



Papua New Guinea
Extractive Industries Transparency Initiative
2021 Work plan

December 2020

Contents

OBJECTIVE 1: ENSURING A WELL ESTABLISHED AND FULLY FUNCTIONAL NATIONAL SECRETARIAT OFFICE AND THE MULTI-STAKEHOLDER GROUP (MSG) 3

OBJECTIVE 2: SHOW EXTRACTIVE INDUSTRIES CONTRIBUTION (BOTH DIRECT AND INDIRECT) TO THE PNG ECONOMY 6

OBJECTIVE 3: IMPROVE PUBLIC UNDERSTANDING IN THE MANAGEMENT OF EXTRACTIVE INDUSTRIES 9

OBJECTIVE 4: STRENGTHEN REVENUE GENERATION AND COLLECTION THAT IS CONSISTENT WITH GOVERNMENT POLICY SETTING AND NATIONAL DEVELOPMENT PRIORITIES..... 13

OBJECTIVE 5: ENDEAVOUR TO FULLY IMPLEMENT PNGEITI REPORT RECOMMENDATIONS AS DIRECTED BY CABINET 17

OBJECTIVE 1: ENSURING A WELL ESTABLISHED AND FULLY FUNCTIONAL NATIONAL SECRETARIAT OFFICE AND THE MULTI-STAKEHOLDER GROUP (MSG)

RATIONALE: The PNGEITI National Secretariat activities have increased over the last 5 years and additional resources including staffing to execute the tasks as outlined in this 2020 Work Plan. Again, there is a continuous need for capacity building and training on the evolving EITI Standard and Requirements for staff and the MSG. Capacity building in relation to training staff and members of the MSG to understand the process, issues, strategies, and alignment of a shared vision to implement EITI Standard in the country. There is also a need to upskill and build technical knowledge of current membership of the MSG to enhance their capacity to provide an effective oversight, direction and management of EITI implementation in the country. Consistent with the National Executive Council (NEC) Decision # 90/2013, the PNGEITI MSG will ensure that necessary policy framework and legislative arrangements are established to enable PNGEITI to become an independent entity by 2020.

GOVERNANCE RELATED CHALLENGES: 1. Lack of commitment and involvement in EITI activities, including attendance at MSG meetings by some key government agencies. 2. Lack of capacity by some members of the CSOs to understand technically complex issues and effectively contribute to the discussions at the MSG level. 3. Since EITI implementation is a voluntary activity, it has been difficult to get MSG members to remain committed to attend MSG meetings, Technical Working Group (TWG) meetings and other organised activities because of lack of incentives and other interests. 4. There has been some difficulties in extending MSG membership to cover other key State entities because of their own priorities and interest areas.

5. There is still a need to achieve some balance in the decision making process at the MSG level. Sometimes decisions on issues affecting the extractive sector are not adequately debated or discussed by all stakeholders before reaching a consensus but these are left to one or two individuals to dominate discussions and influence the outcomes or get a resolution. 6. Lack of knowledge on the EITI Standard and Requirements and general understanding on the performance of the extractive sector is still a challenge. There is also lack of adequate knowledge on the extractive sector value chain, and an understanding on the fiscal and taxation regime governing this sector by staff of the National Secretariat and some members of the MSG. This is still an ongoing challenge. 7. There is non-existence of a EITI policy framework and a legislation to enable PNGEITI to operate independently in the country.

ACTIVITIES VERSUS CHALLENGES: Activities outlined below relating to capacity building of the National Secretariat are intended to address points 6 and 7 above. All other activities under Objective 1 are intended to address points 1 to 5.

| ACTIVITIES | TARGETED OUTCOME | RESPONSIBLE ENTITY | TIMELINE | ESTIMATED COST (PGK) | FUNDING SOURCE |
|---|------------------|--------------------|----------|----------------------|----------------|
| 1.1 CAPACITY BUILDING ACTIVITIES FOR NATIONAL SECRETARIAT OFFICE AND THE MSG | | | | | |
| <i>The outcome of this sub-objective is to achieve a fully functional entity that is capable of supporting the MSG in carrying out its functions and responsibilities in an effective and efficient manner. Also to have a MSG that is experienced and knowledgeable on global EITI Standard, the Requirements and its applicability in the context of PNG's extractive sector.</i> | | | | | |

