



**PNG EXTRACTIVE INDUSTRIES  
TRANSPARENCY INITIATIVE  
ANNUAL PROGRESS REPORT 2021**

PNGEITI National Secretariat  
March 2022

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## **FORWARD**

The year 2021 saw significant improvement in the management of the Coronavirus Outbreak in the country and particularly in the implementation of the EITI Standard. As with many EITI implementing countries around the globe, Papua New Guinea (PNG) experienced disruptions in implementing the EITI Standard due to the pandemic lockdowns and restrictions imposed by the Government.

With more relaxed measures enforced through the National Executive Council (NEC) Decisions, the PNGEITI Multi-Stakeholder Group (MSG) sought to progress outstanding activities carried over from the 2020 Annual Work Plan due to the Covid -19 pandemic shutdowns and restrictions.

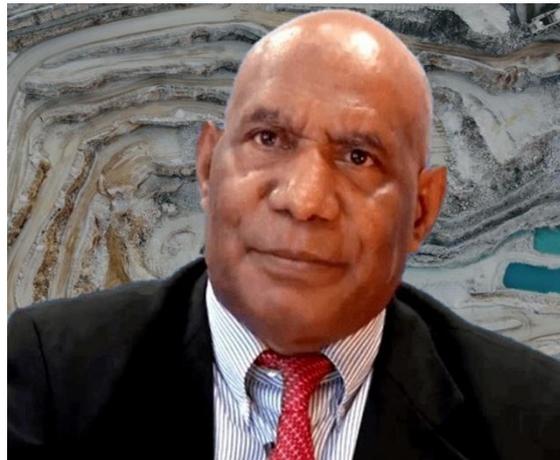
Despite the adverse impacts of the Covid-19 Pandemic that delayed many planned activities and culminating in wider negative socio-economic consequences for the country, the MSG remains steadfast in maintaining its position to strengthen good governance in the extractives sector through the implementation of the EITI Global Standard.

Evident in our long-lasting shared vision is the continual support by the PNG Government in supporting the program with recurrent funding through the national budget; which had resulted in the publication of seven (7) PNGEITI Country Reports consecutively that covered the financial years 2013 to 2019. Furthermore, the publication of various other studies including; the subnational payments and transfers, the State-owned Enterprises, the Beneficial Ownership Disclosure, and the Contract Transparency (Disclosure) all aimed at improving the reporting and disclosure in the country's extractives sector.

This report fulfils the EITI Standard's mandatory requirement (Requirement 7.4) relating to the *Review of the outcomes and impact of EITI implementation* through the production of an Annual PNGEITI Progress Report (APR). The APR is intended to highlight the outcomes and impacts of EITI implementation by member countries in a particular fiscal year. The PNGEITI MSG has fulfilled this requirement with the production of eight APR's covering the fiscal years 2014 to 2021, with the diligent facilitation by the National Secretariat.

Key highlights in the year 2021 include; the staging of the PNGEITI Regional Consultations on the draft legislation (PNGEITI Commission Bill) , PNGEITI's participation in the Mining Development Forums and the MoA's and the preparation of the PNG Validation in 2022. A setback for the year was the delayed publishing of the 2019 PNGEITI Report due to the Covid-19 related disturbances. The combined efforts of the various MSG Technical Working Groups (TWG) resulted in the publication of other important reports that included; the delivery of the SOE scoping study, the Beneficial Ownership Disclosure Report and the Contract Transparency (disclosure) Report.

With the emphasis placed on establishing the PNGEITI as a Statutory Commission, the National Secretariat and the MSG Technical Working Group conducted consultations in the four regions of the country. The outcome of this exercise was the successful completion of the draft Bill. The next phase will be to ensure that the regional views and feedback collected are considered and the draft Bill finalised for submission to Parliament in 2022.



