



PNG EXTRACTIVE
INDUSTRIES
TRANSPARENCY
INITIATIVE



2020 Annual Progress *Report*

Published as at December 2021

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EXECUTIVE SUMMARY

The financial year 2020 was impacted significantly by the Corona virus Pandemic in PNG and particularly in the implementation of the EITI Standard. As with many other EITI countries around the world, Papua New Guinea (PNG) faced unprecedented constraints in implementing its EITI commitments due to the various lockdowns and containment measures undertaken by the State.

With two national shutdowns in 2020, and heightened measures enforced by the National Executive Council (NEC), the PNGEITI Multi-Stakeholder Group (MSG) employed various strategies in compliance with the National Pandemic Act 2020 and subsequent National Orders administered to counter the spread of the Corona Virus whilst implementing the Standard.

Since our inception in 2014, the PNGEITI MSG and the National Secretariat remain overtly committed in ensuring improved governance in the extractives sector. Testament to our shared vision is the overwhelming commitment by the PNG



Lucas Alkan, Head of PNGEITI National Secretariat

Government in fully supporting the program with recurrent funding and resourcing through the national budget. This has resulted in the publication of seven (7) PNGEITI Reports that covered the financial years 2013 to 2019.

Moreover, the PNGEITI has diligently complied with EITI requirement 7.4 *Review of the outcomes and impact of EITI implementation* with the production of Annual PNGEITI Progress Reports (APR) and reviews. The APR is a mandatory requirement of the EITI Standard that intends to highlight the outcomes and impacts of EITI implementation in member countries. The PNGEITI National Secretariat had progressively fulfilled this requirement with the production of 7 APR's that covered financial years 2013 to 2019.

This report highlights key outputs in the 2020 financial year from activities undertaken by the PNGEITI National Secretariat and the MSG from periods covering January 2020 to December 2020. The activities in 2020 witnessed increased constraint from the MSG in addressing recommendations from the PNGEITI Reports; the NEC Decision 91/2017 and the first Validation Report of 2018.

With the introduction of the new Validation Model and increased flexibility in reporting requirements from EITI International to assist member countries cope with the impact of the Covid 19 pandemic, the PNGEITI MSG resolved to request for an extension for the second Validation which was granted and scheduled for commencement in April of 2022.

Apart from these programs; the PNGEITI progressed its annual recurrent programs with increased technical support from international development agencies such as the World Bank, and the Japanese International Cooperation Agency (JICA) and industry support.

The key highlight of the 2020 financial year included the finalisation of the Extractive Industries Transparency Commission Bill that will now undergo various legislative making process before its final submission to Cabinet. Furthermore, the combined efforts of the various MSG Technical Working Groups (TWGs) resulted in the delivery of the first Beneficial Ownership Report in December

The PNGEITI-JICA Project garnered substantive output which resulted in increased data quality in the 2019 Report. It also enhanced collaboration between the Department of Petroleum and the PNGEITI MSG. The three years project was scheduled to conclude by the end of 2020, however, due to Covid 19 disruptions, the project was extended beyond 2021.

Additionally, the 2020 PNGEITI communication programs achieved satisfactory results which maintained its presence in the mainstream media, promoting the 2018 PNGEITI Report findings. The online discussions and engagement events proved invaluable for various audiences towards the end of 2020. The limited outreach activities conducted were meaningful and succeeded in stimulating dialogue and collaboration amongst various civil society groups and other interest groups. It also created collaboration and dialogue between State regulators and academics, both domestic and international on how to address pertinent issues related to extractive sector governance in PNG.

Administratively, the MSG quarterly meetings were affected due to the Covid19 shutdowns and the social distancing measures imposed by the Government. However, the National Secretariat rallied to deliver key EITI activities within these parameters and as mandated through the NEC and under the guidance of the PNGEITI MSG and the Technical Working Group. The recent emphasis on gender balance in the 2019 EITI Standard was captured as a recurrent item within the PNGEITI MSG Work Plan going beyond 2020. Data from the MSG meeting minutes indicated a need to strengthen female participation. Despite gender disparity, female voting members played a significant role in enhancing the implementation of the EITI from years 2015- 2020.

The EITI remains a neutral platform for dialogue amongst stakeholders operating in the extractive sector and is considered to be a valuable mechanism by which gaps in existing government systems can be identified, and the recommendations contained within to be elevated to the political level for policy and legislative reforms.

The PNGEITI objectives remain consistent with PNG National Government priorities through the 9 Objectives of the 2019 National Policy Framework on Transparency and Accountability in the Extractive Sector. The 9 Objectives are as follows:

1. A fully functional independent and an administrative body
2. Full Participation in extractive sector transparency and accountability
3. Comprehensive disclosure of information and financial data
4. Minimise corruption in government institutions
5. Diagnostic tool to support extractives sector reforms
6. Improved public financial management in the extractive industry
7. Encourage public debates on resource governance and instigate policy reforms
8. Effective information dissemination among stakeholders and general public
9. Ensure complementarity with transparent and enhance good governance in PNG

I hereby present this Annual Progress Report (APR) for the financial year 2020 in compliance with the EITI Global Standard for your interest and consideration.



Lucas Alkan
Head of National Secretariat

1. GENERAL ASSESSMENT OF 2020 PERFORMANCE

The PNG Extractive Industries Transparency Initiative performed well in the Covid19 pandemic despite having two shutdowns and numerous stakeholder constraints in implementing the 9 policy areas and international requirements

This report highlights the outcome of work undertaken from periods January - December 2020 and covers the four primary program areas in the PNGEITI Work Plan comprising procurement, communications & engagement, policy & technical and finance & administration.

The PNGEITI National Secretariat is situated within the PNG Department of Treasury and had a total of 9 staff in the 2020 financial year. The National Secretariat continues to be resourced and funded by the Department of Treasury through its annual budget appropriation from the national budget.

The year 2020 experienced many challenges in the overall performance of the PNGEITI National Secretariat activities with the impact of the Covid19 pandemic. As with many EITI implementing countries around the world and in the South-EastAsian region, the increased impact of the Covid-19 pandemic had resulted in many countries developing new and innovative strategies and approaches to implement the EITI Standard.

Similarly, the PNGEITI Multi-Stakeholder Group explored various options such as online meetings and virtual collaborative approaches. Whilst the Covid 19 pandemic tested the resilience of our various government systems, the PNGEITI governance model was able to withstand the tremendous stress on operations which was encountered. The result of various combined efforts saw meaningful and consistent participation by the MSG with the production of various EITI reports as well as the flagship 2019 PNGEITI Report.

Noteworthy is the increased working relationship within the MSG, which was strengthened by our **new way** of doing business. Other notable reports included our first published Beneficial Ownership Report; the PNGEITI State Owned Enterprises (SOEs) Scoping Study as well as other projects commissioned by international partners such as the World Bank and JICA.

With more flexibility introduced by the EITI International Board intended to assist impacted member countries, our way forward now would be for more innovative approaches in implementation in the new normal.

1.1. The EITI Global Standard

The EITI Standard is distinctly participatory in design, proving its resilience to impacts by external shock such as the Covid 19 pandemic. This unique characteristic of the EITI Model enables expansion of the franchise in utilising innovative approaches to implement and maintain standards. All EITI member countries around the world remain obligated to implement the EITI Standard that promotes transparency and accountability along the extractives sector value chain.

There were three versions of the EITI Standards' that have been revised and published since 2013 which comprise the; 2013 Standard, 2016 Standard and the current 2019 Standard.¹



Figure 1 EITI Extractives Value Chain

The PNGEITI National Secretariat supports and encourages the decentralisation of the EITI Standards to various national and subnational entities with the intention of strengthening the EITI reporting process and overall sectoral governance in the country.²

The long-term vision of EITI in the participating host countries is to mainstream and institutionalise the EITI international best practice standards. With this upward trend in EITI international implementation, the domestic application of the evolving Standards encourage contextualised implementation to suit individual governance models. In the case of PNG, the intention of the Government is to meet constitutional compliance and allow democratic participation by all stakeholders in extractive governance. The EITI model encourages the democratic and constitutional rights of subnational entities to implement the standards at the local level, which is a novelty in the current and progressive work of the PNGEITI.

There are two pillars of EITI implementation comprising; 1) the Governance Framework which entails the creation of a coordinating body responsible for managing stakeholders in implementing the standard, and; 2) the Financial Reporting and the auditing/ reconciliation process -which requires the reporting entity to determine the scope and materiality threshold of the reporting. Systematic disclosure through reporting is further contextualised to local commodities (reporting entities have the option of reporting additional commodities from other renewable sectors as well) and is mostly predestined by decisions of the Multi-Stakeholder Group.

The position of PNGEITI National Secretariat in spearheading the adoption of selective EITI Standards requires benchmarking against pre-existing and enabling policy and legislation in the sector. This is because certain standards are in progress and may require wider consultation for legislative amendments to realising their full potential for intervention reforms.³

¹ <http://www.pngeiti.org.pg/eiti-2016-standard/>

² <http://www.pngeiti.org.pg/sub-national-payments-and-transfers/>

³ <http://www.pngeiti.org.pg/proposed-extractive-industries-transparency-commission-law-will-keep-all-in-check/>

There is still a global debate as to the outcome of such undertakings in the EITI process without undermining the sovereignty and integrity of the host country's laws and PNG, in this regard is no exception.

1.2. PNGEITI Validation Scorecard 2018

Validation is a quality control mechanism that assesses the impact of EITI implementation in host countries. This requirement is conducted every three years after a country signs up to become an EITI member country. The first Validation for PNG was conducted in 2018 and it was concluded that PNG had made 'meaningful progress' in implementing the Standard. Despite this achievement, the assessment report also highlighted the immediate need for intervention on certain requirements that were categorised as inadequate in PNGs implementation of the Standard. Such requirements which are legally constrained at this stage include but not limited to;

- Contract disclosures; which are inhibited by the confidentiality provisions in Section 163 of the Mining Act (MA) 1992, Section 52 of the Mineral Resources Authority Act (MRA) 2005 and Section 159 of the Oil and Gas Act (OGA) 1998
- Beneficial Ownership Reporting; which require legislative amendments to the Companies Act to enforce compliance in reporting for all entities to fully comply with disclosure.

The requirements which were flagged in red as '*inadequate progress*' are listed in the table below.

EITI Requirements assessed as Inadequate Progress made:

- **2.2 License Allocation-** The Independent Administrator (IA) had again specifically requested the MRA and DPE to report each tenement/licence awarded, extended, or transferred, surrendered or cancelled during the reporting period: Identity of ownership and date of award/transfer/extension in the non-financial reporting Template needed to be disclosed. DPE in coordination with JICA and MRA are in the process of uploading license data on a public web portal.
- **3.2 Production data-** The IA had again requested this information in the reporting templates, but reporting remained inconsistent.
- **4.1 Comprehensiveness-** The IRC reporting template has been updated since the 2018 validation to clarify that total revenue stream value as requested and the IA has been working to confirm full unilateral disclosure of all government extractive sector revenue streams. Specifically, the IA had sought to include revenue streams from projects that are not yet producing. AGO, together with the assistance of the PNG EITI Secretariat has plan to specifically test receipts relevant to EITI reporting on government entities where audited financial statements are not updated.
- **4.6- Direct subnational payments-** A scoping study of sub-national payments was released in April 2019. From this study the MSG agreed to request for unilateral disclosure of subnational payments for the 2019 report.
- **4.9- Data quality-** Engagement with the PNG Auditor General's Office was undertaken to establish the current status of the audit of Government and SOE accounts. This information has been incorporated into the assessment of data quality in the reconciliation chapter of the 2019 report.
- **5.1 Distribution of revenues-** Information relating to the distribution of revenues was updated in the 2019 report and additional information was also provided relating to the disbursement of funds managed by MRDC.

- **5.2 Subnational transfers-** A scoping study on sub-national transfers was released in April 2019. From this study the MSG has agreed to request unilateral disclosure of subnational transfers for the 2019 report.

- **6.2 SOE quasi-fiscal expenditures**

Table 1 PNGEITI Inadequate reporting requirements in 2018 Validation

1.3. PNGEITI Multi-Stakeholder Group (MSG)

The EITI Standard is implemented in the country by the PNG EITI MSG comprising of key government institutions involved in the extractive sector, key industry peak bodies and companies and the active and participatory role of the Civil Society. This tripartite model consisting of relevant actors in the extractive governance space is the cornerstone of the success of EITI implementation in Papua New Guinea. An example of this success story is the timely production of eight (8) PNGEITI reports in the history of the EITI implementation process.

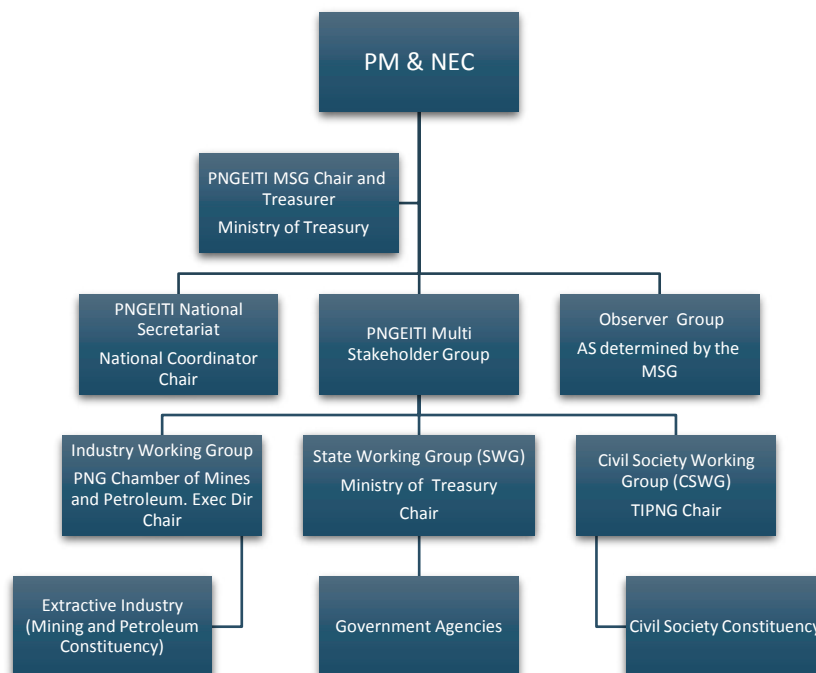


Figure 2 PNGEITI Governance Structure

The first MSG was formed from an informal group in early 2012, and later formalised on 1 November 2013 through a Memorandum of Understanding (PNGEITI MSG MoU 2013).⁴

The MSG is chaired by the PNG Minister for Treasury and it comprises:

- Eleven representatives from the Government, including four voting and seven non-voting members, selected through internal processes and through direct engagement with participating ministries, agencies and departments;
- Four representatives from state-owned enterprises (SOEs), including three voting members and one non-voting member;

⁴ <http://www.pngeiti.org.pg/wp-content/uploads/2018/04/PNGEITI-Multi-Stakeholder-Group-MoU-Signed-01.11.13.pdf>

- Eight representatives from civil society, including seven voting members and one non-voting member, selected through a democratic process based on agreed criteria, representing a range of perspectives and constituencies; and
- Seven representatives from the extractive industries, selected through a democratic process based on agreed criteria, in collaboration with the PNG Chamber of Mines and Petroleum.

Each MSG member has a primary and two alternate representatives; a proxy vote can be given to others in case these representatives are unable to join a meeting.

1.4. Multi-Stakeholder Group Meetings

The PNGEITI Multi-Stakeholder Group conducted a total of three meetings in 2020, which is below the required number of 4 meetings as prescribed in the 2013 MSG MoU; and a total of 45 meetings since its commencement in 2012. The PNGEITI MSG MoU 2013⁵ outlined, the rules of engagement in MSG meetings and determination of voting and non-voting members.⁶

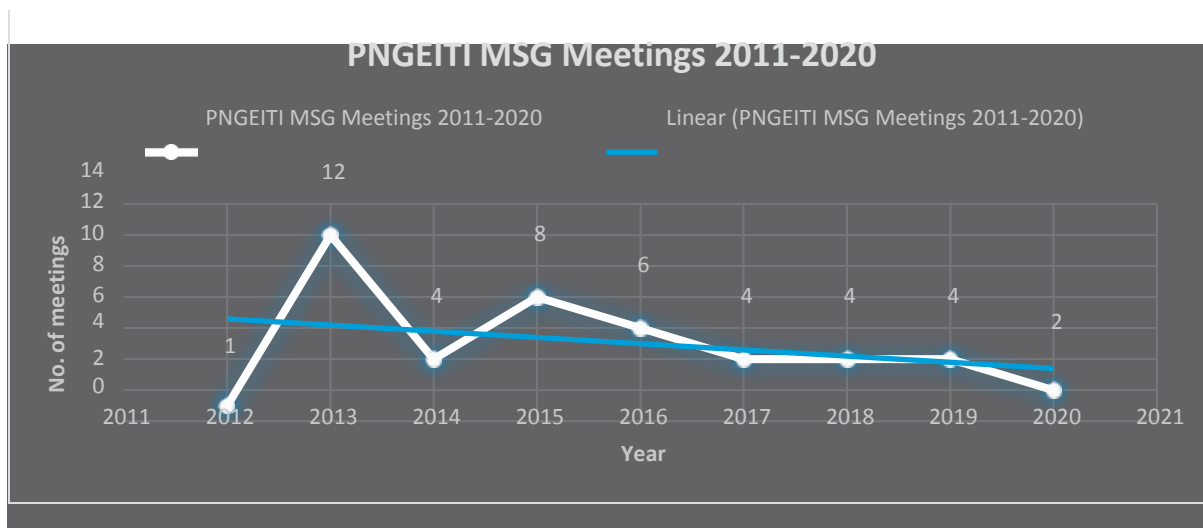


Figure 3 PNGEITI Multi-Stakeholder Group Meetings and trend line.

