



***PNG EXTRACTIVE INDUSTRIES TRANSPARENCY
INITIATIVE (PNGEITI)
MULTI-STAKEHOLDER GROUP (PNGMSG)***

Memorandum of Understanding (MoU)

Signed 1 November 2013

**Port Moresby
Papua New Guinea**



**Papua New Guinea Extractive Industries Transparency Initiative (PNGEITI)
Multi-Stakeholder Group (PNGMSG)**

Memorandum of Understanding (MOU)

This Memorandum of Understanding (MOU) is entered into by the Government of Papua New Guinea (GoPNG), Civil Society Organizations (CSOs) of PNG, and mining and petroleum companies from PNG operating in the country through their authorized representatives herein after referred to as the PNG Extractive Industries Multi-Stakeholder Group (PNGMSG), on this day, the 1st of November 2013, in Port Moresby, Papua New Guinea.

1. Introduction

The PNG Extractive Industries Transparency Initiative (PNGEITI), approved by GoPNG through NEC Decision No. 90/2013, promotes revenue transparency and accountability in the country's mining and petroleum sectors. GoPNG fully supports the EITI global standard and, in collaboration with CSOs and industry established the PNGEITI multi-stakeholder group on the 1st of November 2013.

2. Scope of the PNG EITI Multi-Stakeholder Group (PNGMSG)

The PNGMSG is the primary body responsible to oversee and coordinate the successful and effective implementation of the global EITI standards in PNG. The body will provide and establish a framework to promote collaboration and consensus building in implementing the Extractive Industries Transparency Initiative (EITI) in PNG accordingly.

The PNGMSG shall be the governing body of PNG's EITI program, and will provide strategic direction and related support actions and measures in collaboration with key stakeholder groups to ensure the successful implementation of the EITI in Papua New Guinea. The scope shall include but is not limited to the following:

- To promote revenue transparency and accountability in the extractive sector in PNG through implementing PNGEITI in line with the global EITI standard and PNG's legal, regulatory and socio-cultural context
- To provide a balanced forum for dialogue, debate, and consensus on EITI-specific issues relating to the extractive sector in PNG

3. The PNGMSG Structure

The PNGMSG shall consist of representatives from the following sectors:

- Government of PNG (GoPNG)
- Civil Society (CS)
- Mining and Petroleum Companies involved in Extractive Industries (EI)

The PNGMSG will be chaired by the PNG Treasurer with the Secretary of the Department of Treasury as his delegate. A PNGEITI National Secretariat will be established upon acceptance of PNG's application for candidacy to support the PNGMSG and will be chaired by a National Coordinator. Both functions will be executed under the auspices of the Department of Treasury.

4. The PNGMSG Mandate

As the governing body for the implementation of the EITI in PNG, the PNGMSG will hold the following responsibilities:

- a. Lead EITI implementation at country level
- b. Ensure multi-stakeholder discussions lead to consensual decisions
- c. Develop a PNGEITI work plan
- d. Seek and mobilize resources for PNGEITI implementation
- e. Carry out assessments and remove any obstacles that may affect the implementation of PNGEITI

- f. Oversee the management of the PNGEITI budget including managing grants from donor organizations
- g. Provide support, oversight and guidance to the PNGEITI National Secretariat established under the auspices of the Department of Treasury
- h. Work in a meaningful and constructive manner with all national stakeholders including GoPNG, CSs, EI and the National Secretariat to implement the PNGEITI work plan and its global standard;
- i. Publish timely EITI Reports that contain (i) contextual information about the EI, (ii) comprehensive disclosure of the government's revenues from the EI, (iii) comprehensive disclosure of all material payments by oil, gas and mining companies in accordance with the agreed scope and materiality threshold. The reports will follow a credible assurance process applying international standards.

In accepting their role as representatives of their respective constituencies on the PNGMSG, members simultaneously commit to the responsibility of working in partnership to enhance governance, transparency, promote the development of dialogue between relevant stakeholders, and reduce tensions between stakeholders through the transparent governance of PNG's EI.