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|---|--|---------------------------|---------------------------|----------------|-------|
| Conduct quarterly and monthly meetings with the MSG, Technical Working Group (TWG), constituency members as and when required consistent with the PNGEITI MSG MoU | To further advance the EITI implementation process in the country and pursue with implementation of EITI reports recommendations | MSG, National Secretariat | Quarterly | PGK 100,000.00 | GoPNG |
| Provide training and skills development for National Secretariat staff and MSG members on PNGEITI “Wok Wantaim” program on EITI Standards and Challenges of EITI Implementation in Covid 19 . | Fulfil skills and knowledge gaps through internal and external training programs for Secretariat staff for a fully functional office and the MSG for its effective oversight function. | National Secretariat | On-going | PGK 70,000.00 | GoPNG |
| PNGEITI Financial Audit | Conduct annual financial audit for the PNGEITI National Secretariat. | National Secretariat | On-going | PGK 50,000.00 | GoPNG |
| IFMS Integration of National Secretariat | Consult with Finance Department on IFMS integration and alignment. | National Secretariat | On-going | PGK - | GoPNG |
| Recruitment of International Relations Officer | Recruit a suitably qualified International Relations officer to the National Secretariat. | National Secretariat | On-going | PGK - | GoPNG |
| Recruitment of Short Term Journalist Contract Officer | Recruit a suitably qualified journalist to support increased scope of activities to the National Secretariat. | National Secretariat | On-going | PGK - | GoPNG |
| Payment of annual membership subscription fee to EITI International Secretariat | To renew and maintain PNG’s membership to this global organisation | National Secretariat, MSG | February to December 2021 | PGK 40,000.00 | GoPNG |
| Payment of annual membership subscription fee to Domestic Affiliations | Participate in member activities to promote PNG EITI Activities | National Secretariat, MSG | February to December 2021 | PGK 20,000.00 | GoPNG |
| Purchase of 15 sitter project support bus | To cater for staff mobilisation and special projects tours such Validation, BO etc. | National Secretariat | February/March | PGK 200,000.00 | GoPNG |

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| Maintain PNGEITI National Secretariat operational and administrative activities. (Purchase of computers, equipment, project vehicle, stationeries, utilities, etc.). Also, staff salaries and wages, taxes, superannuation contributions, bank charges and fees, etc. | To maintain an efficient functioning of the Secretariat office that can be relied upon by the MSG, other stakeholders, development partners and others | National Secretariat | On-going | PGK 1,217,800.00 | GoPNG |
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OBJECTIVE 2: SHOW EXTRACTIVE INDUSTRIES CONTRIBUTION (BOTH DIRECT AND INDIRECT) TO THE PNG ECONOMY

RATIONALE: PNG is one of the leading producers of minerals and ranks among the top 20 world gold and copper producers. Revenues from the extractive sector forms significant proportion of Government’s national budgets every year. For instance, in 2014, it was estimated that extractive industries contributed 84% of PNG’s exports and 18% of total GDP (PNGEITI Scoping Study Report, 2015, p.35).

However, available data and details are not accurate and in many instances do not reflect what is being generated from the extractive sector in totality and how much is being contributed to the national economy. Data disaggregation is limited, there is non-existence of a central data storage system for data analysis and there is no mechanism to record data on social expenditures apart from that mandated through legislations and project agreements. PNG does not publish usable data on extractive industries due to lack of readily available data, awareness, capacity and legislative restrictions. One of the biggest challenges is lack of transparency in information relating to financial transactions and accountability. The EITI process is a tool that is intended to facilitate data collection, processing and documentation that can minimise some of these information gaps.

GOVERNANCE RELATED CHALLENGES: 1. Determination of data disaggregation from the national down to sub-national levels of governments and to the landowner groups. 2. Determining an appropriate taxation and fiscal regime for the extractive sector. 3. Achieving transparency in tax information which is currently being protected by secrecy provisions of the PNG Income Tax Act administered by the IRC (this has been achieved and is now not an issue). 4. Determining government’s policy decision on granting tax holidays, exemptions and provision of such other fiscal incentives to the extractive sector like the Infrastructure Tax Credit (ITC) Scheme. Also taking account of the fiscal incentives that have already been provided and are currently being utilised. 5. Determining and quantifying the amount of revenue forgone through the ITC Scheme and the expenditure. 6. Lack of capacity at the sub-national levels of governments that is a significant challenge to extracting data at these levels (a scoping study on sub-national payments and transfers is now completed and provide some guidance on this).