***Lucas Alkan, Head of PNGEITI National Secretariat***

The increased partnership between PNGEITI and the mining stakeholders resulted in the EITI provision being included in the Simberi Mining Project Draft MoA. The other projects which have included EITI clauses are the K92 Gold Mining Project in the Eastern Highlands Province and the Woodlark Gold Mining Project in the Milne Bay Province.

In response to the negative impact brought about by the Covid-19 Pandemic on EITI implementing countries, the EITI International allowed flexibility in the reporting requirements for member countries to cope with the impact of the Covid 19 pandemic. The PNGEITI MSG requested for a series of extensions to the Validation which is now set to commence in April 2022.

In addition to the above programs, the PNGEITI annual recurrent programs were implemented with technical support from international development partners such as the World Bank, the Japanese International Cooperation Agency (JICA) Technical Cooperation Program and industry companies' support. The PNGEITI-JICA Project delivered substantive output which resulted in increased data quality in the FY2019 PNGEITI Report as well as enhancing collaboration between the Department of Petroleum and the MSG. The two and a half year project which was scheduled to conclude by the end of 2020 ended in early 2022 instead due to the Covid-19 restrictions and shutdowns.

Further, the 2021 PNGEITI communications programs achieved satisfactory results in 2020 as a result of maintaining its presence in the mainstream media promoting the 2018 and 2019 PNGEITI Reports findings. The various online discussions and engagement events proved invaluable for various audiences towards the end of 2021. The limited outreach activities conducted made impact in terms of stimulating dialogue and collaboration amongst local civil society groups. It also enabled State regulators and academics, both domestic and international to address pertinent issues related to extractive sector governance in PNG.

Administratively, the regular MSG quarterly meetings were affected due to the Covid-19 pandemic shutdowns and social distancing measures imposed by the Government. Despite this challenge, the National Secretariat supported the MSG to deliver key and priority activities in the 2021 Annual Work Plan. The various MSG Technical Working Groups were able to attend meetings, and the consultations and workshops. The recent emphasis on gender balance in the 2019 EITI Standard is captured as a recurrent item within MSG annual work plan going beyond 2021. Data from the MSG meeting minutes indicated a need to strengthen female participation however, despite gender disparity, female voting members played a significant role in enhancing the EITI implementation from years 2012- 2021.

I hope this report serves its purpose of informing the progress made in implementing the EITI Standard in Papua New Guinea. I hereby present this annual report for the financial year 2021 for your utmost interest and consideration.



Mr Lucas Alkan  
Head of PNGEITI National Secretariat

## **1. GENERAL ASSESSMENT OF 2021 PERFORMANCE**

The 2021 financial year produced progressive improvements from 2020. With sporadic windows of implementation from the second and third waves of the Covid 19 pandemic, the MSG and National Secretariat remained focused on mitigating and managing the pandemic whilst implementing the EITI standards.

The year saw mass vaccination measures and relaxed protocols in 2021 by the PNG Government as measures intended to open up borders and allow trade to alleviate the struggling economy. With the shutdown of major projects, notably the Porgera Mine, and more briefly the Ok Tedi mine in the face of Covid-19 cases, and the government's position on a more nationalistic approach to resource ownership and management in the sector, the PNGEITI MSG spearheaded the various commitments of the Standard in the 2018 Validation recommendations and the PNGEITI 2013-18 Report Recommendations with greater participation from the industry coalition, as reflected in the MSG meeting attendance.

A notable downturn to implementation saw many members of the PNGEITI MSG and partners adversely impacted as a result of the pandemic, with some suffering unprecedented deaths and hospitalisation of staff due to the deadlier second and third wave. Most work was conducted online through shared platforms to curb rising infection rates during this period.

The PNGEITI National Secretariat is located in the PNG National Department of Treasury, Sectoral Policy Division and had a total of nine staff in the 2021 financial year. The Secretariat was resourced and funded by the Department of Treasury through its appropriation from the PNG National Government Budget during 2021. This report further highlights the outcome of work undertaken during period January - December 2021, and covers the four primary program areas in the PNGEITI Work Plan comprising; procurement, communications & engagement, policy & technical and finance & administration.