5. PNGMSG Specific Responsibilities

The PNGMSG, through collaborative, transparent and meaningful engagement shall hold the following responsibilities to:

- a. Work within PNG's laws and regulations as well as EITI's Codes of Conduct
- b. Mobilize and manage resources to support the work of the PNGEITI and the EITI National Secretariat
- c. Monitor, review and evaluate EITI implementation, including through publication of annual activity reports as per requirement 7.2 of the EITI Standard¹ and in a manner that respects PNG's unique context and legal as well as regulatory requirements
- d. Approve annual work plans, the appointment of the Independent Administrator, the Terms of Reference for the Independent Administrator, EITI Reports and annual activity reports as per requirement 1.3(g)(iv) of the EITI Standard
- e. Adopt rules and procedures as necessary for PNGMSG internal governance and operations
- f. Endorse the appointment of staff of the PNGEITI National Secretariat and subsequent monitoring, review and evaluation of their performance
- g. Prepare appropriate reporting templates in coordination with relevant GoPNG organizations, EI representatives, and the Independent Administrator as per requirement 5.2(a) of the EITI Standard.
- h. Establish and support any sub-committees to examine specific issues, and prepare reporting templates and evaluation methodology
- i. Agree on an appropriate definition of "extractive industries" and "materiality" for the purpose of the PNG EITI
- j. Agree on the level of disaggregation for the publication of data as per requirement 5.2(e) of the EITI Standard
- k. Ensure PNG's laws and regulations as well as the confidentiality of commercially sensitive information is respected
- l. Identify, assess and report on any material deficiencies in existing reporting and reconciliation mechanisms and arrangements in comparison with EITI requirements
- m. Work with the National Secretariat to establish the PNGEITI website for promoting the work of the PNGEITI and its members and publication of information of PNGMSG's work and the PNG's EITI reports
- n. Undertake effective outreach activities with civil society groups and companies, including outreach through various communications such as media, website and letters, informing stakeholders of the government's commitment to implement the EITI and the central role of companies and civil society. The PNGMSG should also widely disseminate the public information that results from the EITI process such as the EITI Report
- o. Members of the PNGMSG should liaise with their constituency groups and ensure the genuine representation of their interests within the PNGMSG
- p. Maintain close working relations with the EITI International Secretariat, other implementing countries, stakeholders, and PNG's development partners
- q. Develop and update as needed the Terms of Reference (ToR) for the PNG MSG

¹ See the EITI Standard available at http://eiti.org/files/English_EITI%20STANDARD_11July_0.pdf.

- r. Develop recommendations to Government regarding the evolution of the PNG EITI
- s. Any other activities deemed necessary for the implementation of the PNGEITI

6. Specific Stakeholder Responsibilities

Stakeholder responsibilities are detailed below with the common understanding and agreement that:

GoPNG will

- Lead the PNGEITI implementation through the Chairman and the National Coordinator
- Ensure PNGEITI process respects national legislation and confidentiality of commercially sensitive information
- Cooperate to achieve a successful implementation of the PNGEITI
- Commit and manage government as well as donor funding to the PNGEITI budget
- Mobilize sufficient resources to support the PNGEITI
- Agree and commit to work cooperatively with the independent reconciler and respond diligently to requests made by the reconciler and PNGMSG
- Ensure that its members use a fact-based approach to engaging in the PNGMSG, work with EI and CSOs to build awareness of EI and related revenues to the State, and are fully engaged in monitoring the implementation of the PNGEITI work plan and the overall implementation of the initiative
- Ensure that state owned enterprises involved in EI report their revenues and / or earnings along with receipts for such revenues and / or earnings in accordance with EITI guidelines
- Establish and operate the interim PNG EITI National Secretariat

EI will

- Cooperate to achieve a successful implementation of the PNGEITI
- Commit to perform in line with the PNGEITI requirements and work plan
- Agree to disclose payments to the government and independent reconciler in accordance with the agreed reporting templates
- Agree and commit to work cooperatively with the independent reconciler and respond diligently to requests made by the reconciler and PNGMSG
- Ensure that its members use a fact-based approach to engaging in the PNGMSG, work with GoPNG and CSOs to build awareness of EI and related revenues to the State, and are fully engaged in monitoring the implementation of the PNGEITI work plan and the overall implementation of the initiative