ACTIVITIES VERSUS CHALLENGES: All activities relating to the publication of PNGEITI reports (4 reports have been published to date) and improvement of data collection, addressing legislative and fiscal regime and providing tax incentives and ITC are intended to address points 1 to 6 as outlined above.

| ACTIVITIES | TARGETED OUTCOME | RESPONSIBLE ENTITY | TIMELINE | ESTIMATED COST (PNGK) | FUNDING SOURCE |
|------------|------------------|--------------------|----------|-----------------------|----------------|
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2.1 PUBLISH EIGHT PNGEITI REPORT (FY2020 REPORT)

The outcome of this sub-objective is to increase transparency in the extractive industry in the country through a credible and comprehensive EITI Report that can be available to all stakeholders for consideration in policy formulation, legislative reforms and streamlining government systems and processes.

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| Commence procurement for conventional EITI reporting (call for Expression of Interests) and tendering process for the eight PNGEITI Report (FY 2020 Report) | To fulfil EITI membership of publishing annual EITI Reports to continue to promote transparency and accountability and enable public debates on extractive sector issues. Secondly, to ensure that the outcomes of these reports are translated into actual reforms to improve sector management. | National Secretariat, MSG | February to December 2021 | PGK 20,000.00 | GoPNG |
| Hiring of an IA to analyse government and industry data for the sixth (FY 2020) EITI Report | To engage the IA through an open tender or selective tender process to achieve the outcome as referred to in activity #3 above). | National Secretariat, MSG | February to December 2021 | PGK 500,000.00 | GoPNG |
| PNGEITI Final Report released to MSG | To maximise transparency and accountability in the extractive industry, building on from what was covered in the first, second, third and fourth Reports PNGEITI Reports | National Secretariat, MSG | February to December 2021 | PGK - | GoPNG |
| Implementation of FY 2013 to FY2019 EITI Report recommendations | Ensure actions are taken to implement recommendations from these reports to fulfil EITI objectives. <i>(An updated matrix is attached as appendix)</i> | National Secretariat, MSG | February to December 2021 | PGK 100,000.00 | GoPNG |
| Implementation of activities listed in the Beneficial Ownership (BO) Roadmap upon MSG review and decision on completed report. | To continue implementing the remaining activities during this third year of implementation upon MSG review and decision on completed report. | National Secretariat, MSG | February to December 2021 | PGK 200,000.00 | GoPNG |

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| State Owned Enterprise Scoping Study (In Consultation with Department of State Enterprises) | Scope the current status of PNG SOEs to implement EITI requirements and Standards | World Bank | February to December 2021 | PGK 350,000.00 | GoPNG |
| Online Data Reporting Scoping Study | Scope the possibility of introducing Online Data Reporting for PNGEITI | World Bank | February to December 2021 | PGK - | World Bank |
| PNG Educational Mainstreaming | Scope the possibility of mainstreaming PNGEITI standards to educational institutions | World Bank | February to December 2021 | PGK - | World Bank |
| CSO Capacity Building and outreach | Build the technical capacity of the CSO Coordinating body to implement EITI. | World Bank | February to December 2021 | PGK - | World Bank |

OBJECTIVE 3: IMPROVE PUBLIC UNDERSTANDING IN THE MANAGEMENT OF EXTRACTIVE INDUSTRIES

RATIONALE: Provincial Governments, Local Level Governments, landowners and people in the communities where natural resources are being extracted are not fully informed and are not able to debate and have their say on issues of concern. Necessary data and other contextual information relating to the extractive sector through the EITI Reports should be made available in easily accessible formats that could be easily understood by ordinary people at resources impacted areas and community levels. These reports should empower the public to use them to engage in constructive debates, public forums and through other avenues to have their say in the exploitation, management and distribution of revenues and benefits derived from these resources. Transparency and accountability can be enhanced to a greater extent and good governance can prevail as a result of Government adopting good public policies for management of the extractive sector. This can build trust and confidence among different stakeholders and create a better environment for further investments. Ensuring that funds generated from the extractive industries are spent in an accountable and transparent manner and are used for the purposes as mandated by law (through the budget process). If monies are to be paid to landowners in the affected communities, these should go straight to the intended beneficiaries. The EITI reporting process provides an avenue for stimulating debates and discussions on these issues to bring about necessary policy and legislative reforms for better management of the extractives sector.