The challenges from the Coronavirus pandemic in 2020, and its impact in early 2021, impacted the output of our recurrent programs with the second and third waves being the deadliest in our nation's history. As with many EITI implementing countries around the world and in the South-East Asian region, the increased impact of the Covid 19 pandemic on the EITI process had resulted in many countries adopting more stringent social gathering restrictions and online practices of engagement in compliance with social distancing measures to which the PNEITI MSG strictly adhered.

The major highlight of the year before the second wave was the four regional forums that were conducted by the PNGEITI National Secretariat and MSG on the draft PNG EITI Commission Bill. The emphasis to satisfy this legislative requirement was spurred on with determination by the MSG to establish the Secretariat as a fully independent and legislated entity, with powers to secure data, replacing the voluntary arrangement currently applied.

Although the legislative project had progressed meaningfully, the subsequent disruptions from the second wave severely affected partners and the MSG hence resulting in the delay of the 2020 FY Report. Although infection rates surged again during the 4<sup>th</sup> Quarter of 2021, the MSG was increasingly adamant on making up lost time in implementation of various carry-over activities and affected projects to FY 2022.

The PNGEITI remains a steadfast, neutral and recognised platform for dialogue amongst stakeholder's operating in the extractive sector and is considered to be a valuable mechanism by which gaps in existing government systems are identified and addressed with the recommendations produced from our flagship report to be the basis for bridging policy reform and good governance.

The PNGEITI objectives remain consistent with PNG National Government priorities, including its commitment to the Open Government Partnership, and through the objectives of the National Policy on Transparency and Accountability in the Extractive Sector 2019:

1. The Independent Administrative Body
2. Full Participation in extractive sector transparency and accountability
3. Comprehensive Disclosure of Information
4. Limit Corruption in Government
5. Diagnostic Tool as support Extractives Sector Reform
6. Better Public Financial Management in Extractive Industry Sector
7. Encourage Public Debate and Policy Making
8. Effective Information Dissemination among stakeholders
9. Ensure Complementarity with Transparency and governance in PNG

## 1.1. EITI International Standards

The International EITI Standard is participatory in design, and has demonstrated its resilience to external shocks, such as the Covid 19 pandemic. This unique characteristic of the EITI Model enable the global adoption of additional standards and utilising innovative approaches to implement and maintain the standards. All EITI member countries around the world remain obligated, to implement the EITI International Standards, that they themselves have proposed and agreed to adopt, aimed at promoting transparency, standards and accountability along their EITI Extractives Value Chain.

There are three versions of the EITI Standards' that had been published since 2013 which comprise the; 2013, 2016 and the current 2019 EITI Standard.<sup>1</sup>



Figure 1 EITI Extractives Value Chain

The PNGEITI MSG and National Secretariat support and encourage the decentralisation of the EITI Standards to various respective national and subnational entities with the intention of strengthening the EITI reporting process and overall sectoral governance in the country.<sup>2</sup>

The long term goal of EITI member countries is to mainstream its international best practice standards into its governance systems and structures. With the organic growth of the EITI over the years, the domestic application of these standards now encourages contextualised reporting from various governance models, which the PNG Government committed to implement in compliance with our national constitutional, although it must be recognised that this will require sustained effort, in strengthening capacity of institutions at the subnational level

There are two important factors crucial to EITI implementation in PNG being: 1) the governance framework, which entails the formulation of a coordinating body responsible for managing a multi-stakeholder group in implementing the standard, and; 2) the Financial Reporting and auditing/ reconciliation process -which requires the various regulatory entities to report annually according to a determined scope and materiality threshold. Systematic disclosure, in this juncture, is further contextualised to local commodities (reporting entities have the option of reporting additional commodities from other renewable extractives sectors as well) and is predetermined by decisions of the subnational Multi-Stakeholder Group.