CS will

- Cooperate to achieve a successful implementation of the PNGEITI
- Commit to engage and participate productively with the PNGMSG and work collaboratively in line with PNGEITI requirements and work plan
- Commit to take a leading role in ensuring the EITI accountability function is exercised in a responsible and constructive manner in the implementation of the initiative
- Ensure that its members use a fact-based approach to engaging in the PNGMSG, work with GoPNG and EI to build broad public awareness of EI and related revenues to the State, and are fully engaged in monitoring the implementation of the PNGEITI work plan and the overall implementation of the initiative

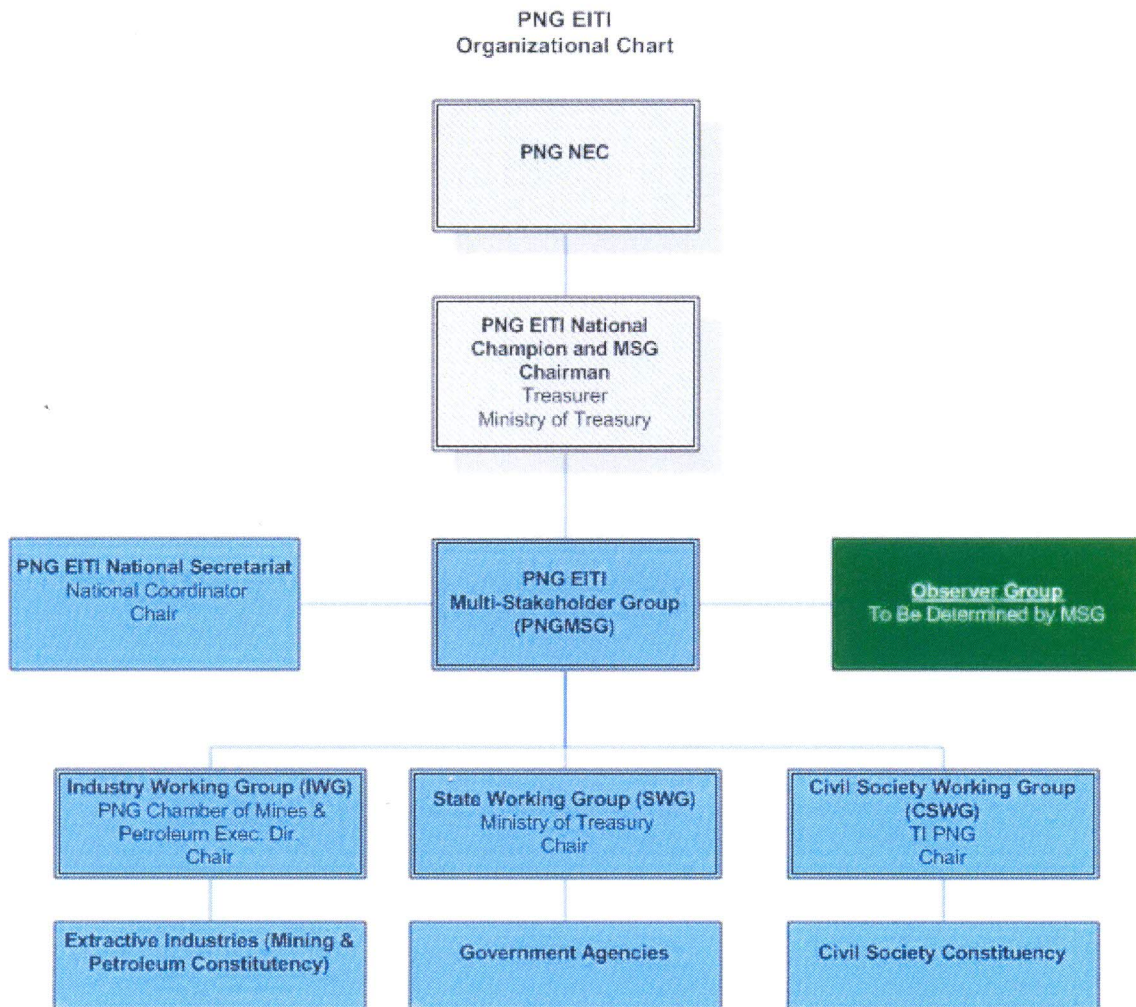
7. Organization of the PNGMSG

The MSG will be chaired by the PNG Treasurer and is the central decision making body for EITI implementation, monitoring and evaluation. The PNGMSG shall comprise of agreed representation of members from GoPNG, CS and the EI. The PNGMSG shall determine the total number of members, with the initial membership to consist of:

- 7 GoPNG representatives (with each representative having a maximum of 2 alternates)
- 7 CS representatives (with each representative having a maximum of 2 alternates)
- 7 EI representatives (with each representative having a maximum of 2 alternates)

EI representatives, following engagement with broader EI companies organized by the PNG Chamber of Mines and Petroleum, will select its PNGMSG members through a democratic process based on agreed criteria. Civil society membership will be chosen following a series of consultations between national civil society

organizations via a democratic process per agreed criteria, with civil society representatives selected covering a range of civil society perspectives and constituencies. Government will select its Members from its State Working Group through appropriate internal processes and direct engagement with participating ministries, agencies and departments as required. The organizational structure is depicted below.



The PNGEITI National Secretariat is to be established once PNG is accepted as an EITI candidate country. Its purpose is to assist the PNGEITI Chairman in providing coordination, facilitation and administrative support to the PNGMSG. The National Secretariat will play a critical role in ensuring all PNGEITI activities are carried out in an effective, efficient, well-organized and sustainable manner consistent with internationally accepted standards of EITI. A specific Terms of Reference (ToR) outlining the National Secretariat's roles and responsibilities will be developed and approved by the PNGMSG prior to its formation.