The decline in the number of meetings held by the PNGEITI MSG in 2020 was due to the impact of the Covid-19 protocol on “social distancing”, restrictions to physical meetings and lockdowns. The MSG’s progressive inclination to physically conduct MSG meetings and technical working group meetings had forced the stakeholders to use online or virtual meetings. However, these proved in-effective to an extent due to unreliable internet access and no network connections in smaller towns and rural settings. This resulted in a declining level of MSG meetings over the last two years from 2020 to present as compared to its initial meetings in 2012 to 2019.

Another reason apart from the Covid being that the initial meetings, especially from 2012 to 2015 demanded the MSG to meet regularly to reach key decisions regarding materiality thresholds and various revenue reporting requirements that included: integration of EITI into various stakeholder processes; the design, and the terms of reporting for entities and the materiality thresholds of reporting entities.

⁵ <http://www.pngeiti.org.pg/wp-content/uploads/2018/04/PNGEITI-Multi-Stakeholder-Group-MoU-Signed-01.11.13.pdf>

⁶ <http://www.pngeiti.org.pg/msg-documents/>

1.5 Gender representation in the PNGEITI Multi-Stakeholder Group Meetings

Gender representation in the 2019 PNGEITI meetings is still largely male dominated, however, key voting on EITI implementation still comprise of equal participants across the three constituents. Gender balance is captured inside the EITI Standard in Requirement 1.4 (ii); Requirement 6.3 (d) in Contribution of the extractive sector to the economy; Requirement 7.1 Public debate (a) (ii) (v); EITI Open data policy Preamble (4) and EITI Open data in EITI Implementation (9) (c); and, EITI Articles of Association, Article 4 Organisation (3).

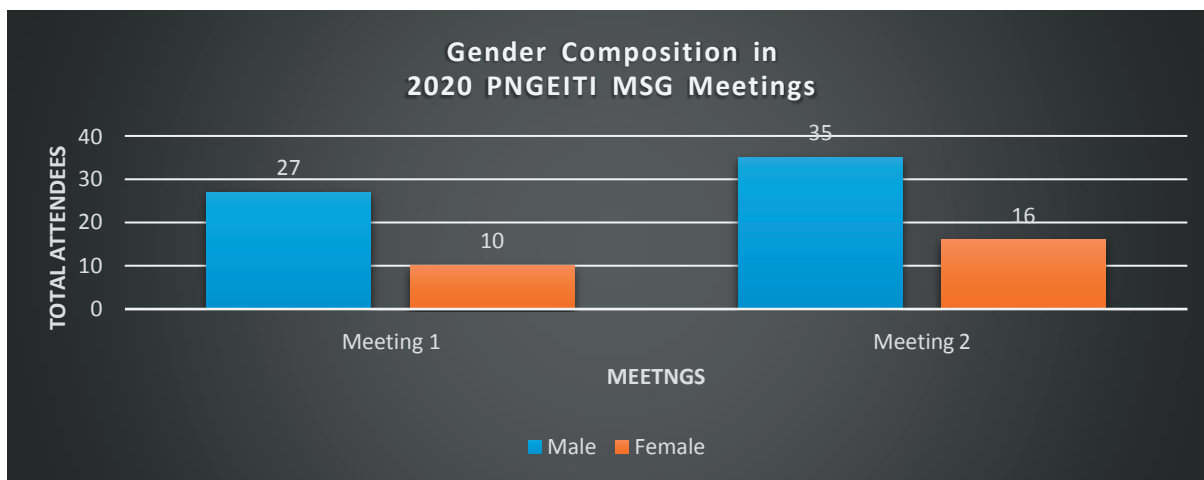


Figure 4 Gender Composition in 2020 PNGEITI MSG Meetings

Former EITI International Chairman Fredrik Reinfeldt, (Chair of the EITI Board 2016-2019) announced that the key shift in the 2019 EITI Standard not only called on countries and companies to systematically disclose information through their own systems but it also compelled these reporting entities to capture disclosure requirements on environmental, social and gender impacts.

The PNGEITI National Secretariat is working progressively to strengthen gender balance in the MSG with the assistance from the JICA team⁷. As indicated in the above graph, males still outnumber females in meetings, however, female representatives in government, industry and CSO contributed immensely, through votes and consultations, toward the formulation of EITI in Papua New Guinea.

1.6 Sectoral participation in the PNGEITI Multi-Stakeholder Group Meetings

The financial year 2019 witnessed increased attendances in EITI meetings from the three MSG constituents with notable engagements from industry stakeholders on the production of the PNGEITI 2019 report and other technical assistance by international development partners.

⁷ <http://www.pngeiti.org.pg/standing-together-to-eliminate-violence-against-our-women-and-girls-in-our-communities/>
<http://www.pngeiti.org.pg/pngeiti-celebrates-the-international-womens-day/>
<http://www.pngeiti.org.pg/development-partners/>

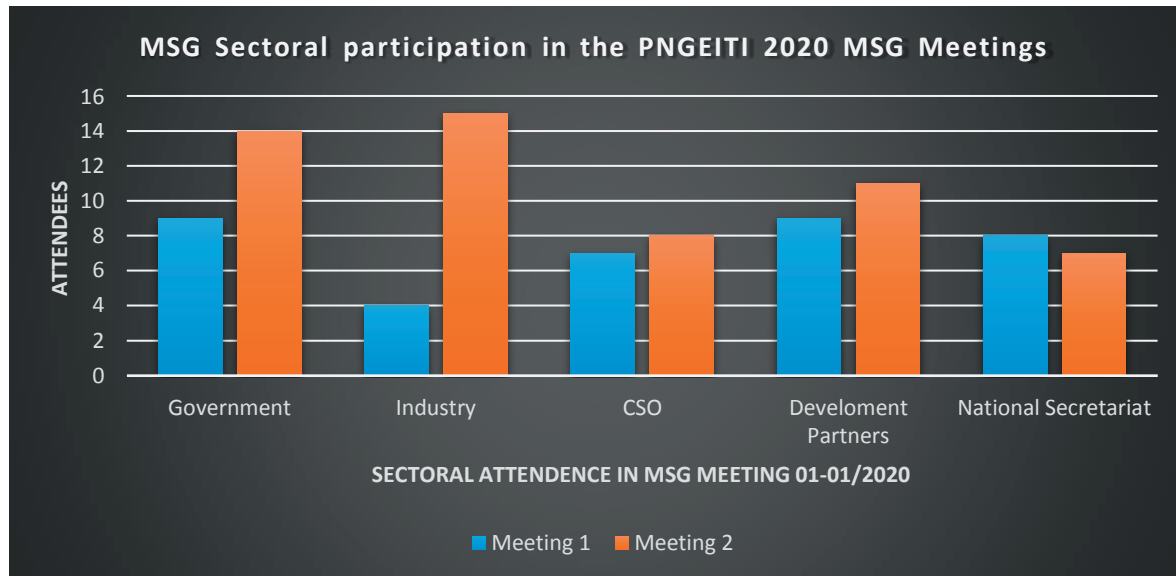


Figure 5 MSG Sectoral Participation in the PNGEITI 2020

Government attendance in MSG meetings and commitment to EITI implementation in 2020 was consistent as reflected in the above graph. CSO participation was also consistent as reflected in the meeting 02/2020 to finalise the PNGEITI 2019 financial year report. However, industry numbers indicated lower participation but industry members contributed as much as that of both the CSOs and the government entities.

1.7 Chairmanship to the PNGEITI Multi-Stakeholder Group

Table below summarises the Chairmanship of the PNG EITI MSG since its inception in 2012. The Minister for Treasury assumes the Chair of the MSG as per the PNGEITI MoU as the Champion of EITI implementation in the country.

Year	Treasurer as Chair of PNG EITI MSG	Ministerial Portfolio
2019- present	Hon. Ian Ling Stuckey.	Treasury Minister
2019(1 month)	Hon. Sam Basil	Treasury Minister
2017- 2019	Hon. Charles Abel	Treasury Minister
2014- 2016	Hon. Patrick Pruaich	Treasury Minister
2012 -2014	Hon. Don Pomb Polye	Treasury Minister

Table 2 Summary of PNGEITI Chairs' to the Multi-Stakeholder Group

Although, there has been limited engagement with the Chair in the FY2020 due to priorities given to Covid-19 related issues at the national level, the Treasurer was briefed on progressive activities undertaken by the MSG and the National Secretariat.

1.8 EITI Implementation in Papua New Guinea

The National Secretariat has achieved a number of key milestones since its inception and has increased its focus on implementation of key recommendations made in the EITI Country Reports.

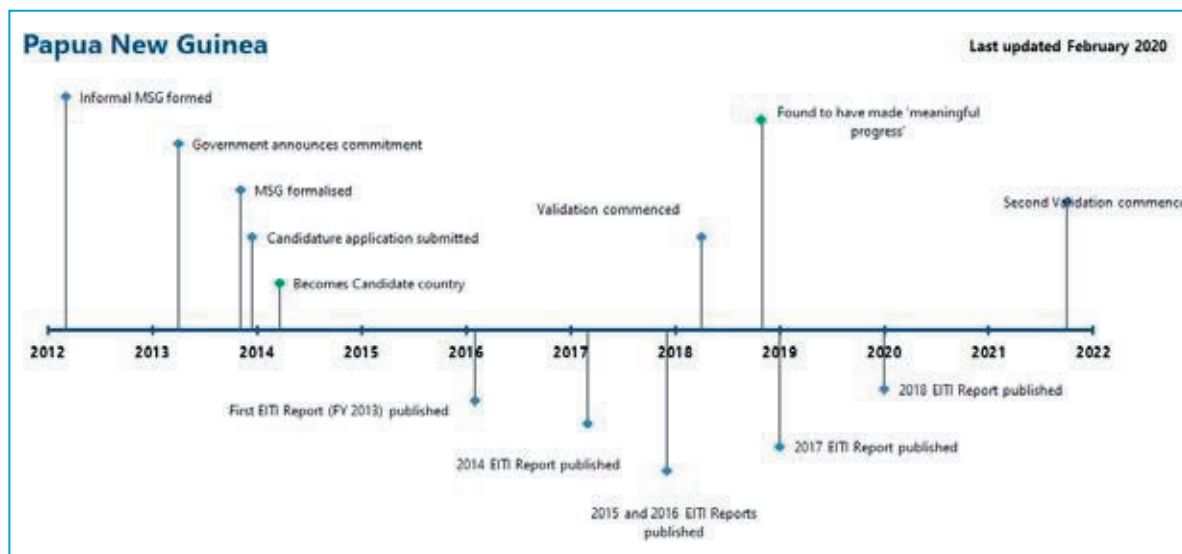


Figure 6 PNGEITI Timeline and Milestones

The PNGEITI MSG's efforts in implementing the EITI Standard had resulted in an outstanding validation scorecard of PNG as having made 'Meaningful Progress' in 2018. The MSG, whilst building on this momentum is preparing for PNG's second validation scheduled to commence in April 2022.

1.9 Summary of PNGEITI Milestones

Year	Status
2020	Corona virus Pandemic reaches PNG and affects EITI implementation. PNG EITI publishes first Beneficial Ownership Report in December.
2019	PNG National Executive Council endorses the PNG EITI National Policy Framework on Transparency and Accountability in the Extractive Sector. The National Policy Framework establishes the basis for the National Secretariat to develop the PNGEITI legislation (the PNGEITI Commission Bill).
2018	The EITI Board decides that PapuaNew Guinea had made 'Meaningful Progress' in implementing the EITI Standard Standard at its meeting in Dakar on 30 October, 2018.
2017	The second PNGEITI Report for FY 2014 is published Third and Fourth PNG EITI Reports for FYs 2015 and 2016 were published NEC Policy Decision 91/2017 calls for implementation of 2013 Report recommendations by responsible entities of government
2016	The First PNGEITI Report for FY 2013 is published
2015	PNGEITI National Secretariat Office established under the PNG Treasury Department in the Sectoral Policy Division – Extractives Sector Branch
2014	PNG becomes an EITI candidate country
2013	Government announces commitment to join EITI. NEC Decision 90/2013 endorses implementation of the EITI Standard. MSG is formalised through PNGEITI MSG MoU Nov 2013. PNG candidature application submitted to EITI International.
2012	Informal PNGEITI Multi-Stakeholder Group formed

Table 3 Summary of EITI Implementation Milestones in PNG

2. PROCUREMENT AND CONTRACTS

2.1. PNGEITI 2019 Fiscal Year Report

The 2019 PNGEITI MSG through the National Secretariat produced its seventh country report for financial year 2019. International auditing firm, Ernst & Young was contracted by the MSG as the Independent Administrator (IA) for preparation of the 2019 Report. The IA signed a service contract with the PNGEITI National Secretariat for a cost of K495, 000.00 in June 2020. The total payment did not exceed the PNG Government's procurement threshold and the fee set forth in the special conditions of the contract was paid in instalments against delivered phases as specified in the contract milestones.

This project was carried over to 2021 due to the Covid-19 pandemic disruptions (June 2020– December, 2020).



Figure 7: PNGEITI FY2019 Report

2.2. PNGEITI Report production costs 2013-2019

No.	EITI Reports	Published	Project Cost	Cost overshoot	IA Contracted
7	2019	2021	PGK 480, 000.00	PGK 0.00	Ernst and Young
6	2018	2019	PGK 480, 000.00	PGK 0.00	Ernst and Young
5	2017	2018	PGK 480, 000.00	PGK 0.00	Ernst and Young
4	2016	2017	PGK 480, 000.00	PGK 0.00	Ernst and Young
3	2015		PGK 480, 000.00	PGK 0.00	
2	2014	2016	PGK 480, 000.00	PGK49, 800.00	Ernst and Young
1	2013	2015	PGK 480, 000.00	PGK49, 800.00	Ernst and Young

Figure 8 Summary of all PNGEITI Report Contracts

2.3. Summary of PNGEITI Report Launching

A milestone in the PNGEITI annual calendar was the launching of the PNGEITI Reports. The PNGEITI FY2019 Report was launched by representatives of the MSG Group due to the unavailability of the PNG Treasurer and PNGEITI MSG Chairman Hon Ian Ling Stuckey, MP.

FY Report	Launched Date	Venue	Launch Delegate
2019	20/03/2020	Press Conference	Multi-Stakeholder Group
2018	20/03/2020	Press Statement	Lucas Alkan, Head of Secretariat PNGEITI National Secretariat
2017	16/03/2019	Press Statement	Lucas Alkan, Head of Secretariat
2016	16/03/2018	State Function Room	PNGEITI National Secretariat
2015	16/03/2018	State Function Room	Hon Charles Abel DPM, MP
2014	17/05/2017	Press Statement	Lucas Alkan, Head of Secretariat PNGEITI National Secretariat
2013	30/05/2016	State Function Room	Prime Minister Hon. Peter O'Neil

Table 4: Summary of PNGEITI Report launches

2.4. Beneficial Ownership Report 2020

The PNGEITI MSG released its first Beneficial Ownership report in December 2020. The report was compiled by BDO Tunisia Consulting and BDO PNG. The report presents BO data collected from licence holders and applicants, and setting out recommended mechanisms to implement a public beneficial ownership register in PNG, consistent with the implementation of PNG's Roadmap for BO Disclosure (RBOD).

The report built on the BO scoping report dated 21 October 2020 and the review of international good practice for BO Disclosure. The report describes the approach, definitions and scope of the BO data collection and provides recommendations on issues to be discussed when implementing a mandatory BO disclosure regime once the core definition has been agreed.

The report also lists approaches for specific key elements of the mechanisms for BO disclosure regime. The aim is to provide key stakeholders with a platform for consultation on the substance of the essential elements of the mechanisms.

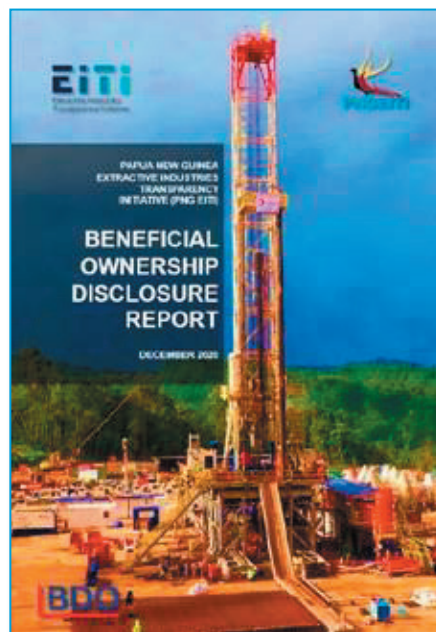


Figure 9: PNGEITI first Beneficial Ownership Report

2.5. State Owned Enterprises (SoEs) Scoping Study Report

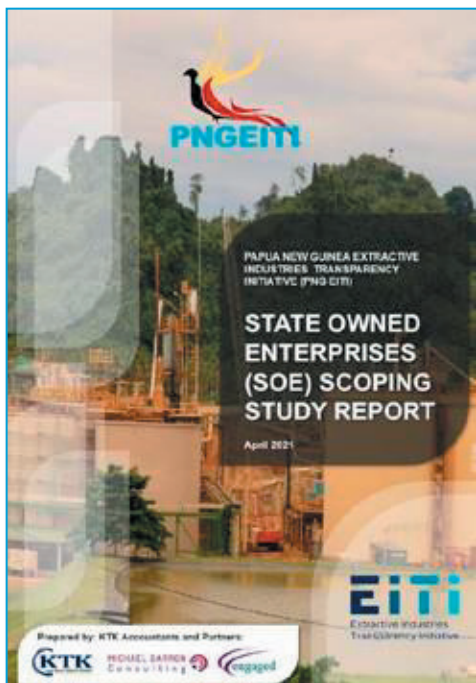


Figure 10 PNGEITI SoE Scoping Study commissioned in 2020

The PNGEITI MSG began work on the State-Owned Enterprises (SOEs) Scoping Study Report in 2020. The report was compiled by KTK and Partners Consultants. The Scoping Study provided recommendations on definitions, reporting processes, templates and other measures which would enhance the transparency of the extractive sector SOEs and the quality of their future EITI reporting.