GOVERNANCE RELATED CHALLENGES: 1. Ensuring continued political ownership and commitment is key to addressing issues concerning the extractive sector. 2. Creating and maintaining public support and involvement would demand a lot of consultation, public awareness, outreach activities, information dissemination, networking and other activities to build capacity at community levels for greater public involvement. 3. Limited financial data at sub-national levels of governments to support this initiative. 4. Lack of reliable telecommunication infrastructure (access to internet, newspapers, smart phones, computers, etc.) in many remote communities and the fact that over 80% of PNG’s population is still illiterate is a real constraint to enabling the public to be fully engaged in debates and discussions.

ACTIVITIES VERSUS CHALLENGES: Activities listed below under this objective are intended to create awareness in the extractive sector by ensuring that information are disseminated regularly through various forms (forums, conferences, publications, radio talk back shows and other social medias). It is hoped that through these activities, the challenges highlighted above may be addressed and the public will ensure that extractive industry companies invest and extract these resources wealth according to the law and the Government manages revenues it receives well for the good of the country and its people.

| ACTIVITIES | TARGET OUTCOME | RESPONSIBLE ENTITY | TIMELINE | ESTIMATED COST (PGK) | FUNDING SOURCE |
|--|--|---------------------------|---------------------------|----------------------|----------------|
| 3.1 IMPROVE PUBLIC UNDERSTANDING IN THE MANAGEMENT OF EXTRACTIVE INDUSTRIES | | | | | |
| ENGAGE IN CARRYING OUT PROMOTIONAL AND EDUCATIONAL AWARENESS THROUGH VARIOUS MEDIUMS | | | | | |
| PNGEITI 2019 Report launching and printing | To maximise transparency and accountability in the extractive industry, building on from what was covered in | National Secretariat, MSG | February to December 2021 | PGK 70,000.00 | GoPNG |

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| | the first, second, third and fourth Reports | | | | |
| Preparation of statements and press briefings on PNGEITI activities, including workshops with media groups on EITI implementation activities | To enhance public awareness and understanding on the management of extractive industries in PNG | National Secretariat, MSG | February to December 2021 | PGK 50,000.00 | GoPNG |
| Conduct outreach, roadshows, dialogues, networking and training with relevant sectors: sub-national governments; churches; landowner groups; academics and industries on EITI implementation and report release. This activity will be undertaken in consultation with Civil Society Organisations through PNG Resource Governance Coalition (PNRGC) supported by CIMC and INA | Increased public awareness and understanding on the management of extractive industries in PNG | National Secretariat, MSG | February to December 2021 | PGK 340,000.00 | GoPNG |
| Publication of educational reference materials, primers, articles on EITI and EITI implementation, online trainings and digital presentations | To enhance public awareness and understanding on the management of extractive industries in PNG | National Secretariat, MSG | February to December 2021 | PGK 100,000.00 | GoPNG |

| 3.2 ENGAGE IN CARRYING OUT PROMOTIONAL AND EDUCATIONAL AWARENESS THROUGH VARIOUS MEDIUMS | | | | | |
|--|---|---------------------------|---------------------------|----------------|----------|
| CREATING AN AVENUE FOR CONSULTATIVE APPROACH TO PUBLIC POLICY FORMULATION AND DEBATES IN THE EXTRACTIVE SECTOR | | | | | |
| Conduct Pilot PNGEITI Flagship National Conference | To showcase EITI implementation by MSG in the country and pursue with implementation of EITI reports recommendations through constructive debate and dialogue | National Secretariat, MSG | February to December 2021 | PGK 200,000.00 | Industry |
| Quarterly talk back shows with local radio stations | To bring about awareness of EITI implementation and gain support from the public and at the political level | National Secretariat, MSG | February to December 2021 | PGK - | GoPNG |
| Attendance at in-country conferences, seminars and workshops | To bring about awareness of EITI implementation and gain support from the public and at the political level | National Secretariat, MSG | February to December 2021 | PGK 50,000.00 | GoPNG |
| Regular Newspaper articles and forums | To provide regular updates on EITI implementation activities and bring out issues in the extractive sector for public consumption | National Secretariat, MSG | February to December 2021 | PGK - | GoPNG |
| PNGEITI National Secretariat and MSG to attend relevant International Meetings, Conferences, Workshops and events (Moved from P1) | To fulfil PNG EITI membership requirements as a candidate country in attending to international obligations. Also to ensure PNG is represented at these events as an EITI implementing country to learn from and share global best practices and experiences with other EITI countries. | National Secretariat, MSG | February to December 2021 | PGK 100,000.00 | GoPNG |