The PNGMSG will establish when practical an Observer Group composed of external organizations or individuals that have no voting or decision-making authority within or over the PNGMSG, but act to provide observations on EITI process or EITI-related issues being considered by the PNGMSG. The anticipated outcome of the Observer Group is the broadening of awareness about EITI within the State of Papua Guinea and its agencies and PNG civil society as well as to promote understanding of PNG EITI and how it relates to other PNG transparency-related initiatives. Observations made by members of the Observer Group may be considered by the PNGMSG but are not binding. The members of the Observer Group are not signatories to this MoU, but will be required to commit to abiding by the relevant terms set forth herein and any additional requirements as stipulated by the PNGMSG prior to assuming an Observer role. Membership in the Observer

Group is subject to PNGMSG review and approval, with members being rotated as agreed to by the PNGMSG in accordance with the terms of this MoU.

Each of the three sectors – GoPNG, CS and EI – represented on the PNGMSG will maintain their own separate, sector-specific working group that is tasked with developing their respective inputs as well as with the education, awareness, and liaison with their constituencies. GoPNG maintains the State Working Group (SWG) that is chaired by the Department of Treasury representative. In turn, the PNG Chamber of Mines and Petroleum Executive Director is the chair for the industry working group (IWG) with Transparency International PNG chairing the civil society working group (CSWG).

Terms for MSG Membership

Members of the PNGMSG shall be appointed for an initial term of three (3) years with the possibility of reappointments based on rules set by the PNGMSG. While the tripartite nature of the group must be maintained (i.e. government, EI companies, and civil society must always be represented), per the terms of this MoU the group may agree at any time to change, add, or reduce the number of Members, provided a balanced MSG representation is ensured. The PNGMSG shall exist for the duration of the PNG EITI program.