In 2018, the EITI Board assessed PNG as having made “meaningful progress” against the 2016 EITI Standard. The Board recommended a number of actions that PNG should take to meet the Standard. These included developing a definition of an SOE appropriate for PNG, clarifying the financial relations between the State, SOEs and Trustees, assessing transactions between the government, SOEs and their subsidiaries and developing a reporting process for SOEs spending that may be deemed quasi-fiscal expenditures (QFEs).

This report proposes definitions for “state-owned enterprise” and “quasi-fiscal expenditure” which take



into account the respective definition in the 2019 EITI Standard, and the situation in PNG. The Consultants recommend adoption of these definitions.

Extractive sector SOEs are governed by laws specific to the sector, to each of the government's holding companies and to more general legislation covering commercial activities. This legal framework makes it clear that SOEs are subject to an independent board and management. The operations must be conducted on a commercial basis and they are subject to external audit under international accounting standards.

The consultants sent each SOE a questionnaire containing 35 questions. The companies returned completed questionnaires except one company failed to do so. Analysis of the responses has allowed identification of focus areas to improve transparency. These include details of loans and how governance rules are applied in practice.



The report contains a set of diagrams showing the relationship between each SOE holding company and its subsidiaries. These include legal structure diagrams showing SOEs and their subsidiaries as well as functional diagrams showing the flow of taxes, dividends and LNG. As part of the Scoping Study, the consultants have proposed a revised reporting template for SOEs. This is based on the existing PNG EITI reporting templates and international best practice.



The template is in 2 main parts: a) information about the company that is unlikely to change from year to year and; b) information requiring annual update such as the financial information. This revised template should be used in conjunction with the other reporting templates that form part of the EITI reporting process applicable to all reporting entities such as those covering beneficial ownership and employment data.

The key findings concern the lack of readily available information in the public domain despite SOEs producing annual reports and financial statements. In most cases, the information is available internally but there has been reluctance to disclose the information externally to the public. The consultants made recommendations to increase the availability of information available to the public including a recommendation that the PNGEITI MSG advocates for a legal obligation for annual reports and audited financial statements to be made public.



The key recommendations focus on the need for extractivesector SOEs to adopt a more proactive approach to information disclosure and transparency. The consultants also recommend an awareness raising campaign to highlight the total contribution of SOEs to PNG's social and economic development. There are also recommendations made on specific matters affecting the operations of the extractive sector.

The consultants also recommend that PNGEITI undertakes a pilot project into commodity trading transparency.

2.6. Summary of Contracts (2015 – 2020)

The PNG EITI National Secretariat has expended a total of K6.32 million (K6, 321,157.21) to date on major PNGEITI contracts from the periods 2015 to 2020.

Contract #s.	Contracts	Consultants/Contractor	Contracted Fees/Project Cost	Projects Overruns/Out of pocket expenses	Totals
2020 - 02	PNGEITI Country Report for FY2019	Ernst & Young	K495, 000.00	No overrun	K495, 000.00
2020 - 03	BO Report	BDO Consulting	K209, 203. 54	No overruns	K209, 203. 54
2020 - 04	SOEs Scoping study Report	KTK Accountants and Partners	K320, 700.00	No overruns	K320, 700.00
2019 - 01	PNGEITI Country Report for FY2018	Ernst & Young	K480, 000.00	No overruns	K480,000.00
2018-10	Establishment of EITI Statutory Authority	Adam Smith International	K497, 161.60	No overruns – contract expired in July 2019.	K497, 161.60
2018-09	Development of EITI Policy	Adam Smith International	K498, 808.90	Nil/no overruns – contract expired in March 2019.	K498, 808.90
2018-08	BO Disclosure RIM - Phase 2	KPMG	K493, 500.00	Nil/no overruns – contract ended/expired in July 2020.	K493, 500.00
2018-07	PNGEITI Country report for FY2017	Ernst & Young	PNGK490, 000.00	No overruns	K490, 000.00
2017-06	BO Disclosure RIM - Phase 1	KPMG	K480, 000.00	No overruns	K480, 000.00
2017-05	PNGEITI Country report for FY2016	Ernst & Young	K498, 000.00	K49, 800.00	K547, 800.00
2017-04	PNGEITI Country report for FY2015	Ernst & Young	K498, 000.00	K49,800	K547, 800.00
2016-03	scoping study & delivery of PNG Roadmap for BO Disclosure	KPMG	K314, 490.00	No overruns	K314, 490.00
2016-02	PNGEITI Country report for FY2014	Ernst & Young	K498, 000.00	K49, 800.00	K547, 800.00
2015-01	PNGEITI Country report for FY2013	Ernst & Young	AUD\$190, 000.00 (PNGK490, 233.17)	K196, 660.00	K686, 893.17

Table 5 Summary of Contracts (2015 – 2020)

3. STAKEHOLDER ENGAGEMENT AND OUTREACH ACTIVITIES

PNGEITI National Secretariat in its effort to promote good governance and transparency in the mineral and petroleum sector continued to participate in events and activities to carry out awareness on EITI. The implementation of EITI joint communication and engagement activities continues to be overseen by the PNGEITI MSG. The three stakeholder constituencies is perceived to be crucial at various levels in which agenda and activities are consulted before collaborative implementation occurs. The National Secretariat continues to engage with these three- stakeholder groups to ensure active engagement and participation. The engagement is necessary for networking as well as conducting awareness on programs designed to progress and inform the public about EITI activities, its values and benefits.

3.1. Stakeholder Engagement

The 2020 Annual Work-Plan and its activities were greatly affected due to the onset of Covid-19 Pandemic. Activities under communication and engagement were no different as well, trying to accomplish some activities, whilst going in and out of two separate lock downs early in the year. For this obvious reason, some activities that involved travels and person to person interactions were not implemented, were either cancelled or carried forward to the following year for implementation. Communication and engagement is a two way process so getting both parties to meet at a convenient time proved to be very difficult during the Covid-19 pandemic period in the country. The National Secretariat managed to achieve or implement some activities during the year prior to the lock-downs and after the lock- down measures were relaxed towards the second half of the year.

Below is a brief summary of activities that were implemented;

January – Media Workshop. The National Secretariat and the Multi Stakeholder Group members organized a media workshop to talk to the different media organizations on the information contained in the latest PNGEITI 2018 country report.

The MSG members emphasized the importance of factual information being disseminated to the general public and wanted the media personnel to understand that the information and data in the report must be reported correctly before publishing or broadcasting it.



Figure 11 Media personnel and MSG members at the workshop in DoT conference room.



Figure 12 TWG validation team at Dixies Bungalow conference room, 17mile, outside Port Moresby.

February -Validation Technical Working Group (TWG) Second Workshop in preparation for the second country validation to commence as scheduled on 30th April, 2022.

2020, a second workshop was held to assess the progress made from previous validation findings so that a good report could be presented for the second validation.

February – A scoping awareness trip was taken to Kerema, Gulf Province in partnership with JICA technical experts under the JICA project for “Improving Resource Related Revenue Management in Papua New Guinea”. Awareness trip was targeted at engaging with the Gulf Provincial Administration and to start the process of sensitizing them on EITI and its implementation in PNG through the National Secretariat. It was part of the JICA project in assisting the National Secretariat in awareness and promotion of EITI activities.

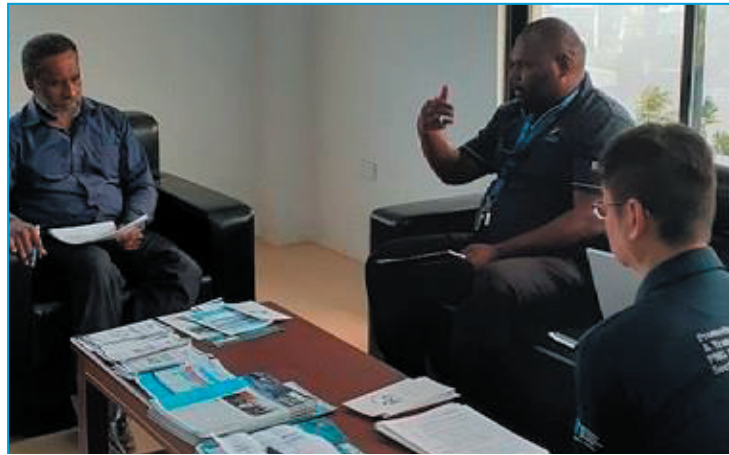


Figure 13 Deputy HoS speaking to acting Provincial Administrator, Mr. Emmanuel Xavier at the Provincial HQ in Gulf Province. Looking on is JICA project team member, Mr. Toyohiko Yogo.

June – Started publications in the Development PNG Magazine. Submitted various advertisements and articles to be published in the monthly magazine for the first three months as part of promoting and creating awareness on PNGEITI activities. It's a magazine that publishes commercial advertisements and articles in the resources sectors, like oil gas and mining, as well as other sectors like agriculture, fisheries and business.



July – Attended PNG Resource Governance Coalition (PNGRGC) first Annual General Meeting. The National Secretariat was invited to attend and observe the first AGM of PNGRGC where the executives of the board were announced after their elections. PNGRGC is a civil society umbrella group and a member of the PNGEITI MSG.



Figure 14 Elected board members with their certificates.

September – Attended Open Government Partnership (OGP) meeting to review the current Action Plan 1 2018 -2020. PNGEITI is a member of this committee and participates by providing updates and information under the policy area of Extractive Industries in the OGP Action Plan 1.



Figure 15 Deputy HoS, Mr. Christopher Tabel speaking during the OGP Action Plan 1 updates.

September – Validation follow up with key stakeholders.

The National Secretariat undertook one on one meetings with various stakeholders responsible for implementing certain corrective actions as a result of the first validation. These meetings were to check on progress made and to get feedbacks on actions taken and progress made so far. All the information were to be compiled and ready for the second country validation.



Figure 16 Independent Administrators Ernst & Young and National Secretariat members meeting with IRC MSG members.

October – Woodlark Island Mine Memorandum of Agreement review. PNGEITI National Secretariat was invited by the Mineral Resources Authority (MRA) to participate at this MOA review forum with the State Negotiating Team (SNT). Other key stakeholders at this forum included the provincial government, landowners and the mine developer. In addressing the EITI requirement on Contracts and Licenses, the MRA as a MSG member has been involving PNGEITI in the mining MOA reviews or has been attending negotiations for new MOAs.



Figure 17 Deputy HoS, Mr. Christopher Tabel doing a presentation to all stakeholders.

December – Commission Bill Workshop. After much delay during the year because of COVID-19 restrictions and lockdowns, the National Secretariat reconvened the TWG members to review the draft Commission Bill for the establishment of the PNGEITI National Secretariat as an independent entity. The review was well attended by stakeholder members who contributed meaningfully to refining the draft Bill.



Figure 18 TWG members in discussion at the conference room, Highlander Hotel, Mt. Hagen.

3.2 Press release and publications.



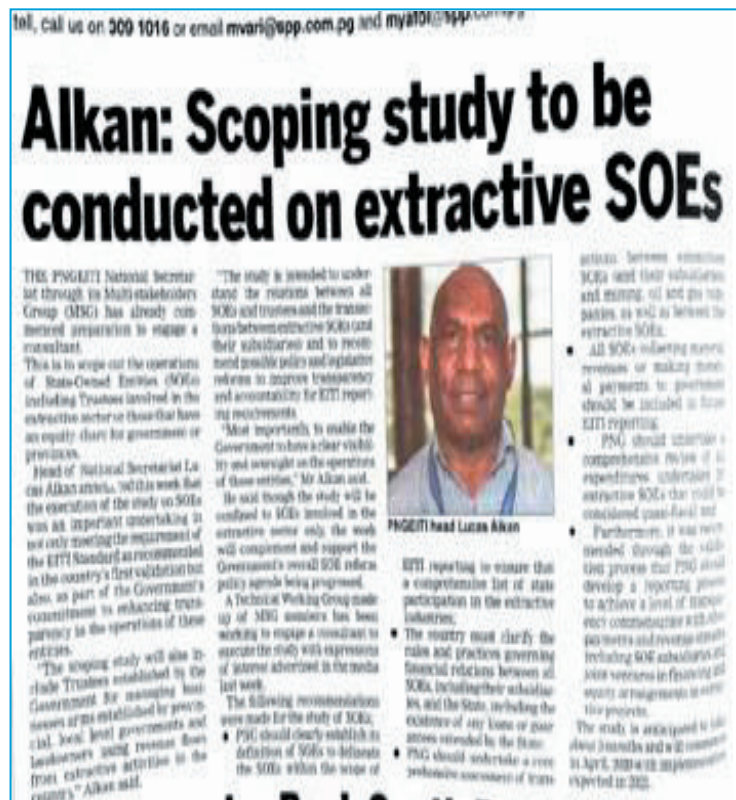
PNGEITI supports the work of the media periodically to engage media personnel in EITI workshops and trainings to boost media knowledge and capacity to report on EITI.

The PNG mainstream mass media includes radio, television and print, and has recently seen a convergence with the rapidly increasing usage of smart phones for social media platforms such as Facebook, LinkedIn, Twitter, Instagram amongst others.

The rise in the mobile communication added value to the way EITI information is communicated to the public and to targeted groups. These modes of communication have generated public dialogue and information exchange between the journalists, media practitioners and the audience.

The PNGEITI engages with four national newspapers, three national television stations, four major radio stations and five online news agencies as well as international journalists and interested groups domestically and regionally.

Apart from providing information to the media groups, the PNGEITI National Secretariat also conducts media capacity building workshops and presentations to media groups and stakeholder forums to update them on the findings of the EITI Reports.



NEWS ITEM	DATE	MEDIA ORGANISATION	MEDIUM	WEBSITE LINK / PAGE NUMBER
PNGEITI preparing country for Second Country Validation	25/02/2020	PNG BUSINESS NEWS	ONLINE MAGAZINE	https://www.pngbusinessnews.com/post/pngeiti-preparing-country-for-second-country-validation
Scoping Study to be conducted on Extractive state-owned entities	25/02/2020	PNG BUSINESS NEWS	ONLINE MAGAZINE	https://www.pngbusinessnews.com/post/scoping-study-to-be-conducted-on-extractive-state-owned-entities
PNGEITI Prepares for PNG to undergo Second Country Validation	25/02/2020	PAPUA NEW GUINEA TODAY	ONLINE MAGAZINE	https://news.pngfacts.com/2020/02/pngeiti-prepares-for-png-to-undergo.html
PNGEITI to conduct scoping study of SOEs	26/02/2020	The National	Print/online	https://www.thenational.com.pg/pngeiti-to-conduct-scoping-study-of-soes/ Page: 44
Alkan: Scoping study to be conducted on extractive SOEs	26/02/2020	Post Courier	Print/online	https://postcourier.com.pg/alkan-scoping-study-to-be-conducted-on-extractive-soes/ Page: 28
PNG keen for better results to show in the coming EITI second validation	01/06/2020	Development PNG Magazine	Print	Page: 20-21 (incl. Cover page/advert)
Utilise EITI's full potential	16/07/2020	Loop PNG	Online	http://www.looppng.com/business/utilise-eiti%E2%80%99s-full-potential-official-93518
Consider transparency mechanisms for projects – EITI	16/07/2020	Loop PNG	Online	http://www.looppng.com/business/consider-transparency-mechanisms-projects-eiti-93519
Official: Consider transparency mechanisms in projects deals	17/07/2020	The National	Print/Online	https://www.thenational.com.pg/official-consider-transparency-mechanisms-in-projects-deals/
Commended for implementing standards	17/07/2020	The National	Print/Online	https://www.thenational.com.pg/commended-for-implementing-standards/
EITI wants transparency built into mine reviews	19/07/2020	Sunday Chronicle	Print	Page 20
PNGEITI urges improved governance in mining, petroleum sector	19/07/2020	Sunday Chronicle	Print	Page 20
Implementation by EITI to impact governance in extractive sector	21/07/2020	Post Courier	Print/Online	Page 29
PNGEITI Beneficial Ownership Reporting Mandatory by 2020	22/07/2020	Development PNG Magazine	Print	Page: 20-21 (incl. cover page and advert)
EITI's Role in Contract Transparency	17/08/2020	Development PNG Magazine	Print	Page: 20-21 (incl. cover page and advert)

PNG Prepares for Second Validation on EITI Implementation	14/09/2020	Development PNG Magazine	Print	Page: 7-8 (incl. advert)	
Papua New Guinea prepares for Second Validation on EITI Implementation	01/10/2020	PNG Business News	Online	https://www.pngbusinessnews.com/post/papua-new-guinea-prepares-for-second-validation-on-eiti-implementation	
PNG Prepares for Second best practice Standards Validation	05/10/2020	Post Courier	Online/Print	https://postcourier.com.pg/png-prepares-for-second-best-practice-standards-validation/	
Validation vital in maintaining standard, says PNGEITI	06/10/2020	The National	Online/Print	https://www.thenational.com.pg/validation-vital-in-maintaining-standard-says-pngeiti/	
PNG to reveal Contracts and Agreements by 2021	14/10/2020	PNG Business News	Online	https://www.pngbusinessnews.com/post/png-to-reveal-contracts-and-agreements-by-2021	
PNGEITI calls for disclosure of agreements	25/10/2020	Sunday Bulletin	Print	Page 2	
PNG to disclose resource project agreements by 2021	26/10/2020	Development PNG Magazine	Print	Page 5-6 (incl. advert)	
Papua New Guinea to disclose mining and petroleum contracts details from 2021	03/11/2020	Development Aid	Online	https://www.developmentaid.org/#!/news-stream/post/77736/papua-new-guinea-to-disclose-mining-and-petroleum-contracts-details-from-2021	
Ensuring inclusion of EITI Reporting clauses	04/11/2020	Loop PNG	Online	https://www.looppng.com/business/ensuring-inclusion-eiti-reporting-clauses-95501	
PNGEITI ensures reporting clauses are included on project agreements	04/11/2020	PNG Business News	Online	https://www.pngbusinessnews.com/post/png-eiti-ensures-reporting-clauses-are-included-in-project-agreements	
Agency expands scope to practice	05/11/2020	The National	Print/Online	Pg. 33 https://www.thenational.com.pg/agency-expands-scope-to-practice/	

JICA supports mining and petroleum transparency in Papua New Guinea through technical cooperation	14/12/2020	Development Aid	Online	https://www.developmentaid.org/#!/news-stream/post/8117/jica-supports-mining-and-petroleum-transparency-in-papua-new-guinea-through-technical-cooperation
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Table 6: Summary of Published Media Reports from PNGEITI National Secretariat 2020 (not exhaustive)

3.3 PNGEITI Communication materials

Summary list of PNGEITI Communication materials to date

Communication materials	Objective	Date(s) Produced	Links
Annual Progress Reports	The objective of the APR is to communicate to the stakeholders on the operations and progress of the PNGEITI administration.	2014-2020	http://www.pngeiti.org.pg/1923-2/
Summary EITI Report	The EITI report summary is intended for conferences and exhibitions where information is condensed for easier and quick referencing.	2015-2020	http://www.pngeiti.org.pg/reports/
Newsletter	The PNGEITI Impact Quarterly Newsletters is intended to be distributed to stakeholders to inform them of PNGEITI activities.	2017-2020	http://www.pngeiti.org.pg/impact-newsletter-issues/
LinkedIn	The PNGEITI Facebook page was created in 2020 and so far, has garnered over 1090 followers. The content consists of snippets of information highlighting PNGEITI activities.	2020- present	https://www.linkedin.com/company/png-extractive-industries-transparency-initiative
Facebook	The PNGEITI Facebook page was created in 2016 and so far, has garnered over 600 followers. The content consists of snippets of information highlighting PNGEITI activities.	2016-2020	www.facebook.com/PNGEITI
Website	The PNGEITI Website has been updated since 2015 and to date a refurbished website is under development. The website contains a list of documents as well as data summaries and is consistent with the PNGEITI Open data Policy.	2015-2020	http://www.pngeiti.org.pg/

Table 7 Summary List of PNGEITI Communication Materials

3.1.1. PNGEITI Website Performance 2020

The PNGEITI website continues to be a resource hub to generate significant interaction during the months of January and February.