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| PNGEITI National Secretariat to organise Internal/in-country meetings, conferences, workshops and events (Moved from P1) | To achieve satisfactory implementation of EITI activities and to sustain and build on the progress made in the country | National Secretariat, MSG | As and when required | PGK 211,500.00 | GoPNG |
| Printing and publicity of 2017 EITI Reports (Moved from P2) | To promote transparency through awareness and public understanding on the outcome/findings of PNGEITI first and second reports and progress updates on their implementation and provide an awareness on the third and fourth reports recommendations. | National Secretariat, MSG | February to December 2021 | PGK - | GoPNG |
| Conduct public awareness, publicity and outreach programs for PNGEITI third and fourth reports through social media – print media, advertisements, pamphlets, brochures, conferences, press releases and visits to regional centres throughout the country (Moved from P2) | To promote transparency through increased awareness and public understanding on the outcome and findings of PNGEITI first and second reports and updates on their implementation. At the same time provide an awareness on the third and fourth reports recommendations. | National Secretariat, MSG | February to December 2021 (on-going) | PGK 100,000.00 | GoPNG |
| Production of quarterly PNGEITI Newsletter | Promote a transparent reporting of all EITI activities undertaken in the country | National Secretariat, MSG | Quarterly | PGK 50,000.00 | GoPNG |

OBJECTIVE 4: STRENGTHEN REVENUE GENERATION AND COLLECTION THAT IS CONSISTENT WITH GOVERNMENT POLICY SETTING AND NATIONAL DEVELOPMENT PRIORITIES

RATIONALE: Ensure constant monitoring of the systems and processes of revenue collection so that these revenues and other benefits are received by the Government as mandated by law. Any activities undertaken by the Government or practice by extractive industries that are inconsistent with the taxation laws and the fiscal regime will constitute unsound management and is not in the best interest of the country. This may result in government and industry officials held liable against their actions. To ensure this outcome, the First EITI Report reviewed the existing laws, regulations, systems and process governing the sector and recommend critical areas that required further reforms and amendments of current legislative frameworks to ensure greater transparency and accountability. These recommendations are being acted upon by respective government entities following a Cabinet directive (National Executive Council Decision No. 91/2017) to ensure implementation. An updated matrix has been attached to this Work Plan as Annex 3.

For revenue collection, key government agencies like the Internal Revenue Commission, the PNG Customs, the Department of Petroleum, the Department of Mineral Policy and Geo-hazards Management and the Mineral Resources Authority should be assisted to strengthen their capacities to perform effectively. These entities should monitor and ensure that companies involved in the extractive sector comply with existing laws, project agreements or other contractual obligations. The current practice of investments in this sector lacks transparency as details on project agreements, fiscal arrangements and such contractual details are not publicly available. Therefore, activities undertaken in the sector lack transparency and the public are not in a position to monitor these activities.

Through release of the first EITI Report, it is intended that some of these areas will be addressed in so far as strengthening systems and processes of revenue collection and capacity building in key government agencies are concerned. A good number of recommendations have already been implemented such as the inclusion of SOEs in the MSG and removal of secrecy provision in the PNG Income Tax Act to allow the Internal Revenue Commission to disclose tax revenue data for EITI reporting purpose.

GOVERNANCE RELATED CHALLENGES: 1. Improving government systems and process and capacity building will require reforms and amendments to existing laws and legislations governing the extractive sector. 2. Some of these reforms may require consensus building at the political level and the willingness to take ownership of these reforms by the Government. This would mean that certain reforms could be undertaken in the short to medium terms, however some may be undertaken in the longer term. 3. Past experiences from public sector reforms in PNG demonstrates that there has been no consistent efforts to build on the reforms made to progress further. There is the problem of sustainability and continuation of reforms due to political instability and policy priorities. That is, when new government comes in there is no guarantee that reform agendas would be sustained and this can be a challenge. 4. Reforming and building institutional capacities requires adequate resourcing and strong political leadership.