The following guidelines will also apply:

- Each representative sector shall have the right to independently select and replace its members on the PNGMSG
- The PNGMSG meeting shall commence when at least a quorum of three (3) members from each of the three stakeholder groups is present
- In accordance with requirement 1.3(g) (vi) of the EITI Standard, any member of the PNGMSG has the right to table an issue for discussion
- The minutes of the PNGMSG meetings shall be tabled and adopted at the next PNGMSG and when the Chairperson of the meeting signs them
- The PNGMSG may conduct its business electronically for circumstances rendered necessary

Meetings

The PNGMSG shall decide the frequency of its meetings at such times and places as it may determine but not less than four times a year.

The Chair will set the agenda for meetings. The meeting announcement, agenda, and any background documents shall be circulated to PNGMSG Members a minimum of one week before the meeting date. The Chair and PNGMSG shall be supported by the PNG EITI National Secretariat; the Department of Treasury will establish and perform the National Secretariat functions. The Secretariat shall conduct all coordination and administrative functions necessary to support the PNGMSG and ensure the fulfillment of its outlined responsibilities. If there are any necessary or urgent issues which need to be discussed and decided, the Chair will call an extraordinary meeting.

The Chatham House Rule² will apply to meetings and to the minutes of meeting discussions to be kept by the PNG EITI National Secretariat. Minutes of meetings (respecting the Chatham House Rule) will be circulated to the PNGMSG and will be made publicly available after agreement among the Members.

All PNGMSG members and observers shall respect and not discuss outside of PNGMSG meetings any confidential, proprietary or commercially sensitive information that may become available at any point, and will sign confidentiality agreements accordingly. All instances of failure to adhere with this confidentiality agreement would be reviewed by the MSG and may result in dismissal from any further participation in MSG meetings.

² See Chatham House Rule at <http://www.chathamhouse.org/about-us/chathamhouserule>

Decision-Making / Voting

The PNGMSG will strive to make decisions on the basis of consensus. Where consensus is not possible the decision-making principles and voting rules will be applied.

The Decision-Making Protocol for the PNGMSG is set out in Schedule I. This Protocol identifies:

1. How decisions will be made, including consensus requirements and a tiered decision-making hierarchy that applies if consensus cannot be reached
2. How members can be represented in decision-making if they are not able to be present at a meeting
3. How abstentions will be managed

8. Reporting

The PNGMSG through the National Secretariat shall publish annually a PNG EITI Report consisting of:

- Status of EITI implementation in PNG
- Contextual information about the EI as per requirement 3 of the EITI Standard
- Payments made by the EI to GoPNG
- Corresponding revenues received by GoPNG from the EI
- Other revenue streams as deemed appropriate and agreed to by the PNGMSG

The PNGMSG shall recruit an Independent Administrator who shall collate, analyze and reconcile the GoPNG and EI submissions, and report accordingly with subsequent recommendations.

The PNGMSG shall, in consultation with the Independent Administrator, develop necessary reporting templates that should be forwarded to both GoPNG and the EI with instructions of how the templates should be completed, and when and where the completed templates should be submitted.

The PNGMSG shall publish or authorize the publication of the PNGEITI Report including the Independent Administrator's findings and recommendations.

The PNGEITI report shall be publicly made available in an accessible and comprehensible manner.

The PNGEITI report will be reviewed and unanimously endorsed by the PNGMSG and the PNGMSG Chairman.

9. Review of Memorandum of Understanding

This MoU shall be reviewed,

- a) As required by the MSG in accordance with the terms of this MoU

Any amendments proposed as a result of a review in accordance with this clause, shall be incorporated upon agreement by the MSG in accordance with the terms of this MoU.

SCHEDULE I

Decision-Making Protocol for the PNG EITI Multi-Stakeholder Group

1. Decision-Making Principles

- 1.1. The PNGMSG is committed to operating in the spirit of collaboration and cooperation with the aim of reaching general consensual agreement amongst all members on all decisions.
- 1.2. In cases when general agreement cannot be reached, a formal vote will be taken at the discretion of the Chair and voting rules will be applied. While consensus sometimes is not possible, decision-making principles are designed to build the greatest possible consensus.
- 1.3. All 21 PNGMSG members will be represented in decision-making.

