last session and this served well in putting presentations of facts by other state entities in proper context and perspectives. Mr Tabel stressed on the need for EITI clauses to be imbedded in the MOA's were there were explicit stipulation in those MOAs that parties to such agreements must report for EITI reporting purposes, progress and updates on various commitment made in the MOA. Mr Tabel gave examples of previous EITI engagements in similar forums. PNGEITI was well received and welcomed by both the state team, the landowners, and the company representatives. Eventually, the PNGEITI clause was entered into the revised Simberi MoA drafted as an outcome of the weeklong review.

INTRODUCTION

As part of the National Secretariats efforts to mainstream the EITI Standard and requirements on reporting on National and Subnational payments, Beneficial Ownership and Contract Transparency, the PNGEITI National Secretariat has been undertaking joint workshops, presentations and information sessions together with its Multi-Stakeholder Group in the Government, Industry and Civil Society. The inclusion of the EITI Provision into the amended Mining Bill 2014 and the subsequent inclusion of various EITI undertakings in the recent Kainantu (Advanced Exploration) and the Woodlark Mining Project (Advanced Exploration) MoAs have provided an opportunity to advance the current scope of EITI mainstreaming agenda from policy into practice.

The PNGEITI National Secretariat recently participated as a stakeholder in the Simberi Mining Memorandum of Agreement (MoA) forum held in Kavieng New Ireland Province from the 19 to 23 July 2021. The purpose of EITI's participation was to provide visibility and clarity to stakeholders of the relevance of EITI in the MoA and the commitment of the State to fulfil its international obligation to provide good governance in the sector.

PURPOSE

The purpose of this report is to provide information and recommendation on the performance of the PNGEITI in the Simberi MoA forum that was held in Kavieng, New Ireland Province and to ensure the agreement capture EITI reporting. Subsequently, the transparency clause for the PNGEITI purposes was captured in the Simberi Draft MoA and will be forwarded to the National Secretariat once it is finalised by the Mineral Resources Authority (MRA).

EITI IN MOA CONSULTATION PROGRAM

The activities on the first day included a welcome & agenda framing session by the State Solicitors and Mineral Resources Authority with follow-up discussions on the States undertakings in the 2017 MOA. The second day involved discussions on the New Ireland Provincial Government Undertakings and updates and the Third day involved discussions on the undertakings from the Company on the first half of the day and the undertakings from the Sentral Niu Ailan Local Level Government (SNALLG) at the second half with a review of the contentious MoA undertakings on the 4th day

ISSUES & COMMENTS RAISED

The forum raised discussion on various undertakings by the MoA parties of which some of the issues/comments raised were relevant PNGEITI and others;

- There needs to be a thorough review of the existing draft MoA- SimberiProject especially in relation to State Undertakings on seed Capital for the Business Development Grant and- 50:50 State/ Developer shared cost;
- More emphasis on Business Development Plan for landowners in order to ascertain capital cost and landowner contracts and subcontracts required for funding.
- EITI awareness at the project impacted area/community level is required;
- Royalty distribution to be reported in monetary value;
- Developer's and State's share of the total/aggregate profit/return on the mine project needs to be disclosed in monetary value;
- Joint Venture Partnership- Company/s with Landowner Company/s;

- Production Volumes and Values for gold extraction needs to be disclosed;
- Clear ownership of Infrastructures/Services needs to be made aware to the landowners upon operation of the mine/project before mine closure;
- Lack of awareness on information relating to Economic & Social Impact Assessment Report to the people of the project impact area;

The National Secretariat acknowledge the current fluidity of negotiations and treats all issues as progressive and not definitive at this current stage.

RECOMMENDATIONS

The MoA consultations highlighted a number of actions and recommendations that need to be undertaken by the PNGEITI National Secretariat, which are as follows:

1. Since most of the MoA's do not include Reporting & Transparency clauses to report directly to PNGEITI, entities are reluctant to report to PNGEITI on specific information that needs be disclosed in the Report, hence it is recommended that PNGEITI to participate in all MoA going forward;

Concerning the above recommendation, from this forum, we noted that more awareness needs to be carried out to the project impacted area/communities to clearly emphasize the importance and role/function of PNGEITI before any MoA discussions;

2. PNGEITI to ensure royalty payments and mandatory social benefits are reported in monetary value in the forward years' Reports; and,
- 3.
4. PNGEITI to ensure accurate extractive production volumes and values to be publicly disclosed.

For your information and noting.

Christopher Tabel
Deputy Head of PNGEITI

Gedion Timothy
Consulting Journalist