ACTIVITIES VERSUS CHALLENGES: All activities listed below are intended to address the above challenges and these are key actions.

| ACTIVITIES | TARGETED OUTCOME | RESPONSIBILITY | TIMELINE | ESTIMATED COST | FUNDING SOURCE |
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4.1 ENSURE GOVERNMENT RECEIVES ALL REVENUES FROM THE EXTRACTIVE INDUSTRIES IT IS MANDATED TO RECEIVE

The outcome of this sub-objective is to ensure maximum benefits are derived from resources extraction in PNG

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| <p>Act on recommendation from the third & fourth PNGEITI Reports. Many of these activities are to be undertaken by respective government agencies following earlier Cabinet directive as directed. PNGEITI National Secretariat and MSG can only play a facilitative role</p> | <p>For improved administrative, legislative systems and process and public policies governing the management and extraction of resources from the extractive sector. Also to enhance understanding and trust building among stakeholders (Government, Industry and civil society groups) to creating a conducive environment for further investments</p> | <p>National Secretariat, MSG</p> | <p>On-Going</p> | <p>PGK -</p> | <p>GoPNG</p> |
| <p>Engage a consultant to undertake a scoping study on implementing EITI Standard to sub-national levels of governments (provincial and local level governments) and landowner associations as part of the Phase 2 Subnational Scoping Study.</p> | <p>To increase transparency and accountability of benefits flowing to provincial governments, districts, local level governments, landowners groups and associations and, empowering people at community levels to address issues that directly affect them</p> | <p>National Secretariat, MSG</p> | <p>On-Going</p> | <p>PGK -</p> | <p>GoPNG</p> |
| <p>Finalisation of revised PNGEITI Commission Bill and consultation</p> | <p>Legislating EITI activities in the country will ensure it has the legal basis to operate and sustain itself into the future. Therefore the MSG will ensure that the revised PNGEITI Commission Bill is presented to Parliament</p> | <p>National Secretariat, MSG</p> | <p>March to November 2021</p> | <p>PGK 100,000.00</p> | <p>GoPNG</p> |

4.2 ENHANCE STAKEHOLDER ACCOUNTABILITY (GOVERNMENT, CIVIL SOCIETY ORGANISATIONS AND EXTRACTIVE INDUSTRIES)

The outcome of this sub-objective is to ensure stakeholders account for all the revenues and benefits derived from the extractive sector

| ACTIVITIES | TARGETED OUTCOME | RESPONSIBLE ENTITY | TIMELINE | ESTIMATED COST (PNGK) | FUNDING SOURCE |
|--|---|---------------------------|----------|-----------------------|-----------------------------|
| Strengthening the capacity of CSOs to participate and contribute effectively in the Multi-Stakeholder Group (MSG) | To empower and ensure CSOs play an active role in the MSG process and be accountable to its wider CSOs operating in the country | National Secretariat, MSG | On-going | PGK - | GoPNG, World Bank |
| Strengthening the reporting and accountability capacities of industries in the reporting of payments to the Government | Ensure industries have an effective and efficient payment systems (preferably in EITI reporting formats) in place to record all material payments to the government, including sub-national levels of government and landowner groups, companies and associations. | National Secretariat, MSG | On-Going | PGK - | JICA |
| Strengthening the accountability of Government agencies in recording financial data from extractive payments and reporting of revenues and benefits received | Ensure relevant government agencies have an effective and efficient recording systems (preferably in EITI reporting format) in place to store data and to report on all material payments received. Also to ensure there is capacity in key State agencies to support EITI implementation and to enable them to address public policy | National Secretariat, MSG | On-Going | PGK - | GoPNG, Development partners |

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| | and administrative issues in a systematic manner for the extractive sector | | | | |
| Improve monitoring mechanisms for transfer of revenues from the industry and government to sub-national levels of governments and landowner groups on Special Support Grants (SSGs), Infrastructure Development Grants (IDGs), Business Development Grants (BDGs), royalties, development levies, derivation grants, etc. | Ensure relevant government agencies have an effective and efficient method of transferring funds and to store data and report all revenues paid out. Further, to ensure there is capacity in key agencies to support EITI implementation. Finally, for government agencies to effectively address public policy and administrative issues in the extractive sector. | National Secretariat, MSG | January - December 2021 | PGK - | GoPNG, Development partners |

OBJECTIVE 5: ENDEAVOUR TO FULLY IMPLEMENT PNGEITI REPORT RECOMMENDATIONS AS DIRECTED BY CABINET

RATIONALE: Ensure that the EITI report findings and recommendations from the first report and all subsequent reports are implemented by responsible and affected government departments and agencies in a timely manner. This include adhering to Cabinet directive (NEC Decision 91/2017) by affected agencies by incorporating the activities as directed by Cabinet into their respective work programs and providing the resources to implement them. The implementation of these recommendations are important to EITI implementation in PNG to ensure that these reports are translated into policy and legislative reforms to complement other government initiatives for better managing the extractive sector. Further, the implementation of these report recommendations would also address broader government initiatives on transparency and accountability, and governance and anti-corruption measures.