2. Decision-making Rules

- 2.1. Decision-making will occur by a three tiered hierarchical system as follows:
 - 2.1.1. *Consensus*. The Chair will seek to achieve consensus for all decisions. If this is not achieved then absolute consensus will be sought.
 - 2.1.2. *Absolute Consensus*. Consists of a two thirds or greater majority of exercised votes (i.e. minus abstentions) and includes a minimum of 2 representatives from each constituency.
 - 2.1.3. *Modified Consensus*. If *Consensus* or *Absolute Consensus* is not achieved, a working group will be formed comprising equal representation from each constituency, to discuss and negotiate a recommendation to proceed to the PNGMSG. This may occur at the meeting; post meeting (with the intention to provide a recommendation by the next PNGMSG meeting); or be considered out-of-session. Once the sub-group has provided its recommendation, the PNGMSG will seek to make a decision on the basis of consensus, absolute consensus or modified consensus.
- 2.2. One vote will be recorded per member, and abstentions will be recorded.
- 2.3. All 21 PNGMSG members will be represented for each vote. The number of votes required to pass a motion will adjust according to any abstentions to maintain a two-thirds majority of participating votes.

3. Proxy Arrangements

- 3.1. All 21 PNGMSG members will be counted for each motion. Where a member is unable to be present at a meeting, that member will appoint another person to act as proxy at that meeting, and advise the PNG EITI Secretariat of the appointment in advance of the meeting.
- 3.2. All proxy appointees will be required to sign confidentiality and conflict of interest forms where necessary.
- 3.3. A PNGMSG member may appoint any other person that is member of the PNGMSG as their proxy for a specific meeting.
- 3.4. No person may hold more than one proxy vote for PNGMSG members at a time with the exception of the Chair
- 3.5. In exceptional circumstances and at the Chair's discretion, when no advice on a proxy has been given and a member is absent from a meeting, the proxy will default to the Chair. The Chair may allocate the vote, abstain or use the vote as the Chair sees fit.
- 3.6. Should the Chair hold a significant number of unallocated proxies they have the discretion to decide if votes are to be ratified out-of-session.

4. Abstention

- 4.1. Where a member intentionally abstains from a decision-making process, their vote will not be counted for or against the decision. Their vote will be discounted from the number of eligible votes.
- 4.2. To ensure abstention by a member is intentional, a member will notify the Secretariat of this intention, where possible in advance, and ensure that the abstention is recorded in the minutes of the meeting, or the record of decision for an out-of-session purpose.
- 4.3. Should the Chair determine that a significant number of abstentions are being exercised they have the discretion to decide if votes need to be ratified out-of-session.