The reason for the high engagement rate during this period is credited to the timely publication of the PNGEITI Country Report(s). Similarly, efforts to update and maintain website content is ongoing, while a website review is being carried out to assess website performance against payment of services rendered by the contractor.

The PNGEITI Website has been updated since 2015 and was refurbished in 2019. The website contains a list of documents as well data summaries and is consistent with the PNGEITI Open Data Policy.

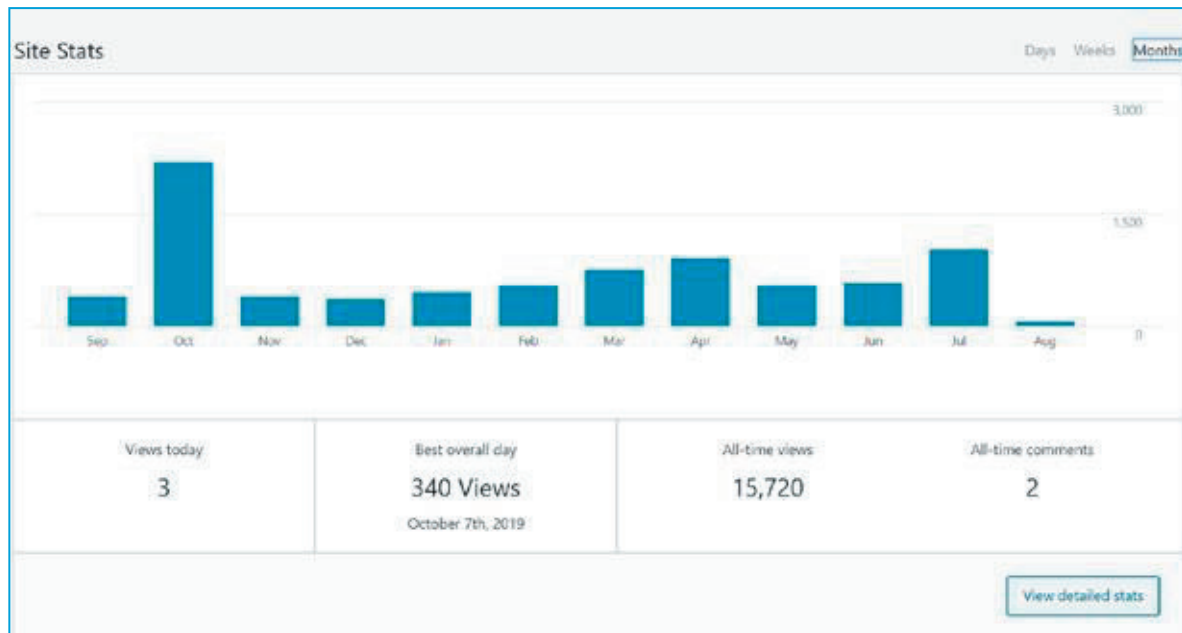


Figure 19: Summary of Website Performance September 2019 to August 2020

3.3.2. Social Media platforms

With the recent utilisation of social media for dissemination of report findings, the PNGEITI National Secretariat was able to reach a wider audience and stimulate dialogue at various levels.

Social Media Platform	Followers	Social media Links
LinkedIn	1092 followers	https://www.linkedin.com/company/png-extractive-industries-transparency-initiative
Facebook	1854 followers	www.facebook.com/PNGEITI
Twitter	Progressing	Progressing
Instagram	Progressing	Progressing

Table 8 PNGEITI Social Media platforms.

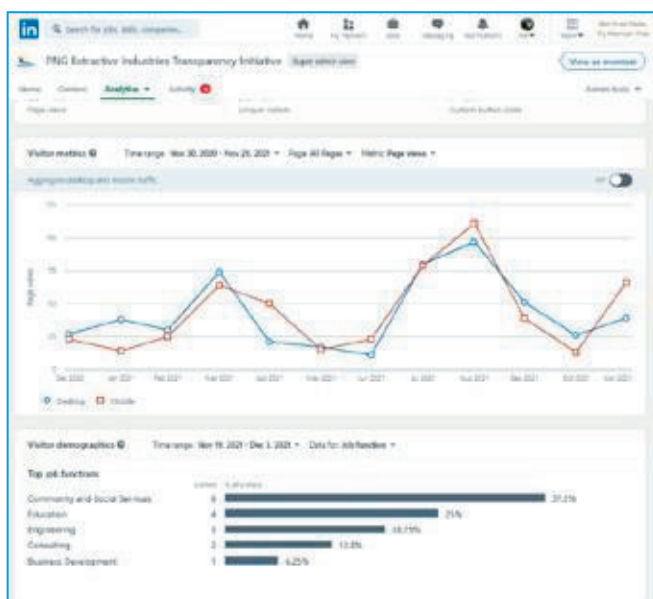


Figure 21 Data analysis of LinkedIn followers in 2020

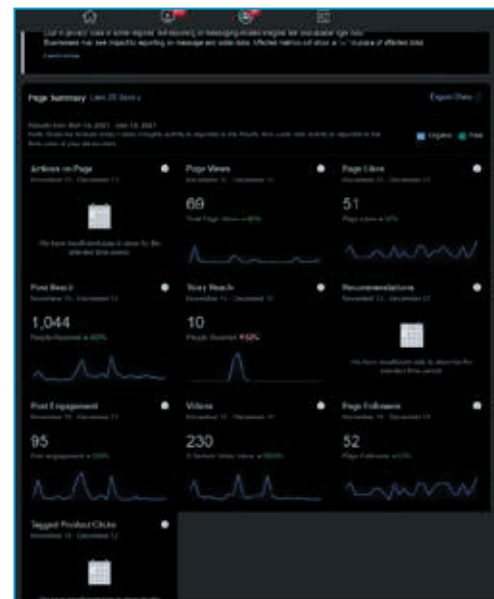


Figure 20 Data analysis of Facebook followers in 2020

3.3.3 Summary List of PNGEITI Professional Affiliations

The PNGEITI continues to be an active participant and member in its various affiliated bodies such as the Transparency International (PNG), The PNG Chamber of Mines and Petroleum and the Chartered Practicing Accountants (CPA).

The National Secretariat supports the various efforts of these organizations to continue their pivotal roles in promoting transparency and accountability in the PNG Mining and Petroleum Sector and wider scope of activities.

The National Secretariat recognizes the invaluable partnership that leveraged the activities of EITI through these affiliations.



Figure 22 Staff of the PNGEITI engaging with CPA members during the PNGCPA Momase Regional Conference. The PNGEITI has been a minor sponsor and participant of the CPA conference since 2017.

The 2020 engagement program was deferred due to the Covid 19 shutdowns and preventative protocols. Despite these disruptions, the National Secretariat continued in close consultation with these various stakeholders.

Membership	Membership Type	Participant since
Transparency International (PNG)	Corporate Member	2017- Present
PNG Chamber of Mines and Petroleum	Corporate Member	2017- Present
PNG Chartered Practicing Accountants	Corporate Sponsor	2017- Present

Table 9: Summary List of PNGEITI Professional Affiliations



Figure 23 Staff of the PNGEITI engaging with PNG council of Churches members during the PNGCC Church Leaders Conference in 2019

4. PNGEITI TECHNICAL AND POLICY

The PNGEITI Technical Program was disrupted in FY2020, and resulted in minimal progression of the various technical projects that were planned for execution. The NEC decisions pertaining to the work of EITI, and the international requirements on EITI form the basis of our technical program. Table below is a reference to all NEC Decisions made for EITI implementation in the country.

Particular emphasis is given to progressing NEC Decision No. 91/2017 of which

Decision No.	NEC Directive
NEC Decision No. 80/2019	Approved the National Policy for Transparency and Accountability in the Extractives Sector in Papua New Guinea including its objectives to be used; 1) as a public document for guiding the transparency and accountability initiatives in the country such as EITI and others in the extractive sector; and, 2) as the basis for the development of subsequent legislation on the establishment of an independent administrative body and a PNGEITI Reporting Law.
NEC Decision No. 91/2017	Directed relevant government entities responsible for regulating the mining and petroleum sector to fully participate in the EITI reports recommendations.
NEC Decision 15/2014	Circular 10th April 2018 directed EITI to implement the alignment of Open Government Partnership (OGP) cluster commitments to similar existing government projects and programs.
NEC Decision No. 90/2013	Approved for PNG to sign up to the EITI and endorsed the minister responsible for Treasury matters to lead its implementation.
NEC Decision No. 47/2011	Endorsed for the establishment of a State Working Group (SWG) to assess the advantages and disadvantages of signing up to the EITI Standard.

Table 10 Summary of NEC Decisions relating to the implementation of EITI

4.1 PNG EITI National Policy Framework and Legislation Project

The PNGEITI Multi Stakeholder Group (MSG) has progressed the development of the National Policy and subsequent Legislative Bill to provide the avenue for PNGEITI National Secretariat's transition into an independent entity. The draft Bill would proceed into the final round of consultations with the Legislative TWG before it was brought forward for regional consultations to ensure feedback were obtained before the Bill was finalised and presented to Cabinet for endorsement.

The MSG endorsed for the PNG EITI National Secretariat to be established by law in meeting minute # 03/2017 and called for EOI through a public tender in May 2018 of which Adam Smith International (ASI) won two separate contracts to execute the projects. (Development of an

EITI National Policy Framework and establishment of a EITI Statutory Authority). In 2019, the draft Bill was finalised and consultations were progressing within the TWG on the characteristics of the proposed commission. The Regional Consultations for the draft bill was carried over to FY 2021.

4.2 Amendment to the Income Tax Act (1959) to remove secrecy provision for EITI Reporting purpose

The technical amendment to the Income Tax Act 1959 to remove a secrecy provision for EITI reporting purpose in the 2018 Budget continued to be utilised for the 2019 PNGEITI Report. The amendment allowed the Internal Revenue Commission (IRC) to disclose company tax information when required by the PNGEITI for reporting purposes. Prior to this amendment, the PNGEITI relied on the extractive companies to provide consent to the IRC to release tax data and information for EITI reporting through the issuance of tax waiver letters.

This practice was problematic as it caused unnecessary delays to the timely release of tax information in the absence of such legal provisions. The PNGEITI effectively became an authorised recipient of relevant tax data since 2018. The minor technical amendment to the tax law will enable the EITI reporting process to be more efficient.

4.3 Timeline and summary of the PNGEITI Policy and Legislation TWG

Table 11: Summary activity and milestones of PNGEITI Policy and Technical Legislation

Year	Summary of Activities
2019	NEC endorsed the PNGEITI National Policy Framework for Transparency and Accountability in the Extractive Sector. The MSG has been progressing further with the legislative process to finalise the draft legislative Bill.
2018	In 2018, the TWG formalised the Terms of Reference on the Policy and Legislation to be executed by a consultant. An expression of interest was announced and numerous expressions of interests were received from which a successful bidder was selected. Contractual arrangements between both parties were being drawn up at the time of writing this report.
2017	PNGEITI National Policy and Legislative Technical Working Group held its meeting 2/2017 and attended various online forums and developed a preliminary scope through which an option paper was prepared. This subsequently led to drafting the National Policy Framework to inform the MSG. TWG was compelled to proceed, as per the options paper and recommended to the MSG to engage a policy and legal expert to undertake next phase of the project. The MSG agreed and work started on the Terms of Reference during the time of writing this report.
2016	Former Treasurer and Chair Hon Patrick Pruaich directed the PNGEITI National Secretariat to develop the National Policy Framework and Legislation during Meeting 05/2016 held in Kokopo, East New Britain Province.

4.4 Open Government Partnership (OGP)

NEC Decision 15/2014 – Circular dated 10th April 2018 directed PNGEITI to implement the Open Government Partnership (OGP) cluster commitments that pertained to the PNGEITI Policy and Legislation. In support of the implementation of the OGP National Action Plan, the PNGEITI was directed to implement one of the four Cluster Commitments under the Extractive Industries Transparency commitment. The key cluster activities involved;

- Development of the PNG EITI National Policy Framework; and
- Development of PNGEITI Legislation.

The National Secretariat delivered a National Policy Framework on Transparency and Accountability in the Extractive Sector endorsed by the National Executive Council and it has been focusing on its efforts on finalising the Bill and presenting it to Cabinet by 2021. Work on the OGP, PNGEITI Commitment is ongoing.

4.4 Report Recommendations Summary

Table 12: Report Recommendations Summary

PNG EITI Report	Progress Summary on report recommendations
2019 Report	A total of 12 recommendations were outlined in this report. They have been reviewed and a summary prepared and followed up in the 2021 Work Plan.
2018 Report	A total of 8 recommendations were outlined in this report. They have been reviewed a summary prepared and followed up on in the 2020 work plan.
2017 Report	A total of 8 recommendations were outlined in this report. They have been reviewed and a summary prepared and translated into a NEC Information and/or Policy Submission for Cabinet to take note and advise further on.
2015 and 2016 Reports	A total of 8 new recommendations were outlined in these reports. Of the 8, the Infrastructure Tax Credit (ITC) Scheme recommendation was acted upon, with the announcement by Prime Minister on the indefinite suspension of this scheme until a review is conducted. The remaining 7 recommendations were reviewed, and a summary prepared and translated into a NEC Information and/or Policy Submission for Cabinet to take note of and advise further on.
2014 Report	No new recommendations were made but reiterated the need to act on by implementing the 2013 Report recommendations. A NEC Information Paper was prepared based on this Report and was registered with the NEC Secretariat on the 21st of November 2017. The National Secretariat has not been following up to ensure the Information Paper was progressed through to NEC. This action has now become unnecessary because other actions had already overtook such as the validation action areas that have recommended for the same actions.
2013 Report	NEC Submission was formulated. A Cabinet Decision received contained 11 NEC Directives on implementation of the recommendations. So far, 8 out of the 11 Recommendations have been acted upon and in some way implemented. The Secretariat is following up with agencies on the implementation of these directives and working through ways to assist agencies implement their respective directives.

4.5 Development Partners Coordination

Table 13: Summary of 2017 Development Assistance

The PNGEITI has had increased partnerships with various development partners in implementing the EITI Standard in the country since 2017. These are listed in the following table.

Development Partner	Development Assistance	Year	Status
Pacific Governance Facility (Australian Department of Foreign Affairs)	Subnational Payments Scoping Study EITI Capacity Building Workshops	2017	Completed
Japanese International Cooperation Agency (JICA)	Revenue data management and reporting and PNGEITI Capacity Training	2017	ongoing
World Bank	Outreach and Roadshows and PNGEITI Capacity Building	2017	ongoing

4.6.1 Japanese International Cooperation Agency (JICA)

The Japanese International Cooperation Agency continued to assist the PNGEITI National Secretariat with technical matters on revenue data management and reporting in accordance with EITI International Standard. The project had succeeded in having a close working relationship with the Department of Petroleum on its data registry and enhancement of its reporting mechanism from extractive sector companies and government agencies for EITI purposes. The project is proposed to extend beyond 2021.

4.6.2 World Bank

The World Bank in consultation with the PNGEITI National Secretariat commissioned three projects in 2019 under its Extractive Global Programmatic Support (EGPS) fund on key areas in the 2020 Work Plan. All three contracts are still active and progressive.

Activities/Contracts	Contractor	Status
(1) Scoping study and advisory on local CSO operationalization and funding model (Scoping Study Report)	Dr Tim Grice	Completed
(2) Complete scoping study report on design options for an electronic EITI reporting and access (Scoping Study Final Report)	Deloitte Touché Tomatsu	Completed
(3) Educational Mainstreaming through EITI educational curriculum and syllabuses (Scoping Study Report)	Dr Philip Kavan	Completed

Figure 24 World Bank- PNGEITI Contracts

4.7 Validation of PNGEITI

Following the PNG's first Country Validation in 2018, it was concluded that immediate intervention was needed on certain requirements lagging in PNG's EITI implementation. Such requirements which are legally constrained at this stage include:

- contract disclosures which are inhibited by the confidentiality provisions in Section 163 of the Mining Act (MA) 1992, Section 52 of the Mineral Resources Authority (MRA) Act 2005 and Section 159 of the Oil and Gas Act (OGA) 1998; and
- Beneficial Ownership Reporting which require amendments to the Companies Act to enforce compliance in reporting for all entities to disclose and ascertain thresholds of ownership.