GOVERNANCE RELATED CHALLENGES: 1. Improving government systems and process and capacity building will require reforms and amendments to existing laws and legislations governing the extractive sector. 2. Some of these reforms may require consensus building at the political level and the willingness to take ownership of these reforms by the Government. This would mean that certain reforms could be undertaken in the short to medium terms, however some may be undertaken in the longer term. 3. Past experiences from public sector reforms in PNG demonstrates that there has been no consistent efforts to build on the reforms made to progress further. There is the problem of sustainability and continuation of reforms due to political instability and policy priorities. 4. Reforming and building institutional capacity requires resourcing and strong political leadership.

ACTIVITIES VERSUS CHALLENGES: All activities listed below are intended to address the above challenges and these are key actions.

| ACTIVITIES | TARGETED OUTCOME | RESPONSIBILITY | TIMELINE | ESTIMATED COST (PGK) | FUNDING SOURCE |
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5.1 ENDEAVOUR TO FULLY IMPLEMENT PNGEITI REPORT RECOMMENDATIONS AS DIRECTED BY CABINET

The outcome of this sub-objective is to ensure responsible government departments and agencies take action by implementing the report recommendations as directed by Cabinet on an on-going basis

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| PNGEITI National Secretariat to update NEC directive matrix to keep track on the implementation of report recommendations as directed by Cabinet with affected government entities. Refer to matrix update dated January 2018 attached to this Work Plan as Annex 3) Also, National Secretariat to provide regular updates on this implementation to the MSG at quarterly meetings. | To achieve an improved administrative and legislative systems and process and public policies governing the management and extraction of resources from the extractive sector. Enhance understanding and trust building among stakeholders (Government, Industry and civil society groups) to creating a conducive | National Secretariat, MSG | On-Going | PGK - | GoPNG, Development partners |
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| | environment for further investment | | | | |
| The Policy TWG of the National Secretariat conducts regular follow up meetings with affected government entities to ensure these recommendations are being implemented. If there are any implementation issues or any agencies not making efforts to implement respective recommendations, the Secretariat will need to understand the reasons why they have not been done. | To speed up the process of EITI Reports implementation and ensure that some of these reports are translated into actually reforms in the sector | National Secretariat, MSG | On-Going | PGK - | GoPNG, Development partners |

| 5.2 INTERNATIONAL PARTNER COORDINATION | | | | | |
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| <i>The outcome of this sub-objective is to ensure the coordination of international partner partnership programs</i> | | | | | |
| To Coordinate all development partners initiatives in alignment with PNGEITI National Work plan | To Coordinate all development partners initiatives in alignment with PNGEITI National Work plan | National Secretariat, MSG | On-Going | PGK 50,000.00 | GoPNG, Development partners |
| 5.3 POST VALIDATION PHASE 2 | | | | | |
| <i>The outcome of this sub-objective is to ensure the coordination of the PNGs Second EITI Validation Exercise</i> | | | | | |
| Review the outcome of the Second PNG EITI Country Validation | To ensure that there is better coordination and harmonisation of development partners and alignment of their programs support with PNGEITI Annual Work plans | National Secretariat, MSG | April 2021 | PGK 50,000.00 | GoPNG, Development partners |

| 5.4 MAINSTREAMING STEPS | | | | | |
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| <i>The outcome of this sub-objective is to ensure responsible government departments and agencies take action by implementing the report recommendations as directed by Cabinet on an on-going basis</i> | | | | | |
| Establish EITI Provincial Desk | Engagement of a consultant or organization perceived by the MSG to be credible, trustworthy and technically competent to assist the MSG to implement recommendations from the EITI mainstreaming feasibility study undertaken in 2020. A designated PNGEITI will be focused on the technical and operational aspect of mainstreaming, including liaising with relevant tiers of government and company authorities. | National Secretariat, MSG | On-Going | PGK 100,000.00 | GoPNG, Development partners |
| Maintenance, upgrade and modernisation of PNGEITI National Secretariat Website. | Maintain a reliable PNGEITI website at all times that can be easily accessed by anybody. | National Secretariat, MSG | On-Going | PGK 20,000.00 | GoPNG, Development partners, consultants |
| Establish Contract Transparency | Contract a suitable firm or individual to provide scoping study and road map for ensuring contract transparency. | National Secretariat, MSG | 2021 April- November | PGK 150,000.00 | GoPNG |
| | Collaborate with State entities responsible for contracts and agreements to create mechanisms that will | National Secretariat, MSG | 2022- Beyond | PGK 100,000.00 | GoPNG |