The position of the National Secretariat and Multi-Stakeholder Group in implementing the EITI Standards will require benchmarking against pre-existing policy and legislative environments in the sector as certain standards are in progress and may require wider consultation and legislative amendment to enable realising their full potential for reform interventions.<sup>3</sup>

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

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

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

## 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 four years after a country signs up to become an EITI member country. The first PNG Validation in 2018 awarded PNG meaningful progress in its progressive implementation. In spite of this achievement, the assessment report highlighted inadequate progress on certain requirements as listed in following table below. The PNGEITI MSG is progressing these areas in preparation for the next Validation assessment in April 2022.

EITI Requirements assessed as Inadequate Progress made:
<ul style="list-style-type: none"> <li>• <b>2.2 License Allocation-</b> The Independent Administrator (IA) have again specifically requested the MRA and DPE to report each tenement/licence awarded, extended, or transferred, extended, surrendered or cancelled during the reporting period: ID, ownership and date of award/transfer/extension in the nonfinancial reporting template. DPE in coordination with JICA and MRA are in the process of uploading of license data on a public web portal.</li> </ul>
<ul style="list-style-type: none"> <li>• <b>3.2 Production data-</b> The IA has again requested this information in the reporting templates, but reporting remained inconsistent.</li> </ul>
<ul style="list-style-type: none"> <li>• <b>4.1 Comprehensiveness-</b> The IRC reporting template has been updated since the 2016 validation to clarify that total revenue stream value as requested and the IA have been working to confirm full unilateral disclosure of all government extractive revenue streams. Specifically, we have sought to include revenue streams from projects that are not yet producing. AGO, together with the assistance of the PNG EITI Secretariat, is planning to specifically test receipts relevant to EITI reporting on Government entities where audited financial statements are not updated.</li> </ul>
<ul style="list-style-type: none"> <li>• <b>4.6- Direct subnational payments-</b> A scoping study of sub-national payments has been released in April 2019. From this study the MSG has agreed to request unilateral disclosure of subnational payments for the 2019 report.</li> </ul>
<ul style="list-style-type: none"> <li>• <b>4.9- Data quality-</b> 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 this report.-</li> </ul>
<ul style="list-style-type: none"> <li>• <b>5.1 Distribution of revenues-</b> Information relating the distribution of revenues has been updated in this report and additional information is also provided relating to the distribution of funds managed by MRDC.</li> </ul>
<ul style="list-style-type: none"> <li>• <b>5.2 Subnational transfers-</b> A scoping study of sub-national payments has been released in April 2019. From this study the MSG has agreed to request unilateral disclosure of subnational payments for the 2018 report.</li> </ul>
<ul style="list-style-type: none"> <li>• <b>6.2 SOE quasi-fiscal expenditures</b></li> </ul>

Table 1 PNGEITI Inadequate reporting requirements in 2018 Validation

## 1.2. PNGEITI Multi-Stakeholder Group

The EITI standard is implemented in PNG by the PNG EITI Multi-Stakeholder Group comprising of key government institutions 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 in Papua New Guinea and the reason behind the successful production of eight EITI reports in the short history of the program.