5. PNGMSG Membership

Type	Primary	Alternate 1	Alternate 2	Affiliation
GoPNG	Treasurer Poly, PNGMSG Chairman	Dairi Vele, Secretary	Anthony Yaueb, Deputy Secretary	Dept. of Treasury
GoPNG	Donald Hehona, First Assistant Secretary Structural Policy and Investments Division (SPID) as National Coordinator	David Kiwa, Assistant Secretary Extractive Industries Branch (EIB) as alternate National Coordinator	Martin Teine, Principal Economist EIB	National Secretariat
GoPNG	Shadrick Himata, Secretary	Harry Kore, Director Mineral Policy and Legislative Division	Asavi Kendua, Assistant Director Policy Advisory Branch	Dept. of Mineral Policy and Geohazards Management
GoPNG	Betty Palaso, Commissioner General	Dr. Alois Daton, Commissioner Taxation	Grace Torowa, Assistant Commissioner Collect Tax Division	Internal Revenue Commission
GoPNG	Rendle Rimua, Secretary	Colin Kalimba, Deputy Secretary	Iati Ai, Director – Petroleum Division	Department of Petroleum and Energy
GoPNG	Philip Samar, Managing Director	Sean Ngansia, Executive Manager Coordination Division	Jerry Naime, Manager Sustainable	Mineral Resource Authority
GoPNG	Juliana Kubak, Secretary	Rosemary Isicar, Assistant Secretary – Economic Policy Branch	Clara Momoi, Sr. Economic Policy Officer – Economic Policy Branch	Department of Planning and Monitoring
GoPNG	Dr. Ken Ngangan, Secretary	Samuel Penias, Deputy Secretary	Philip Imbuni, First Assistant Secretary Non Tax Revenue	Department of Finance
Civil Society	Mayambo Peipul, Project Manager			Business Against Corruption Alliance (BACA)
Civil Society	Wallis Yakam, Executive Officer	Elizabeth Avaia, Sr. Project Officer, Public Budgets & Expenditure	Susan Setae, Interim Pres. Of PNG Civil Society Forum & CIMC Council member	Consultative Implementation and Monitoring Council (CIMC)
Civil Society	Paul Barker, Executive Director	Douveri Henao, Research Officer	Marjorie Andrew, Research Fellow	Institute of National Affairs (INA)
Civil Society	Father Denny Guka	Archbishop John Ribat	Albert Rovi, General Secretary	PNG Council of Churches (PNGCC)
Civil Society	Emily Taule, Executive Director	Jerry Bagita, Operations Manager	Michael McWalter, Director	Transparency International PNG (TI PNG)
Civil Society	Patrick Yeye Lombaia, Executive Director	Harrison Owage, Program Manager	Baru Amenu, Project Coordinator	Papua New Guinea Mining Watch Group Association Inc.
Civil Society	Thomas Paka, Executive Director	Mark Senson, Manager Lobby, Advocacy and Networking	Mary Boni, Manager Programs, Governance & Research	EcoForestry Forum
Industry	Peter Graham, Managing Director	Ken Freeman, Manager Public & Government Affairs	John Moore, Senior Advisor – External Affairs	Esso Highlands Ltd.
Industry	Greg Anderson, Executive Director	Leah Warupi, Project Coordinator		PNG Chamber of Mines & Petroleum
Industry	Anthony Smare, Director	Ila Temu, Country Manager		Barrick Niugini Ltd.
Industry	David Wissink, General Manager Sustainability	Bill Dan, General Manager Governance & Risk	Stanley Komunt, Manager Community Affairs	Morobe Mining Joint Ventures (MMJV)
Industry	Peter Aitsi, Country Manager	Borone Isana, Manager Government Liaison		Newcrest Mining Ltd.
Industry	Gerea Aopi, Executive General Manager of External Affairs & Sustainability	Willie Kupo, General Manager of Community & External Affairs	Paul Gazawe, Government Affairs Supervisor	Oil Search (PNG) Ltd.
Industry	Richard Kassman OBE, Government Relations Manager	Robin Moaina CBE, Corporate Affairs Manager		Talisman Energy Niugini Ltd

*For the Government representatives, positions are important and not the names of individuals.

Signature Page

Member	Title	Organization	Signature
Hon. Don Pomb Poly	Treasurer	PNG Department of Treasury and PNG EITI National Champion	
Mayambo Peipul	Project Manager	Business Against Corruption Alliance (BACA)	
Wallis Yakam	Executive Officer	Consultative Implementation and Monitoring Council (CIMC)	
Paul Barker	Executive Director	Institute of National Affairs (INA)	
Denny Guka	Chairman	PNG Council of Churches (PNGCC)	
Lawrence Stephens	Chairman	Transparency International PNG (TI PNG)	
Patrick Yepe Lombaia	Executive Director	Papua New Guinea Mining Watch Group Association Inc.	
Thomas Paka	Executive Director	EcoForestry Forum	
Greg Anderson	Executive Director	PNG Chamber of Mines & Petroleum	
Anthony Smare	Director	Barrick Niugini Ltd.	
David Wissink	General Manager Sustainability	Morobe Mining Joint Ventures (MMJV)	
Peter Aitsi	Country Manager	Newcrest Mining Ltd.	
Peter Graham	Managing Director	Esso Highlands Ltd.	
Gerea Aopi	Executive General Manager of External Affairs & Sustainability	Oil Search (PNG) Ltd.	
Richard Kassman	Government Relations Manager	Talisman Energy Niugini Ltd.	