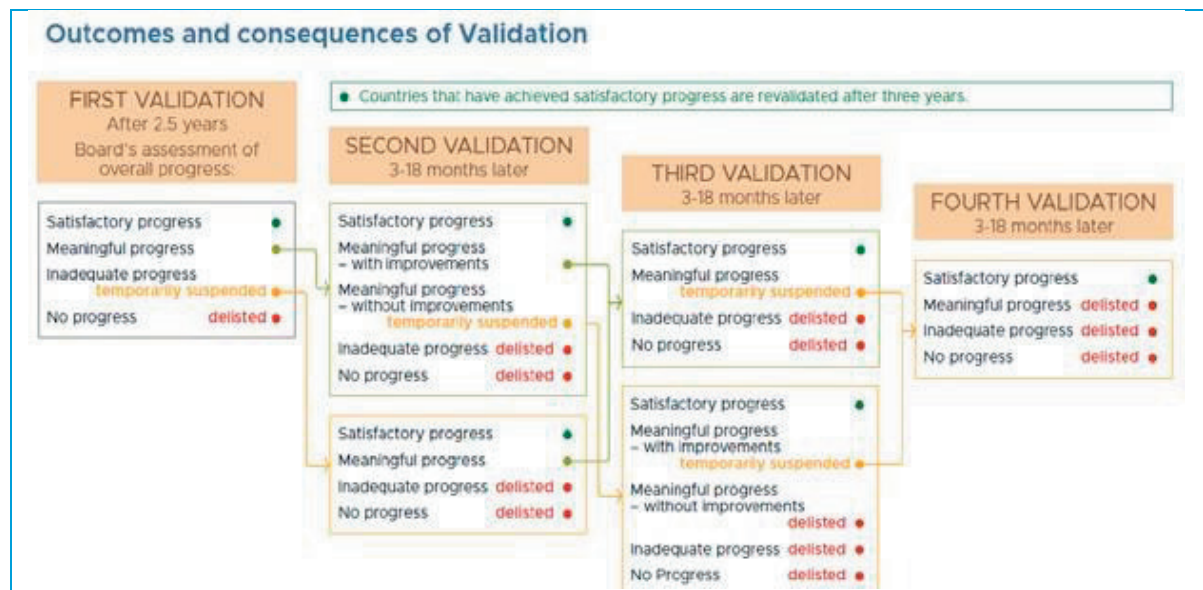
The requirements which were flagged in red as having made '*inadequate progress*' were listed in the table below.

Table 14: PNGEITI Inadequate reporting requirements in 2018 Validation

EITI Requirements:	
2.2 License Allocation- We have again specifically requested the MRA and DPE to report each tenement/license awarded, extended, transferred, surrendered or cancelled during the reporting period. The identity of ownership and date of the award transfer and extension in the non-financial reporting template. DPE in coordination with JICA and MRA were in the process of uploading of license data on a public webportal during the time of this report preparation.	
3.2 Production data- The IA has again requested this information in the reporting templates, but reporting remained inconsistent.	
4.1 Comprehensiveness- The IRC reporting template has been updated since the 2018 validation to clarify the value of total revenue stream as requested. The IA has been working to confirm full unilateral disclosure of all government extractive revenue streams. Specifically, the IA has sought to include revenue streams from projects that were not yet producing. AGO, together with the assistance of the PNG EITI Secretariat, has plan to specifically test revenue receipts for EITI reporting from government entities where audited financial statements were not updated.	
4.6 Direct subnational payments- A scoping study on sub-national payments was published in April 2019. From this study the MSG had agreed to request unilateral disclosure of subnational payments for the 2019 report.	
4.9 Data quality- Engagement with the PNG Auditor General's Office was necessary to establish the current status of the audit of government and SOEs accounts. This information has been incorporated into the assessment of data quality in the reconciliation chapter of the 2019 Report.	
5.1 Distribution of revenues- Information relating to the distribution of revenues has been updated in the report and additional information was also provided relating to the distribution of funds managed by MRDC.	
5.2 Subnational transfers- A scoping study of sub-national transfers has been published in April 2019. From the study the MSG has agreed to request unilateral disclosure of subnational transfers for the 2019 report.	
6.2 SOE quasi-fiscal expenditures	

Papua New Guinea has been scheduled to undergo a second country Validation in April of 2022. In 2018, after the first validation using the 2016 Standard, the EITI Board assessed PNG as having made meaningful progress in implementing the EITI Standard.

Figure 25: Outcomes and consequences of Validation



The first country Validation was concluded in 2018 and a report was furnished to the MSG in 2019 that granted PNG a score of having made ‘Meaningful Progress’ in implementing the EITI Standard.

Validation is an essential feature of the EITI process. It is intended to provide stakeholders with an impartial assessment of EITI implementation in a country to determine as to whether it is consistent with the requirements of the EITI Standard. The EITI Board upon assessment resolved that PNG had achieved “Meaningful Progress” in its Validation and demonstrated that significant aspects of the (EITI) requirement(s) were implemented and that the broader objective of the requirement was fulfilled. However, the Validation report also highlighted a number of key areas for further work to be undertaken to fully meet all the requirements of the EITI Standard.

In April 2022, the EITI International Secretariat has scheduled to review all documentation and, most importantly, the report of FY 2019 to decide on PNG’s status. Consequently, submitting a compliant FY 2019 EITI Report was critical for Papua New Guinea to retain its “membership status.” Failure to do so will impede on EITI Standard 4.8 and evoke penalties pertaining to Article 2 of the EITI Standard– Disclosure and reporting deadlines of which the EITI International Board could issue a “Suspension” and/or “Delisting” decision to a host country due to incompliance and /or unsatisfactory progress.

5. PNGEITI OFFICE ADMINISTRATION

The PNGEITI National Secretariat office was highly effective during the Covid-19 shutdown periods and have managed to accomplish its various tasks as outlined in the PNGEITI Work Plan.

PNGEITI National Secretariat fully maintained its operational and administrative activities. With an annual recurrent budget of K3 million budgetary funding from the PNG Government through the Department of Treasury, it administers staff salaries and wages, taxes, superannuation contributions, bank charges and fees, amongst others. The PNGEITI National Secretariat continues to expand in proportion to increased scope of work. There is currently nine staff in the Secretariat.

Table 15: PNGEITI Staff on strength in 2020

Title	Name	Date employed
Head of National Secretariat	Mr Lucas Alkan	2015- Present
Deputy Head of National Secretariat	Mr Christopher Tabel	2019
Communications Specialist		2016
Policy Technical	Ms Sarita Peai	2020
Procurement	Mr Francis Diakon	2016
Finance	Mrs Delka Kemba Rinny	2016 – 2020
Stakeholder Engagement Coordinator	Mr Oliver Maingu	2019
Research & Data Analyst	Mr Swartz Buff	2019 - 2020
Media Content Writer	Mrs Sonia Kenu - Becks	2019
Administration	Mrs Naomi Puipui	2020
Driver	Mr Paul Kanandia	2020

6. ASSESSMENT OF PERFORMANCE AGAINST WORK PLAN ACTIVITIES

Table 16: Assessment of performance against targets and activities set out in the 2020 work plan.

Requirements	Progress Against 2020 Work plan
Ensuring a well-established and fully functional National Secretariat office and the multi-stakeholder group (MSG)	- Conducted 3 MSG meetings in the year due to Covid 19 National Shutdowns. - All staff trainings were carried over to 2021 due to 2020 work plan disruptions by Covid. - PNGEITI Audit was carried over to FY2021. - IFMS Integration exercise was carried over to FY2021 - The recruitment of an Administration and Technical officer positions completed. Both staff were on board and undertaking their duties. - The Short-Term Consultant on Capacity building was not implemented and was carried over to FY 2021. - PNGEITI has paid its subscription fee of \$US10, 000.00 and has been up to date with its payment to the EITI International Secretariat. - PNGEITI National Secretariat has renewed its domestic affiliation and membership to the PNG Chamber of Mines and Petroleum as well as the Transparency International PNG. - PNGEITI National Secretariat fully maintained its operational and administrative activities and office and administrative assets. With an annual recurrent budget of PGK3 million budgetary funding from the PNG Government through the Department of Treasury, it administers staff salaries and wages, taxes, superannuation contributions, bank charges and fees, maintenance and repair of office vehicles amongst others.
Show extractive industries contribution (both direct and indirect) to the PNG economy	2019 PNGEITI Report was completed and launched in FY2021. - PNGEITI Beneficial Ownership Report was completed and published. - PNGEITI State Owned Enterprises Scoping Study was Completed and published. - World Bank Commissioned Studies on Education Mainstreaming, CSO Capacity Building and Online Data reporting were complete and were awaiting Phase 2 implementation. - PNG was progressing with its validation recommendations. This was in reference to the EITI Board's report on PNG having achieved 'Meaningful Progress' in its efforts to implement the EITI Standard at its meeting in Dakar on 30 October 2018. The second validation for PNG has been scheduled to commence from April, 2022.

Improve public understanding in the management of extractive industries	• FY 2019 Report was launched through print statement and dispatched to all stakeholders. • PNGEITI media statements were ongoing and had minimal disruptions from Covid-19 protocols. • No roadshows were conducted in 2020 due to Covid disruptions and all activities were carried over to FY 2021. • No talkback show appearance in 2020 as well as public engagements, conferences and workshops due to Covid disruptions. • The PNGEITI Website has been in operation since 2015 including a Facebook page with over 800 followers as of 2019. • There has been increased participation in the PNGEITI Multi-Stakeholder Group with a total of 45 meetings since signing of the PNGEITI MSG MoU in 2013. MSG membership stood at over 35 representatives in 2018 and this included voting members from government, industry, CSOs, SoEs and non-voting observers from development partners, interest groups and project consultants.
Strengthen revenue generation and collection that is consistent with policy setting	• The PNG Government has acted on recommendations made from the PNGEITI Reports with the NEC Decision No. 91/2017 directing all relevant government entities responsible for regulating the mining and petroleum sector to fully participate in implementing the EITI. • No subnational consultant was recruited in 2020. All activities were brought forward to FY2021 due to Covid. • The scheduled PNGEITI Legislative Bill regional consultation was carried over to FY 2021 due to Covid.
Engagement of stakeholders to effectively address issues affecting PNG's extractive industries	• Progressive work is being undertaken to strengthen the capacity of CSOs, Industries and Government to participate and contribute effectively in the Multi-Stakeholder Group (MSG) through international development partners. • PNGEITI conducts quarterly and monthly meetings with the MSG, Technical Working Groups (TWG) members consistently and as required of the PNGEITI MSG MoU. • The National Secretariat attends in-country conferences, seminars and workshops and has good relations with the PNG media outlets.
Endeavour to fully implement PNGEITI report recommendations as directed by Cabinet	• The Secretariat conducts follow up meetings with the Policy and Legislative TWG members to ensure recommendations were implemented. If there were any implementation issues or any agencies not making efforts to implement respective recommendations, the Secretariat would seek to understand the reasons and challenges preventing them from doing so and would report to MSG accordingly.

7. ASSESSMENT OF PERFORMANCE AGAINST EITI REQUIREMENTS

Papua New Guinea 2018 Post-Validation Self-Assessment Workshop, September, 2020. Following the conclusion of Papua New Guinea's Validation, the EITI Board decided that Papua New Guinea has made meaningful progress overall in implementing the EITI Standard. The EITI Board agreed for the following corrective actions to be undertaken. Progress in addressing these corrective actions would be assessed in a second Validation commencing in April, 2020. These post-validation workshops attempt to track progress in addressing corrective actions and to develop concrete steps in doing so.

Requirement	Validation Results	Corrective Actions	Narration on the 2018 Corrective Actions
License Allocations (#2.2) *Concerned Agencies: (MRA/DPE/JIC A/EY)	Inadequate	✓ PNG is required to publicly disclose information related to the award or transfer of mining tenements and oil and gas licenses pertaining to companies covered in the EITI Report. ✓ This information should include the number of mining tenements and oil and gas licenses awarded and transferred in the year under review, a description of the award and transfer procedures, including specific technical and financial criteria assessed, and any non-trivial deviations from	Issues ✓ DPE had reported delay in information disclosure due to internal & administrative issues, particularly in relation to information/data authentication and endorsement by the Head/Secretary of DPE. ✓ Non-existence of online database with DPE continues to be a hurdle. DPE yet to identify appropriate data portal to upload data/reports for the purposes of EITI. ✓ DPE database – revenue, production and licensing, are still standalone, which hinders data generation/collation. ✓ No clear format/design to use by DPE to disseminate the required information and to avoid confusion amongst the public at large. ✓ DPE has no strategic plan to guide and track the progress of the corrective actions that they are responsible to implement. ✓ Reporting format/design is too complex and areas of concern needs to be rectified to capture appropriate information and for ease of public understanding. Data/report disclosed must have clear context and be understood by the public.

	statutory practice.	in procedures	✓ Timing is an issue in terms of meeting the EITI requirement (public disclosure) in time for the second validation. However, DPE is still optimistic in meeting this deadline ✓ Due to covid-19, pandemic & disruption to work flow [lockdowns restrictions], not much work has been progressed but to allow validation to proceed in October as scheduled. Updates The non-financial data request templates for MRA and DPE were updated specifically to request, for each tenement/licence awarded, extended, or transferred, surrendered or cancelled during the reporting period: The IDs, ownership and date of award/transfer/extension needed to be reported as well. Remaining data (not available at the time of second validation) to be made available on the PNG EITI website. JICA to provide update on DPE and MRA on the progress. [It is one of the five (5) focus areas of the JICA project.] MRA and DPE to provide comprehensive information about licence awarded, extended, or transferred, surrendered or cancelled during the reporting period. Initial data provided by DPE and MRA were reviewed. MRA has provided license allocation data to IA for the FY2019 Report. Data processing/review has been in progress for providing full disclosure – full compliance ('satisfactory') status was likely to be met in the FY2019 Report. Improved reporting was emphasized in the FY2019 Report, disclosure of license allocation. [https://portal.mra.gov.pg] The DPE website [www.petroleum.gov.pg] was up and running however, only licence map information [https://petroleum.gov.pg/wp-content/uploads/2020/07/PNG-PET-LIC-Map-JUN-2020.pdf] was uploaded into their website for the reason being that DPE was yet to identify a suitable data portal for the purposes of EITI reporting. DPE has been liaising with appropriate entities/consultants to address and resolve this issue. In addition, due to the sensitivity of certain information and confidentiality purposes, work was being progressed to at least have some reports uploaded and be
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		ready for the forthcoming validation. DPE was working to have its own database system similar to that of MRA in the near future. As an alternate approach, MRA has always been available to assist DPE in disclosing the licence data on its data portal. MRA was also working to have the data, especially petroleum tenements (licence mapping) uploaded prior to FY2019 Report. Improved reporting and rating expected in the FY2019 Report. Resolutions ✓ IA identified information gap in the 2016 report and have updated the data templates to address this inadequacy. The gap was continuously being addressed in the subsequent FY Reports from 2018 report as indicated by IA and in the FY2019 Report. ✓ PNGEITI National Secretariat to lead the discussions with DPE to seek authorisation from DPE Secretary on disclosure of license allocation data onto DPE's website to show course on progressing this corrective action. This action item is set to be completed before the second validation. ✓ For a permanent solution to this issue, DPE was to draft a long-term strategic mitigation plan to address information gap and information disclosure. ✓ DPE to consult EY on the design/presentation of information, which is to be captured in the FY2019 Report and to be uploaded on DPE website. ✓ JICA was to assist DPE to purchase a hardware system required to establish a central database system. JICA, through the JICA-PNGEITI project continued to work with DPE on this. Timeline-Prior to submission of Validation Template and FY2019 Report.
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License Register (#2.3) *Concerned Agencies: (MRA/DPE/JICA/AEY)	Meaningful	✓ PNG should maintain a publicly accessible register or cadastre system(s), including comprehensive information on licenses for oil, gas and mining companies. ✓ In the interim, PNG should ensure that information set out under EITI Requirement 2.3.b is publicly accessible for all mining, oil and gas companies.	Issues ✓ DPE has a major need for an electronic data system. IA indicated that hard files to be provided by DPE – no central database at this time. DPE data has been separately managed by respective branches within DPE in stand-alone databases (revenue, production and licensing). ✓ Non-existence of online database with DPE continues to be a hurdle. At the moment DPE database – revenue, production and licensing, are still standalone. ✓ Timing continued to be an issue in terms of meeting the EITI requirement (publicdisclosure) in time for the second validation. However, DPE was optimistic in meeting this deadline at the time of preparing this report. Updates ✓ [It is one of the five (5) focus areas of the JICA project.] JICA was working with DPE to establish a network (a central database and a data portal) where all relevant datasets could be stored and/or accessed on one central system. As a follow up from the last TWG workshop (24th Oct 2019), MRA and DPE were in discussion regarding this at the time of writing this report. That was for MRA technical experts to assist DPE to publicly disclose petroleum licences on MRA data portal. Positive feedback was received to meet with new Secretary for Department of Petroleum & Energy at that time. DPE officials were continuing to follow-up with Secretary. On a positive note, DPE officials advised that their website was up and running www.petroleum.gov.pg. JICA, through the JICA-PNGEITI project had continued to work with DPE on this. JICA was assisting DPE to purchase a hardware system required to establish a central
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			database system. DPE was hoping to have its own database system, similar to that of MRA in the near future. As an alternate approach, MRA was always available to assist DPE. MRA was hoping to have the data, especially petroleum tenements (licence mapping)uploaded prior to the second validation. Resolutions ✓ To meet the requirement of public disclosure, MRA indicated the possibility of having DPE data (pdf/excel) uploaded on CCOP GSi portal, which has been managed by MRA. ✓ DPE and MRA were currently having discussions on how best MRA could assist DPE concerning uploading of DPE information onto MRA website. Both MRA and DPE (Arnold & Kumalau) agreed to meet to come up with a way forward on how MRA could assist DPE to upload its data onto the MRA cadastre online register. ✓ JICA to continue working with DPE in the background to get the database and data portal up and running. DPE website was up and running, the standalone registers could be linked onto the central database and website, which can then be publicly accessible. ✓ JICA indicated that procurement of the ITC materials by JICA for the set-up of the DPE website would begin soon and installation of the technology at DPE would follow afterwards. JICA was going to complete the website set up before the second validation in 2020. ✓ Comprehensive description of what data was available and what could be done in the subsequent period –document process in the FY2019 Report
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			Timeline-Prior to submission of Validation Template and FY2019 Report.
State Participation (#2.6) *Concerned Agencies: (KPHL/OTML/EY)	Meaningful	✓ PNG should clearly establish its definition of SOEs to delineate the SOEs within the scope of EITI reporting and ensure that a comprehensive list of state participation in the extractive industries, including terms associated with State equity and any changes in the year under review, be publicly accessible. ✓ PNG must also clarify the rules and practices governing financial relations between all SOEs, including their subsidiaries, and the State, including the existence of any loans or guarantees extended by the state, or SOEs, to extractives companies or projects.	Issues ✓ Timeliness and disclosure of audited financial statement for SOEs and government agencies continue to affect comprehensiveness and disclosure in reporting. ✓ The main issue here was compliance from SOEs in reporting the data requested/required on time. ✓ Information confidentiality has also been an issue on disclosure of audited financial statements for the purposes of EITI reporting. Updates The EITI Report has been updated to include comprehensive disclosure about SOE. SOE timely collaboration with Independent Administrator (IA) was important to provide comprehensive disclosure of information and updates in the report. SOE scoping study was in progress and was set to be completed by the end of 2020. SOEs were to review the draft report to ensure that the contents of the draft report were correct and consistent with the data they submitted to the IA. Where necessary, SOEs were also required to provide additional narratives on the draft report to ensure their sections were updated and comprehensive. SOE's (KPHL/OTML/KMHL) were requested to provide additional information such as the existing loans, and guarantees extended by the State (where necessary) in the draft 2019 report to be circulated by IA. The IA also requested for more detailed information, especially on quasi-fiscal expenditures.