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| | facilitate and allow disclosure of project contracts. | | | | |
| Engagement with MSG TWG on Development of PNGEITI Reporting Policy Framework & Legislation. | To establish a National EITI Policy Framework and a Legislation to provide better direction and govern the extraction and management of wealth generated from extractive activities. Outcome to be in the form of a draft EITI National Policy and Legislation. | National Secretariat, MSG | February to December 2021 | PGK - | GoPNG |

| 5.5 IMPLEMENTATION OF RECOMMENDATIONS FROM PNG'S FIRST VALIDATION | | | | | |
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| <i>The outcome of this sub-objective is to ensure responsible government departments and agencies take action by implementing the report recommendations as directed by Cabinet on an on-going basis</i> | | | | | |
| PNGEITI Technical Working Group (TWG) Cabinet Directive to ensure relevant State entities and departments implement the NEC Decision | To ensure the recommended corrective actions are acted upon within the required time frame (18 months) to meet the EITI Standard and all its Requirements to realise its potential for becoming a compliant country after the second validation. | National Secretariat, MSG | On-going | PGK - | GoPNG, Development partners |
| Engage a short-term consultant to plan out the corrective actions and coordinate with implementing entities to implement these activities | To ensure the recommended corrective actions are acted upon within the required time frame (18 months) to meet the EITI Standard and all its Requirements to realise its potential for becoming a compliant country after the second validation. | National Secretariat, MSG | April to December 2021 | PGK 100,000.00 | GoPNG, Development partners |

OBJECTIVE 6: MONITORING AND EVALUATION (M&E)

RATIONALE: Though the Work Plan will continually be updated to delete what has been accomplished as planned and to include new activities to be undertaken as determined by MSG from time to time, an evaluation on the Work Plan implementation will still be required. An effective monitoring and evaluation system is critical to assisting the MSG to determine the achievement and non-achievement of the program of activities of the above 6 Objectives. This kind of evaluation provides a useful feedback for MSG to determine their success rate in the overall EITI implementation in PNG and to address any areas of weakness or failures and take measures early for future success. Adopting a well- designed Work Plan without a mechanism to monitor and evaluate its performance will not be effective. Therefore, thought the actual work plan will be reviewed and updated throughout the year, the original plan will be used as a basis to evaluate the progress.

GOVERNANCE RELATED CHALLENGES: 1. Management of differing interests from different stakeholder groups poses a challenge in executing an evaluation in an objective way. 2. Extensive consultations among different stakeholders can be problematic and can hinder effective monitoring and evaluation. 3. Monitoring and evaluation of some activities would not be possible in a given year or over the medium term as these would take a long while to achieve and would require resources to achieve them. 4. Persistent lack of institutional capacity in key state agencies to take a lead role in facilitating and driving stakeholder engagements can contribute to poor performance outcome in evaluation.

ACTIVITIES VERSUS CHALLENGES: There are no activities listed under this objective because M&E is a tool that will be used to assess the performance of the activities listed in Objectives 1 to 6 above.

6.1 DEVELOPMENT OF PNGEITI MONITORING AND EVALUATION TOOLS

The outcome of this sub-objective is to ensure an effective M&E Framework is established for the PNGEITI

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| Engage a short-term consultant scope out and draft an effective M&E Framework and plan for the PNGEITI National Secretariat and the MSG | To ensure that the National Secretariat develop and utilise correct M&E tools to effectively utilised to asses performance of the activities within the National Work plan. | National Secretariat, MSG | On-going | PGK | 50,000.00 | GoPNG, Development partners |
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TOTAL FUNDING REQUIRED IN 2020 = PGK 4,784,301.00

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| 2020 Budget allocation by Government of PNG = | PGK 3,000,000.00 |
| Support from donors and development partners = | PGK 1,784,301.00 |