		Reporting entities to document EITI reporting as part of their annual operational activities. More detailed information was to be included in the 2019 report. The IA anticipated 'satisfactory' rating for that requirement in the 2019 report. Resolution ✓ Early participating of SOE entities was necessary to compile adequate and correct reports/data for the purposes of EITI reporting. ✓ IA to indicate which reporting entities to report what type of data. IA was also required to specify the type of data and reporting template to capture the required information. ✓ Reporting entities to adhere to their commitments for the purposes of EITI reporting as per the NEC Directives No. 91/2017 on the corrective items. Timeline – During submission of EITI templates and prior to submission of the FY2019 Report
Production Data (#3.2 *Concerned Agencies: (MRA/DPE/JICA/EY)	Inadequate	✓ PNG should ensure that the complete production volume for oil and gas, and production values for each of the extractive commodities produced during the year under Issues DPE was yet to be hook-up on to the central database system. DPE database system was still a standalone set up for production, revenue and license information. MRA indicated that reconciliation process was a very difficult and lengthy-process that required more time to complete. The reason being that currently the normal reconciliation process takes place towards the end of year and it was always a difficult task as most employees were on break by then. This has always been affecting the quality of the data submitted for EITI reporting purposes.

		review be publicly accessible, disaggregated by commodity.	Also, MRA indicated that extractive companies normally used FIFO approach for its employees hence resulting in communication breakdowns between MRA and the companies. Some information was included in the 2018 report as reported by DPE and MRA, as well as other reporting entities. Duplication of reports from multiple entities due to no proper specification made by the IA to guide the reporting of data has been an issue. Updates The IA had again requested this information in the reporting templates. Estimates of these values based on available information have been included in the FY2018 report, where actual production values were not supplied by the reporting entities. [It is one of the five (5) focus areas of the JICA project.] <i>Mining;</i> Data reported by MRA for 2018 report. Companies are complying in reporting required data. Some data from company reports not captured by MRA and MRA was to workwith companies to rectify that. <i>Oil & Gas;</i>
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		Oil Search and DPE have provided some information (produced qty, not produced value). Exxon also provided some data but not production/export values. Project agreements needed to factor clauses that counter confidentiality clauses to allow companies/operator/JV to report to EITI. Call for State, if possible, to audit the project partners' books to establish facts about data reported for EITI purposes. IA emphasised again on the need for actual production value to be included in the 2019 report. IA to work closely with all reporting entities to confirm whether this information was disclosed in the reporting templates provided. For improvement – production data should be part of the reporting entity's internal process (reconciliation). By year-end or early following year, everything should have been reconciled. There exists a variance in volumes produced and volumes exported – the data varies – needs disclosure. Resolution DPE and BPNG to address the information gap on production data. Require all reporting entities to provide information as required by EITI standard
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IA/NS to conduct more training for officials (reporting entities) on how to populate templates. Timeline – During submission of EITI templates and prior to submission of the FY2019 Report			
Issues There were still some variances in the data reported in FY2018 Report, which can be reconciled and updated prior to the 2020 validation. However, this was would require amendments to the Mining Act which was a lengthy process. Updates Most of the corrective actions were implemented in the last validation. Reporting entities should have provided this information as required by the EITI Standard. The IA indicated that some data were already provided for the 2018 report. A 'Satisfactory' rating for that requirement was expected. The IA needed to include export value in the 2019 report – all reporting entities were required to disclose export values in their reporting templates. Suggestion by the TWG members for policy to be amended for companies to disclose production values for mineral commodities to MRA. Resolutions TWG proposed for MSG to explore options where regulatory bodies like DPE and MRA could request the necessary data like production values where there would be no restrictions for companies to report.	✓ PNG should ensure that export volumes and values are disclosed publicly for each mineral commodity (including oil, condensate and gas) exported in the year under review.	Meaningful	Export Data (#3.3) *Concerned Agencies: (MRA/DPE/EY)

Comprehensiveness (#4.1) *Concerned Agencies: (IRC/JICA/EY)			MRA & DPE were to work closely on the reporting templates to update and capture the required data/information IA was to send the portal link to MRA & DPE to access & update the data on reporting templates.
	Inadequate	✓ PNG should ensure that the materiality threshold for selecting companies ensures that all payments that could affect the comprehensiveness of EITI reporting be included in the scope of reconciliation. ✓ MSG should ensure that PNG's next EITI Report includes the IA's assessment of the materiality of omissions from non-reporting entities, an assessment of the comprehensiveness of the EITI Report and that full unilateral government disclosure of total revenues were provided, and including from non-material companies were provided for each of the material revenue streams.	Issues ✓ IA to clarify & specify which reporting entities for IRC to extract information from for the purposes of EITI since industry payments especially for SWT [Salary Wage Tax] are aggregated across all projects for Oil & Gas [Oil Search & Exxon Mobil]. ✓ Lack of capacity by AGO or internal audit teams from entities to have their annual reports audited in time for purposes of EITI reporting. ✓ IA yet to disaggregate materiality payments of all extractive companies causing delay in data compiling. ✓ IA also raised concerns in relation to GloCo in terms of tax payments to the State/Government. ✓ CEPA to consult Deloitte to further clarify variances as well the data reported in 2018 report. Updates to be provided to IA for inclusion in the appendix. ✓ Mine closure bond fees were not collected by CEPA due to internal administrative issues (instruments not in place). CEPA was to provide an update for the IA.

		✓ In accordance with Requirement 8.3.c.i, the MSG should develop and disclose an action plan for addressing the deficiencies in comprehensiveness of reporting documented in the initial assessment.	Updates The IRC reporting template was updated to clarify that the total value of revenue was requested and the IA had been working to confirm full unilateral disclosure of all government extractive revenue streams. Specifically, concerning the revenue streams from projects that were not yet in production. [It was one of the five (5) focus areas of the JICA project.] The IA was to collaborate with the IRC to calculate materiality in all extractive companies, which was in progress. State entities had to be audited before the end of 2020 to ensure there was credibility/confidence in the figures reported. Copies of audited reports were to be provided (when available) to the IA and the PNGEITI website. The MSG was to engage closely with the AGO to ensure resource revenue figures were audited. Possibility for the MSG/PNGEITI to get some directives for State agencies to be audited on time for the purposes of EITI reporting. The MSG was to agree on a TOR for a consultant/IA to scope out the work to be done to assist the AGO office with non-audited books for government agencies and SOEs. The MSG was to agree and endorse that assignment to commence soon so the IA would document and include the endorsement in the 2019 report. Suggestion by the IRC to amend the reporting template to require reporting entities to include their Tax Identification Numbers (TINs). That was to enable the IRC to retrieve and correct company information from their system to ensure accurate reporting by the IRC, which the IA has already been incorporated and updated in the reporting templates. Resolutions Needed to have further discussions with CEPA on the nature of the fees that they were collecting as well as those that were not collecting. That was to ensure improved reporting in the coming report.
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SOE Transactions (#4.5) *Concerned Agencies: (KPHL/OTML/EY)	Meaningful	✓ PNG should undertake a comprehensive assessment of transactions between extractives SOEs (and their subsidiaries) and mining, oil and gas companies, as well as between the extractives SOEs (including their subsidiaries) and government in its scoping for future EITI Reports. ✓ All SOEs collecting material revenues or making material payments to government	IRC to work closely with IA on the reporting templates and the TIN Components IRC to forward tax-reporting template to IA before end of September, 2020 for review and reconciliation NS to find out who pays the 5% withholding tax from royalty payments IA to send the portal link to all entities responsible to incorporate data/information into each reporting template. IA would send the link with individual passwords. Timeline – During submission of EITI templates and prior to submission of the FY2019 Report
		Issues ✓ Discussion and issues identified were in line with discussions/notes highlighted in requirement #2.6. Updates The EITI Report has been updated to include comprehensive disclosure about SOE. SOE timely collaboration with the independent administrator was important to provide comprehensive disclosure and update in the report. SOE scoping study was being undertaken, anticipating to be completed before end of 2020. The study was expected to be completed within the duration of 5-6 months since the starting date of	

		should be included in future EITI reporting.	the project in April 2020. The implementation of the project was going to commence in 2021. Resolutions ✓ Early participation of SOEs was a must to compile adequate and correct reports/data ✓ IA to indicate which reporting entities to report what type of data. IA were also required to specify the type of data and reporting template to capture the required information. ✓ Reporting entities to adhere to their commitment for the purposes of EITIT as per the NEC directions on the corrective items. Timeline – During submission of EITI templates and prior to submission of the FY2019 Report
Direct national Payments (#4.6) *Concerned Agencies: (MRDC/DoT/EY)	Inadequate	✓ PNG should establish whether direct subnational payments (to government entities) by extractives companies are material. ✓ Where material, PNG is required to ensure that direct subnational payments are reconciled between company	Issues ✓ Phase II – National Secretariat to meet with Australian High Commission for possible funding as well as assisting with the piloting with interested provincial government. However, no funding came through for that year, hence phase two of that project was put on hold. ✓ MRDC was directly responsible to implement and progress corrective actions under requirement #s 4.6- Direct Sub-national payments, 5.2- Subnational transfers, and 5.1

		payments and subnational government entities' receipts. ✓ Given widespread confusion, yet vivid interest among stakeholders from all constituencies over extractives revenue flows accruing to subnational governments, PNG should consider mapping out subnational revenue flows associated with each individual extractive project, drawing on results from the scoping study on subnational revenue flows being prepared in 2018.	Distribution of extractive industry revenues. However, through the third post validation meeting, it was indicated that it was not responsible or directly involved in the sub national payments and must be removed from being directly responsible to implement the corrective actions under the above-mentioned requirement. It informed that it was only responsible for royalty payments as per the oil and gas and mining agreement/Act. MRDC indicated that DPE and DoF were to be included in that reporting process. MRDC would only play a role in the reporting process by reporting on royalty payments/landowner benefits. Updates A scoping study of sub-national payments and transfers was being undertaken. EY met with the consultant to compare approaches and confirm timeframes. Results or status of sub-national study to be disclosed in the FY2019 Report. 'Reconciliation' of subnational payments to be included in the 2019 report onwards, including implementation of recommendations from the scoping study report. Reconciliation part of the subnational transfers to be included in the 2019 report onwards (Provincial and Local Level Govts. and LO groups). DPE to be responsible for Sub-National payments, and not MRDC, however for the tax components, MRDC would report on the data and IRC to confirm that information. MRDC's core function was to manage the landowner funds and payments to landowners. The National Secretariat pointed out some information in the FY2018 PNGEITI Report, referring to table 73 where, information provisioned in that section posed confusion to the public and needed clarification from MRDC. MRDC noted the concerns raised and reaffirmed that information in that section were quite confusing and was misleading to the public, thus needed some work to get the correct information published for public consumption.
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			Resolutions ✓ IA was to be in consultation with the National Secretariat and to re- design the FY Report specifically table 73 or insert a section on royalties where MRDC would have direct responsibility to report on. ✓ MRDC clearly stated that it was not directly responsible for the Sub-national payments in the requirements mentioned and that DPE should be the right entity to provide reports on this. ✓ MRDC can only provide reports on payments made to landowner companies. ✓ MRDC legal team was to meet with the IA/EY team to clarify the functions of MRDC. That was to provide an understanding on where MRDC should fit into the reporting templates. Timeline – During submission of EITI templates and prior to submission of the FY2019 Report
Data quality (#4.9) *Concerned Agencies: (AGO/JICA/EY)	Inadequate	✓ The EITI requires an assessment of whether the payments and revenues were subject to credible, independent audit, applying international auditing standards. In accordance with Requirement 4.9.b.iii and the standard Terms of Reference for the Independent	Issues ✓ Some government entities are still dragging behind in terms of auditing resulting in lack of credibility of financial data provided. ✓ Although there has been an improvement in compliance in submitting signed templates (91%), not all data included were audited.

		Administrator (IA) agreed by the EITI Board, the MSG and IA: ✓ Ensure that the IA provided a clear and categorical assessment of comprehensiveness and reliability of the (financial) data presented, including an informative summary of the work performed by the IA and the limitations of the assessment provided. ✓ Ensure that the IA provided an assessment of whether all companies and government entities within the agreed scope of the EITI reporting process provided the requested information. Any gaps or weaknesses in reporting to the IA must be disclosed in the EITI Report, including naming	✓ Entities not on IFMS needed to individually consultant to audit their books ✓ The FY2019 Report would need audited financial statements, however, AGO indicated that they had audited entities books from financial years 2016 – 2017. No audits were done for FY2018 and 2019. Updates Engagement with the PNG Auditor General's Office (AGO) was undertaken to establish the status of the audit of government and SOEs accounts. The information was incorporated into the assessment of data quality in the reconciliation chapter of the report. [It was one of the five (5) focus areas of the JICA project.] Continuous coordination with AGO would enable updates regarding status of audit of government and SOE accounts. Resolutions - IA would provide AGO with guidelines of the process to do revenue testing so it was faster. ✓ Timeline for the IA was October but would provide extension with regardsto accessing information. ✓ National Secretariat was to inform reporting entities participating in the EITI reporting through the MSG of this revenue testing arrangement with the AGO. ✓ For EITI reporting purposes, PNGEITI and the IA, to explore possibility of engaging with reporting government entities and AGO to ensure they were audited on time.
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		any entities that failed to comply with the agreed procedures, and an assessment of whether that was likely to have had material impact on the comprehensiveness and reliability of the report. ✓ In accordance with Requirement 8.3.c.i, the MSG should develop and disclose an action plan for addressing the deficiencies in the reliability of reporting documented in the initial assessment.	✓ TWG to submit a recommendation to the MSG for MSG to task the National Secretariat to look at scoping out a way to have more engagement with AGO – possibility of engaging with external auditing firms to improve auditing processes and procedures for reporting entities going forward. ✓ Possible engagement with IFMS to capture certain aspects of revenue reporting (receipts/payments), especially for reporting entities (Govt. entities). Which do some of the reporting entities such as DPE implement. ✓ Validation TWG resolve to engage an independent consultant to scope or do a feasibility study on how to assist AGO on updated audits reports for government agencies and SOEs. ✓ For future EITI reporting purposes, the National Secretariat and IA to engage with AGO to look into areas of revenue testing by AGO for govt. agencies in the extractive sector. ✓ MSG and the National Secretariat (in consultation with JICA expert team) to look into the possibility of including AGO within the scope of the JICA support project to PNGEITI (second phase). Timeline – During submission of EITI templates and prior to submission of the FY2019 Report
Distribution of Extractive Industry	Inadequate	✓ PNG should clarify which extractive revenues were	Issues

Revenues (#5.1) *Concerned Agencies: (MRDC/DoT/IRCEY)	recorded in the national budget. ✓ Where revenues were not recorded in the national budget, the allocation of revenues should be explained, with links provided to relevant financial reports.	✓ Not much issues surrounding this requirement however, there was a need to engage reporting entities as early as possible to compile data and provide report. ✓ There was a need for additional information to be included in the FY2019 Report. Updates Information relating to the distribution of revenues has been updated in this report and additional information was provided relating to the distribution of funds managed by MRDC. Suggestion by IRC to amend the reporting template to include requirement for reporting entities to include their Tax Identification Number (TIN). This would enable IRC to retrieve relevant company information from their system to ensure correct reporting by IRC. This has been implemented. Resolutions ✓ IRC and DoT to work closely with IA to provide sufficient narration in the FY2019 Report. Timeline – During submission of EITI templates and prior to submission of the FY2019 Report
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Subnational Transfers (#5.2) *Concerned Agencies: (MRDC/EY)	Inadequate	✓ PNG was required to ensure that material subnational transfers of extractives revenues were publicly disclosed, when such transfers were mandated by a national constitution, statute or other revenue sharing mechanism such as benefit-sharing agreements. ✓ The MSG was also to disclose any discrepancies between the transfer amount calculated in accordance with the relevant revenue sharing formula and the actual amount transferred between the central government and each relevant subnational entity on an annual basis.	Issues ✓ Phase II – NS to meet with the Australian High Commission for possible funding as well as assisting with the piloting of provincial government did not eventuate due to no allocation of funding by the donor partner [Australian High Commission] ✓ MRDC was no longer responsible for reporting to the State under the corrective actions on this requirement, as it had no direct responsibility as per the amended Mining, Oil and Gas Act. ✓ DPE and DoF were responsible for provision of required data under this requirement for the purposes of EITI, which was yet to be attended to for these respective reporting entities. Updates For the purposes of the FY2019 Report, particularly the subnational payments concerning royalties and development levies, DPE has direct access to this data and work was progressed on data collation. A scoping study of sub-national payments and transfers was being undertaken. Results or status of subnational study should have been disclosed in the FY2019 Report. 'Reconciliation' of subnational payments to be included for 2019 report onwards.*Discussions were similar as outlined for requirement #4.6, direct subnational payments. 'Reconciliation' part of the subnational transfers was to be included in 2019 report onwards (Provincial & Local Level Govts. and LO groups). Resolutions
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			✓ MRDC clearly stated that it was not directly responsible for the sub-national payments in the requirements mentioned and that DPE should be the relevant entity to provide reports on this. ✓ MRDC could only provide reports on payments made to landowner companies ✓ MRDC legal team was to meet with the IA/EY team to clarify the functions of MRDC. That was to provide an understanding on where MRDC fitted into the reporting templates. Timeline – During submission of EITI templates and prior to submission of the FY2019 Report
Mandatory social expenditures (#6.1) *Concerned Agencies: (NS/EY)	Meaningful	✓ PNG should ensure that reporting of mandatory social expenditures be disaggregated by type of payment and beneficiary, clarifying the name and function of any non-government (third party) beneficiaries of mandatory social expenditures.	Issues ✓ Disclosure that was more comprehensive was required in compliance with the EITI Standard. Updates ✓ Most of the corrective actions were implemented and progressed in the 2018 Report. Mandatory social expenditure disaggregated by beneficiary has been included in the report. EITI template has been updated to reflect the requirements made in the 2018 report. The report was now in sectors as amended in the template. Resolutions

			✓ Require all reporting entities to provide more comprehensive information about mandatory social expenditures. Timeline – During submission of EITI templates and prior to submission of the FY2019 Report
SOE quasi-fiscal expenditures (#6.2) *Concerned Agencies: (KPHL/OTML/EY)	Inadequate	✓ PNG should undertake a comprehensive review of all expenditures undertaken by extractives SOEs (and their subsidiaries) that could be considered quasi-fiscal. ✓ PNG should develop a reporting process with a view to achieving a level of transparency commensurate with other payments and revenue streams and should include SOE subsidiaries and joint ventures.	Issues ✓ Information provided by reporting entities were not adequate in the FY2018 Report. ✓ Discussion and issues identified are in line with discussions/notes highlighted in requirement #2.6 ‘State Participation’ and requirement #4.5 ‘SOE Transactions’. Updates IA requested contextual and financial information from each SOE subsidiary (including Ok Tedi Power and Ok Tedi Foundation) and KPHL to assist with addressing this requirement in that report. At the time this report was finalised, the IA had not yet received this information. Reporting entities covered should provide more information about quasi-fiscal expenditures. The IA was to follow up with reporting entities for additional information on quasi-fiscal activities and other information. Resolutions

✓ Issues highlighted were currently been addressed through thescoping study. ✓ National Secretariat and the IA were trying to involve the reporting entities in the earlyprocess of data/report compilation Timeline – During submission of EITI templates and prior to submission of the FY2019 Report			
Issues ✓ Most of the corrective actions under this requirement had been addressed in the FY2018 Report; hence no major issues for this year 2020. Updates Refers to the PNGEITI Annual Report documenting the National Secretariat's work plan and progress on certain reforms/policy agendas. Recommendations included in the report. MSG, TWG and National Secretariat to take note of the recommendations. National Secretariat and the IA to look into ways to assist MSG, TWG and reporting entities were to adapt to reporting for the 2019 report using the 2019 EITI Standard. Timeline – During submission of EITI templates and prior to submission of the FY2019 Report	✓ MSG was required to review the outcomes and impact of EITI implementation on natural resource governance in PNG by ensuring that all the prescribed details of the annual progress reports were mentioned in the next report. ✓ The MSG should ensure that all stakeholders, including those outside of the MSG, are given an opportunity to participate in the production of, and have their view reflected in, the annual progress report.	Meaningful	Outcomes and impact of implementation (#7.4) *Concerned Agencies: (NS)

Table 17 Assessment of performance against EITI requirements

8. RECOMMENDATIONS FROM PNGEITI REPORT RECONCILIATION

The First PNGEITI Report for the Financial Year 2013, identified a number of issues and provided a set of recommendations regarding areas that could benefit from process improvements and better procedures in conforming to the EITI Standard. The set of recommendations were translated into a National Executive Council (NEC) or Cabinet Submission, and conveyed to NEC for information, deliberation and further direction. An ensuing NEC Decision (Decision #91/2017) followed, containing about 11 Cabinet Directives to various reporting entities within the EITI process to implement the recommendations as outlined from the 1st PNGEITI Annual Report.

Tabulated below is a progressive update on these Cabinet directives and documenting what the responsible agencies or stakeholders have done and are doing in relation to the implementation of these directives. This table basically illustrates the progress on the implementation of the report recommendations, in few cases into policy reforms.

NEC Directives	Agency/Department Responsible	Progress made/Actions taken to date	Next Steps
<i>Minister for Petroleum and Energy to immediately implement a reliable electronic registry system to supersede the current paper ledger system</i>	DPE	- During a meeting with DPE September 2020, DPE advised that some work were in progress with regard to this NEC directive. However, due to some internal administrative issues, the progress of this activity has been slow. - DPE together with JICA and the National Secretariat have been working towards establishing a reliable registry system for DPE.	- The issue was brought to MSG's attention to assist DPE setup its internal Central Database System/electronic registry system, data portal & website. - MRA, JICA and World Bank showed interest in assisting DPE. DPE to further consult the interested parties to assist them in setting up its electronic and registry system, suitable data portal and website upgrading since DPE has an existing website. - A Petroleum Authority was proposed in early 2019. DPE was now divided into two separate entities: National Petroleum Authority and

NEC Directives	Agency/Department Responsible	Progress made/Actions taken to date	Next Steps
			National Energy Authority. Administrative functions were yet to be properly demarcated during the time this report preparation but work was in progress.
Minister responsible for MRDC to ensure that MRDC engages fully with the PNGEITI MSG and reports through the EITI process on the equity distribution and all other funds it holds in trust and invests for the landowners and for future generation	DPE/MRDC	The NEC Directive was implemented since last year. MRDC was engaged at MSG and TWG level and has been participating in the EITI reporting process.	There are still some areas that both the MRDC and the Secretariat will continue to work through to enhance MRDC's effectiveness and efficiency in all aspects of EITI reporting and to sustain MRDC's engagement in this EITI process.
Minister responsible for Kumul Consolidated Holdings Limited to ensure KCH participates in the EITI process and regularly reports through the EITI process the State's share/interest in the mining and petroleum sectors that it manages under the General Business Trust (GBT)	KCH	- KCH has not been engaging directly in the PNGEITI reporting process after its organizational re-structure in August 2015. There are subsidiary entities under KCH that deal directly as a trustee of the GBT, with State's interest in the mining and petroleum sectors. The remaining project that KCH was responsible for the extractive sector as of 2016 was that it held 3.2% shareholding in Highlands Pacific. - This NEC directive has been actioned because KCH was fully engaged at the MSG level and was participating in the EITI reporting process.	The continued engagement and participation in the EITI process by KCH may not be necessary in the future because KCH would not be involved in the extractive sector. As part of Kumul restructure, the GBT investment in Highlands Pacific would not be transferred to Kumul Mineral Trust as soon as all legal processes were completed.

NEC Directives	Agency/Department Responsible	Progress made/Actions taken to date	Next Steps
Minister responsible for Kumul Mineral Holdings Limited and Kumul Petroleum Holdings Limited to ensure these enterprises are fully engaged in the EITI process and to report as required under the EITI Standard	KMHL/KPHL	- These two entities coordinate the government's interest in the Mining, Oil and Gas sectors. - Preliminary engagement has been sought by the National Secretariat with these entities to ensure that they too are aligned to the reporting processes and requirements of PNGEITI. - This NEC directive has been actioned. Both KMH and KPH have engaged and have participated in the EITI reporting process.	- Secretariat to continue its consultation with both KMHL and KPHL to identify areas which both entities can be able to engage effectively in the reporting process. - At this stage, it still needs to be ascertained as what type of reporting, information collection and areas of engagement of KMHL & KPHL in the EITI process, hence not much can be reported from their end thus far.
Minister for Treasury to ensure the National Economic and Fiscal Commission (NEFC) amend its Budget and Fiscal Reports to collect information on subnational payments and transfers consistent with the EITI Requirements	Treasury/NEFC	- National Secretariat has consulted with NEFC on this issue - This meeting outlined NEFC's current information collection and reporting procedures, and also discussed avenues in which this process could also incorporate and/align to the EITI process, particularly in the area of sub-national payments and transfers information. It was ascertained that the NEFC's current reporting on sub-national payments and transfers was provisioned under the Inter Government Relations (Functions & Funding) Act, which governs the mandate of NEFC's operations.	NEFC and the Secretariat will engage more frequently and consult with each other to ensure that reporting mechanisms are aligned in regard to not only sub-national payments and transfers but all other payments for the various levels of governments.

NEC Directives	Agency/Department Responsible	Progress made/Actions taken to date	Next Steps
		Hence, it was discussed that NEFC along with the National Secretariat work together to identify mechanisms that can align both NEFC reporting to that of the PNGEITI requirements.	
Minister responsible for Mineral Resources Authority (MRA) and the Minister responsible for the State Solicitor to ensure these entities make publicly available Memorandum of Agreements (MOAs) for EITI purposes and for the benefit of the general public	Mining/MRA/State Solicitor	- Meeting held with MRA – see attached minute. State Solicitor is the custodian of MOA's/Contracts/Agreements and therefore the National Secretariat needed to get their views with regard to contract disclosure. - PNGEITI National Secretariat met with State Solicitor on the same. However, State Solicitor indicated that the existing reporting laws do not clarify or specify which components of MOA's/Contracts/Agreements were to be publicly disclosed. State Solicitor advised that the parties to the MOA's should be consulted with regard to contract disclosure. Should parties to the MOA's agree to disclose certain components of the MOA's then the National Secretariat with MRA, DPE and the Consultant – Ernst & Young could upload the said information on website.	National Secretariat was working with the Consultant – Ernst & Young to write a letter to the State Solicitor requesting specific information that needed to be captured in the EITI Report and for public disclosure/website.

NEC Directives	Agency/Department Responsible	Progress made/Actions taken to date	Next Steps
		- In the same meeting, State Solicitor advised that a letter requesting specific information to be written to State Solicitor for the purposes of EITI to be disclosed. - State Solicitor then could formally provide a response	
Minister for Treasury to implement the recommendation of the EITI report in relation to: - Publication of budget preparation process on its website; - Clearly and comprehensively list relevant assumptions and basis for calculation for budget document tables; and - Ensure units of measurement are standardized between government departments,	Treasury	- National Secretariat has sent an official letter outlining these directives to the Secretary for Treasury for attention and implementation. - The submission was received and reviewed by the relevant divisions within the Treasury Department and the outcome of the analysis was as follows: <i>Publication of budget preparation process on the website.</i> Treasury has already been issuing budget circulars to all government departments and spending agencies informing of the budget preparation process well before the government signed up to implementing the EITI. Also, it has been a practice for Treasury to advertise in the social media (local newspapers) outlining the key dates for preparation of the national budget and calling for policy submissions from the public in the first quarter of every year. However, this has been done through the government's internal process and needed to be	- National Secretariat will continue to liaise with Treasury to understand if there has been any actions taken to implement these directives and if not, whether these directives have been included in its work plan. This is to ensure the directives are included as part of Treasury's budget review/process and considered for implementation in coming budgets. - National Secretariat will also closely liaise with Treasury to properly document its current activities and practice on budget transparency that may directly address some of the Cabinet Directives outlined in this section.

NEC Directives	Agency/Department Responsible	Progress made/Actions taken to date	Next Steps
particularly with respect to production data in budget documents		made transparent by way of publishing on the Treasury website. Treasury has a reliable website (www.Treasury.gov.pg) that needs to be constantly updated and maintained. Also, Treasury regularly publishes its quarterly warrant release (spending authority) in the local newspapers and other social media. This has been a practice well before the EITI implementation in the country. The other two directives (#s 2 and #3) are outstanding and Treasury has yet to advise if there were any actions taken or will be taken to address them.	
Minister for Treasury to legislate the EITI reporting requirements into the Government reporting process (in lieu of current practice of using waiver letter) and report back with draft legislation for NEC's consideration before the FY 2015 EITI Report	Treasury/IRC	National Secretariat has been in consultation with the legal team from the IRC to get clarification on this issue. Advice from IRC indicated that there needed to be a legislative amendment to cater for the proposed changes. Specific and relevant provision within the Income Tax Act was identified, and it was ascertained that this would require a minor technical amendment to remove secrecy provision in the Income Tax Act to allow IRC to disclose tax revenue information. IRC considered that this was a policy matter that required direction from Treasury before it could draft and consolidate the amendment to be included as part of the 2018 Budget Amendments.	- To build on the progress made, PNGEITI National Secretariat Policy and Legislative Technical Working Group was to continue progress the on-going work on EITI Policy and Legislative Framework. - The EITI Policy and Legislative Framework was completed and launched in 2019. Work was currently in progressing on drafting the PNGEITI Commission Bill during the time of writing this report. Once the proposed Bill was enacted then the National Secretariat would work on its reporting law.

NEC Directives	Agency/Department Responsible	Progress made/Actions taken to date	Next Steps
		Treasury has implemented this Directive as part of the tax amendments in the 2018 National Budget. Amendments effective 1 January 2019 would allow tax information to be provided to: - the EITI National Secretariat or equivalent body for the purposes of reporting in accordance with the Initiative - the Financial Analysis and Supervision Unit for purposes of the Anti-Money Laundering and Counter Terrorism Financing Act 2015.	
<i>Minister for Finance to undertake assessment of all monies received from mining and petroleum projects that are held in trust accounts, which include future generation trust and set up data base to effectively monitor the trust accounts in accordance with Section 15 of the Public Finance (Management) Act 1995</i>	Finance	• This Directive has been actioned. The Department of Finance has incorporated this as part of its work on the Financial Framework Review (FFR). This had triggered amendments to the Public Finance (Management) Act (PFMA) 1995 to review all government Trust Accounts (inclusive of extractives trust accounts). Part of the reforms to the new PFMA 2016 included financial instructions to review all Trust Accounts and migrate them onto the Integrated Financial Management System (IFMS) for effective monitoring, compliance and transparency purposes.	• National Secretariat was to continue its consultation with the Department of Finance to ensure that through review of trust accounts, monies sitting in mining, oil and gas trust account was reviewed to bring about transparency for EITI reporting purposes.

NEC Directives	Agency/Department Responsible	Progress made/Actions taken to date	Next Steps
		- There were still areas, which needed to be clarified, especially with regard to monies held in mining and petroleum trust accounts and others. Department of Finance was continuing with the work to ensure it was achieved. - Department of Finance can only provide information for petroleum trust accounts, with assistance from DPE. - For the mining trust accounts and future generation trust, the Department of Treasury was to provide this information with State Solicitor. This needed to be clarified by Treasury and the State Solicitor.	National Secretariat would continue to engage and work closely with the Department of Finance to ensure that the electronic payment system was implemented successfully.
Minister for Finance to take action to ensure payments currently being done manually via cash or cheque by some government agencies are improved and modernized to electronic systems such as the use of EFTPOS because the absence of a robust system for managing resource payments leaves the system vulnerable to fraud,	Finance	National Secretariat's consultation with the Department of Finance revealed that the Cabinet Direction was actioned. Part of the amendments to the PFMA also directed government entities to transition from cash and cheque- based payments to electronic transactions. There were specific financial instructions from the Finance Minister for government agencies to ensure this change took place and transition into electronic payments system where possible. Currently, all previous cash-based transactions have been converted into electronic transactions as per the financial instructions.	

NEC Directives	Agency/Department Responsible	Progress made/Actions taken to date	Next Steps
corruption and human error			
That Government agencies ensure to submit their books to the Auditor General's Office in a timely manner for audit purposes; that the capacity at the Auditor General's Office be improved to undertake audits as highlighted under the heading of "Way Forward" of the submission; and that it would be one of the Government's key agendas to improve transparency and accountability in the public service.	Auditor General	The formal letter of notification on this directive was conveyed to the AG's office. To date no formal response has been received on their implementation progress.	National Secretariat to continue following up with the AG's office to gauge an update and ensure progress was made to implement this directive.

Table 18 Progressive recommendations from reconciliation

9. SPECIFIC STRENGTHS OR WEAKNESSES IDENTIFIED IN THE EITI PROCESS

Table 19: Specific strengths or weaknesses identified in the EITI process

Multi-Stakeholder Group oversight				
2016 Standard	EITI	EITI Provision	Strengths	Weaknesses
Government oversight of the EITI process	1.1		Government oversight in the EITI process has been satisfactory with the Department of Treasury along with core government entities and SoEs taking the lead in facilitating the EITI process.	Certain government entities' participation has been challenging due to staffing capacity and political or administrative constraints.
Company engagement	1.2		Industry participation in the EITI process has been satisfactory with all material companies supportive of the EITI process.	Industry was reluctant to report on certain aspects of the EITI value chain such as contracts and agreements since these were bound by confidentiality clauses. Companies have also made their position explicit in terms of providing commercially sensitive information in the EITI process through full or partial disclosure
Civil society engagement	1.3		CSO participation is very high in the EITI process has seen key National CSOs activities integrated into the PNGEITI National Work Plan.	CSO capacity audit, resourcing and capacity-building activities were required to ensure CSOs remain independent of government funding. CSOs ability to source funding from international donors was required for the long term sustainability of their participation in the EITI process.
MSG governance and functioning	1.4		MSG Governance and function is operational.	Attendance by key reporting entities was required as well as scrutiny of contractor performances and data assurance in PNGEITI reports were lacking. It may be due to MSG's capacity in comprehending EITI provisions
Work plan	1.5		The PNGEITI Secretariat has successfully accomplished three National Work Plans	More Coordination must be considered for donor partner funding to avoid duplication of activities.
Award of contracts and licenses				
2016 Standard	EITI	EITI Provision	Strengths	Weaknesses
Legal framework	2.1		Overall positive support towards the PNGEITI Policy and Legislative framework	Consequential amendments would have to be considered to allow EITI legislation to be fully realised.
Exploration and production				

2016 Standard	EITI	EITI Provision	Strengths	Weaknesses
Production data	3.2		The IA succeeded in gathering Production data	
Export Data	3.3		The IA succeeded in gathering Export data	
Revenue Collection				
2016 Standard	EITI	EITI Provision	Strengths	Weaknesses
Comprehensive disclosure of taxes and revenues	4.1.		Reporting entities submitted data templates for reporting	There has been questions on unilateral disclosures for group tax, mandatory and voluntary social expenditures, direct subnational payments, quasi fiscal expenditures, transfers between SOEs and government agencies and license fees. There was no explanation as to why but the text seems to imply it was because companies did not disclose (p. 119). There was no assessment of the impact of omissions by company and government. It also appeared that there was no full government disclosure (e.g. some data from government were missing) and there was no comprehensive disclosure by companies.
Infrastructure provisions and barter arrangements	4.3		Treasury explained that infrastructure provision exists in the form of infrastructure tax credits (p. 21) and reconciled figures were disclosed on p. 122	The report did not disclose the terms of the ITC projects for each company (the report provided a general description of the % deduction given, but clearly the actual % depends on the type of project) which was central to understanding the resources pledged by the State, nor does it disclose the nature of the balancing benefit stream, i.e. the type of infrastructure provided.
Transactions between SOEs and government entities	4.5		The report states that KCH receives a monthly budget allocation, which is disclosed in the KCH operating budget (p.103). This amount is not available in the EITI Report, and the external reference needs to be checked.	The revenues collected by SOEs on behalf of government was not reconciled, e.g. sales proceeds derived from joint marketing of LNG project. Disclosure and reconciliation of SOE payments were incomplete. It was not clear which revenue streams applied to which SOEs and why not all SOEs disclosed figures for all revenue streams.
Level of disaggregation	4.7			The following were not presented per company: MIRA fees (p. 130), license fees (122). Other taxes were reported by company but not by revenue stream (p.127). Subnational payments were not disaggregated by local government.

Data quality	4.9 and the TOR	There was a discussion on comprehensiveness and reliability. However, there was not a categorical assessment of whether the disclosures were comprehensive and reliable or not. Instead, it explained that only 58% of reporting entities provided signatures to comply with the agreed data quality assurance mechanism (p. 9).	The EITI Report did not clearly state which reporting entities provided the required quality assurances, and which did not. The Report did not provide an overall assessment on the impact of missing data. It was not clear as to whether figure 54 on p. 121 was meant to be an assessment of impact of omissions or not.
Revenue management and distribution			
2016 EITI Standard	EITI Provision	Strengths	Weaknesses
Sub-national transfers	5.2.	For petroleum, royalties were also paid to the State (DPE and DoF) and then apportioned to landowners, affected provincial and local level governments through MDRC. The report stated that the formula is either determined by individual agreements or at the discretion of the Minister (p.58). However, it also stated on p.115 that 30% of the royalty and equity dividend payments was also allocated to a Future Generation Trust Fund (for landowners), 30% to the Community Investment Trust Fund (for landowners) and 40 % in cash directly to landowners.	The report did not contain data on actual transfers and information on discrepancies between actual transfer and calculated transfers. The information on the formula was incomplete.
Social and economic spending			
2016 EITI Standard	EITI Provision	Strengths	Weaknesses
SOE quasi fiscal expenditures (QFEs)	6.2		The report stated that no SOE reported QFEs for 2016 (p. 62). However, it also stated that for MRDC, there were QFEs such as classrooms, health centres, and establishment of banks. Beneficiary areas were mentioned but no actual figures were provided (p. 94). The EITI Report did not seem to draw a clear distinction between QFEs and social expenditures undertaken by MRDC (citing classrooms, health centers, establishment of banks...).

				Ok Tedi's 2016 annual report referred to social programs and infrastructure projects for communities affected by its operations (pp.30, 69).
Outcomes and impact				
2016 Standard	EITI	EITI Provision	Strengths	Weaknesses
Public debate	7.1		The PNGEITI Reports data and contents continue to be used selectively and indiscriminately by various audiences both domestically and internationally. Data accessibility is a key strength of the PNGEITI and is consistent with the Secretariat's Open Data Policy. The PNGEITI website is resourced with summary data sheets and updated records to ensure audiences can download information as and when required.	The use of the EITI report although stimulated debates and discussions, it requires fairness to prevail in the public domain in order to sustain good relations in the MSG as well as being consistent with government priorities in the extractive sector. One such example is the Jubilee Report www.jubileeaustalia.org/LiteratureRetrieve.aspx?ID=162634 The PNG website would require improvements to its data presentation to ensure user- friendly interaction to obtain and or interpret financial data. Most summary data were in downloadable PDF format, however, visual representation was also required.
Data accessibility	7.2		Companies such as Oil Search Limited have also taken the lead to present open data of financial spending in their company website, as well as government entities such as the Mineral Resources Authority that owns and operates its online tenements and mining cadaster system.	Other reporting entities most notably in the Government sector were yet to have fully functional websites that could allow data accessibility to the general public. Other industry partners are yet to update their website to align with EITI Open Data Policy although, their interests were represented by the PNG Chamber of Mining and Petroleum

10. TOTAL COST OF EITI IMPLEMENTATION

STATEMENT OF FINANCIAL PERFORMANCE AS AT 31-DECEMBER-2020

Table 20: Total cost of implementation

Opening Balance	Quarter 1 (Jan-Mar)	Quarter 2 (April-June)	Quarter 3 (July-Sept)	Quarter 4 (Oct-Dec)
Opening Balance	2,316,268.36	2,241,693.58	3,106,482.18	2,758,869.94
Revenue				
GoPNG (DoT) - Budget Allocation	350,000.00	1,300,000.00	-	1,700,000.00
Deposits - Cash / Cheques	3,609.59	-	-	70,000.00
Dishonoured Cheques	16,821.66	10,249.70	16,053.10	-
Rounded off toeas	0.24	0.54	-	- 0.14
Total Income	370,431.49	1,310,250.24	16,053.10	1,769,999.86
Expenses				
Wages/Salary	109,258.15	120,375.42	116,104.60	115,442.18
Sundry Expenses	1,519.00	1,690.50	5,382.90	10,878.00
Administrative Costs	2,090.00	17,857.29	6,528.50	4,000.00
ITC Equipment	-	-	-	-
Conference/Meeting Expenses Hire and	40,212.00	1,559.50	3,288.80	28,849.72
Printing & Stationary	17,406.38	30,425.72	6,330.00	16,460.23
Advertisement	47,619.00	29,817.63	52,416.80	502.70
Motor Vehicle Expenses	2,679.32	2,000.00	2,000.00	9,933.90
Consultancy Services	144,000.00	166,500.00	96,210.00	167,362.84
Office Furniture	-	-	-	-
Travel	31,342.75	-	5,853.40	110,077.80
Group Tax (Payroll taxes)	31,856.67	49,042.04	44,707.18	24,080.52
Employee Superannuation	16,920.98	26,127.04	24,765.66	7,053.50
Bank Charges	102.02	66.50	77.50	66.50
Total Operating Expenses	445,006.27	445,461.64	363,665.34	494,707.89

CLOSING BALANCE	2,241,693.58	3,106,482.18	2,758,869.94	4,034,161.91
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Note:

Total Operational funds as per the
bank statement 31st December 2020
was:

4,173,582.41

Total Operational funds as per the
books dated 31st December 2020
2020 was:

4,089,900.99

Difference was cheques
unpresented at the bank:

83,681.42

11. ADDITIONAL COMMENTS

The level of commitment and expanded funding underscored the increased embedding of PNG EITI in key government agencies and its profile in the broader good governance dialogue within PNG. The National Secretariat has approached external assistance in the subsequent reporting periods to support targeted outreach and awareness campaigns, capacity building for MSG members and the National Secretariat office, and most importantly to implement a number of priority recommendations from the first report.

12. DISCUSSION BEYOND MSG

This report was circulated among the MSG members and the members had shared and discussed the report with their constituents before it was finalized. The report would be posted on the PNGEITI website. It was also intended that the progress report would be released in the local newspapers by the Chairman of the PNGEITI MSG (Minister for Treasury).

13. MULTI-STAKEHOLDER GROUP 2020 MEETING RECORDS

Meeting	Meeting 01/2020	Meeting 02/2020	Meeting 03/2020
Date	Friday 26 June 2020	Friday 25 September 2020	Friday 20 November 2020
Meeting Duration	10:30 AM-12:30 PM	10:30 AM- 12:50 PM	9:50 AM – 12:50 PM
Location	Treasury Building Level 5 Conference Room	Lamana Hotel Conference Room	Treasury Building, Level 5 Conference room
Chair	Acting Chair; Mr Manu Momo (Department of Treasury)	Acting Chair; Mr Philip Samar (K92 Mining)	Acting Chair; Mr Channan Kumalau (DPE)
Government	Manu Momo – Department of Treasury Christy Tende – Department of Treasury Maggy Buf – Internal Revenue Commission Channan Kumalau – Department of Petroleum & Energy (DPE) Samuel Tobung – DPE Martin Moti –DPE Israel Yapai –DPE Mai Kuraya – Department of Finance (DoF) Emmanuel Donigi – Department of Mineral Policy & Geohazards Management (DMPG)	Christy Tende – Department of Treasury Albert Kenny – Internal Revenue Commission (IRC) Mathilda Lipil – IRC Arnold Lakamanga – Mineral Resources Authority Maino Virobo – Conservation & Environment Protection Authority (CEPA) Vicky Coleman – Department of Petroleum & Energy (DPE) Samuel Tobung – DPE Martin Moti –DPE Eileen Kumara –DPE Charles Ikitae – Department of Finance (DoF) Mathew Konzel - DoF Emmanuel Donigi - Department of Mineral Policy & Geohazards Management (DMPG) Lemeki Ila – Auditor General Office Wilma Seolo – PNG Customs Service	Christy Tende – Department of Treasury Ketty Masu – Internal Revenue Commission (IRC) Mathilda Lipil – IRC Arnold Lakamanga – Mineral Resources Authority Freda Duma – Department of National Planning and Monitoring Channan Kumalau - Department of Petroleum & Energy (DPE) Vicky Coleman – DPE Samuel Tobung – DPE Mathew Konzel – Department of Finance Emmanuel Donigi - Department of Mineral Policy & Geohazards Management (DMPG)
	Professor Albert Mellam – PNG Chamber of Mines & Petroleum Leah Warupi-Morlin – PNG Chamber of Mines & Petroleum	Professor Albert Mellam – PNG Chamber of Mines & Petroleum (online) Leah Warupi-Morlin – PNG Mines & Petroleum(online)	Professor Albert Mellam – PNG Chamber of Mines & Petroleum (online) Leah Warupi-Morlin – PNG Chamber of Mines & Petroleum

Industry	Samuel Koyama – Exxon Mobil PNG Limited (EMPL) Gertrude Tamade Elai – Barrick Niugini Limited (BNL)	Samuel Koyama – ExxonMobil PNG Limited (EMPNG) -online Thomas Clark – (EMPNG) – online David Paisi – (EMPNG) - online Richard Kassman – Total E&P PNG Limited - online Sang Ratnam – Total E&P PNG Limited - online Maryline Santina – Total E&P PNG Limited - online Kakra Koram – Total E&P PNG Limited - online Gertrude Tamade Elai – Barrick Niugini Limited (BNL) Kepas Wali – Harmony Gold (PNG) Exploration Limited Philip Samar – K92 Mining Cornelius Soagai – Oil Search (PNG) Limited Fabian Kuais – Kumul Petroleum Holdings Limited (KPHL) Vele Rupa – Mineral Resources Development Company (MRDC)	(online) Samuel Koyama – ExxonMobil PNG Limited (EMPNG) - online Thomas Clark – (EMPNG) – online Richard Kassman – Total E&P PNG Limited - online Sang Ratnam – Total E&P PNG Limited - online Maryline Santina – Total E&P PNG Limited - online Kakra Koram – Total E&P PNG Limited - online Gertrude Tamade Elai – Barrick Niugini Limited (BNL) Cornelius Soagai – Oil Search (PNG) Limited Osbourne Kamie – Kumul Petroleum Holdings Limited (KPHL)
CSO	Arianne Kassman – Transparency International PNG (TIPNG) Yuambari Haihuie – Transparency International PNG (TIPNG) Paul Barker – Institute of National Affairs (INA) Wallis Yakam – Consultative Implementation & Monitoring Council (CIMC) Henry Yamo – Consultative Implementation & Monitoring Council (CIMC) Isu Aluvula – PNG Council of Churches (PNGCC) Alois Sinen – Centre for Environmental Law & Community Rights (CELCOR)	Collette Tsiperau – PNG Resource Governance Coalition (PNG RGC) Arianne Kassman – Transparency International PNG (TIPNG) Yuambari Haihuie – Transparency International PNG (TIPNG) Michael Arnold – Transparency International PNG (TIPNG) Paul Barker – Institute of National Affairs (INA) Henry Yamo – Consultative Implementation & Monitoring Council (CIMC) Hercules Jim – Consultative Implementation & Monitoring Council (CIMC) Alois Sinen – Centre for Environmental Law & Community Rights (CELCOR)	Collette Tsiperau – PNG Resource Governance Coalition (PNG RGC) Arianne Kassman – Transparency International PNG (TIPNG) Yuambari Haihuie – Transparency International PNG (TIPNG) Paul Barker – Institute of National Affairs (INA) Isu Aluvula – PNG Council of Churches (PNGCC) Casper Damien – PNG Council of Churches (PNGCC)

National Secretariat	Lucas Alkan- Head of National Secretariat Christopher Tabel- Deputy Head of Secretariat Francis Diakon – Procurement Officer Naomi Puipui– Administration Officer Oliver Maingu- Stakeholder Engagement Coordinator Sonia Kenu-Becks – Media Content Writer Delka Kamba-Rinny – Finance Officer	Lucas Alkan- Head of National Secretariat Christopher Tabel- Deputy Head of Secretariat Francis Diakon – Procurement Officer Naomi Puipui– Administration Officer Oliver Maingu- Stakeholder Engagement Coordinator Sonia Kenu-Becks - Media Content Writer Samuel Wann- Technical Officer (STC) Delka Kamba-Rinny – Finance Officer	Lucas Alkan- Head of National Secretariat Christopher Tabel- Deputy Head of Secretariat Francis Diakon – Procurement Officer Naomi Puipui– Administration Officer Oliver Maingu- Stakeholder Engagement Coordinator Sonia Kenu-Becks - Media Content Writer Sarita Peai – Technical Officer
Observer/ Development Partners	Dr. Wilfred Lus – World Bank Ryosuke Watanabe – JICA Fiona Silo – JICA Alvin Mokavelaga – JICA Shiro Otomo – JICA Expert online Toyohiko Yogo – JICA Expert online Leonard Catalon – Ernst and Young Andalu Gurugu – Ernst and Young Cherry Jim Senas – Deloitte Touche Tohmatsu online	Dr. Wilfred Lus – World Bank Ryosuke Watanabe – JICA Takihiko Yokota – JICA Fiona Silo – JICA Alvin Mokavelaga – JICA Toyohiko Yogo – JICA Expert online Harumi Toyama – JICA Expert online Leonard Catalon – Ernst and Young Cherry Jim Senas – Deloitte Touche Tohmatsu online Paul Kiruwi – Kuna Taberia Kiruwi Accountants and Advisors (KTK) Mary Jane S. Valles – BDO PNG	Dr. Wilfred Lus – World Bank online Dr. Philip Kavan – World Bank Consultant Dr. Tim Grice – World Bank Consultant online Akira Fujiwara – JICA Takihiko Yokota – JICA Fiona Silo – JICA Alvin Mokavelaga – JICA Toyohiko Yogo – JICA Expert online Shiro Otomo – JICA Expert online Yoshio Chikamatsu - JICA Expert online Harumi Toyama - JICA Expert online Matthew Savage – Ernst and Young Leonard Catalon – Ernst and Young Cherry Jim Senas – Deloitte Touche Tohmatsu online Paul Kiruwi – Kuna Taberia Kiruwi Accountants and Advisors (KTK) online Mary Jane S. Valles – BDO PNG

Apologies	Stanley Komunt – Newcrest Mining Ltd Ursula Pagrian – Ok Tedi Mining Ltd	Stanley Komunt – Newcrest Mining Ltd Channan Kumalau – DPE Francis Lola – KMH Isu Aluvula – PNG Council of Churches	Francis Lola – KMH Kepas Wali – Harmony Gold (PNG) Exploration Ltd Philip Samar – K92 Mining	

Table 21 Multi-Stakeholder Group 2019 meeting record

Provisional Version Approved by the PNG Extractive Industries Transparency Initiative Multi-Stakeholder Group.

Date: Friday 15 December 2021 during MSG 03/2021 in Port Moresby, Papua New Guinea