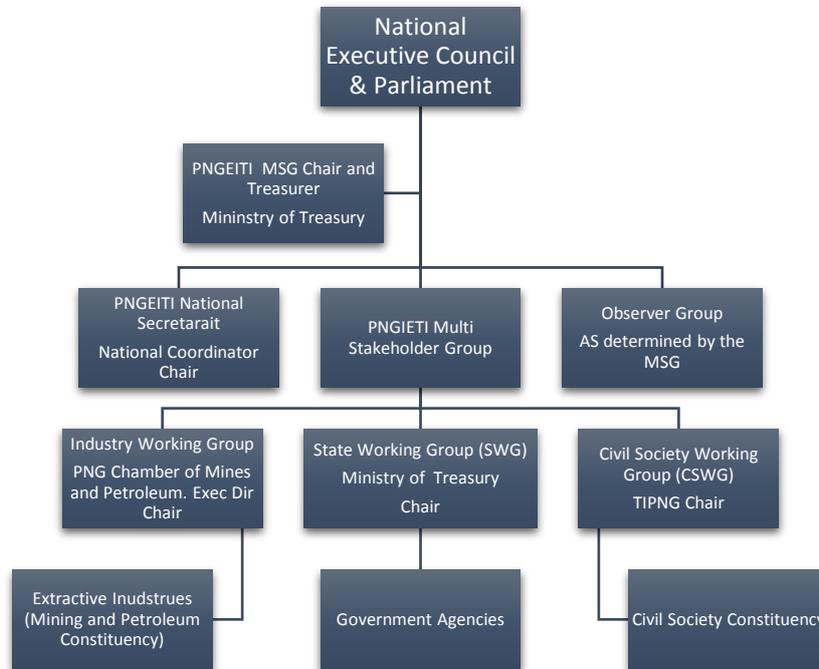


Figure 2 PNGEITI Governance Structure

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).<sup>4</sup>

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

- Eleven representatives from the Government of PNG, 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, including three voting members and one non-voting member
- 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
- 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.

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

### 1.3. Multi-Stakeholder Group Meetings

The PNGEITI Multi-Stakeholder Group conducted a total of three meetings in 2021, which is below the required number of meetings as prescribed in the 2013 MSG MoU; and a grand total of 50 meetings since its commencement in 2012. The PNGEITI MSG MoU 2013<sup>5</sup> outlined the rules of engagement in MSG meetings and determination of voting and non-voting members.<sup>6</sup>

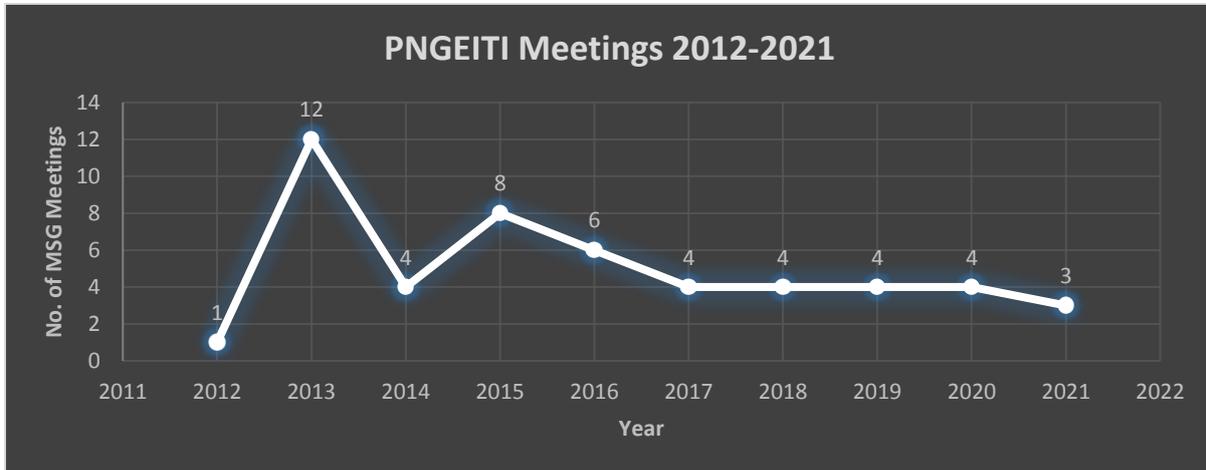


Figure 3 PNGEITI Multi-Stakeholder Group Meetings from 2012-2021.

The MSG meetings were meaningful in 2021 with Governments objective to manage, rather than isolate the pandemic risks. The declining number of physical meetings in the previous year 2020 was the direct result of the pandemic disruptions compounded by prevention measures on “Social Distancing” and MSG’s inclination to conduct most deliberations by online platforms.

#### Gender representation in the PNGEITI Multi-Stakeholder Group Meetings

Gender representation in the 2021 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 MSG 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).

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

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

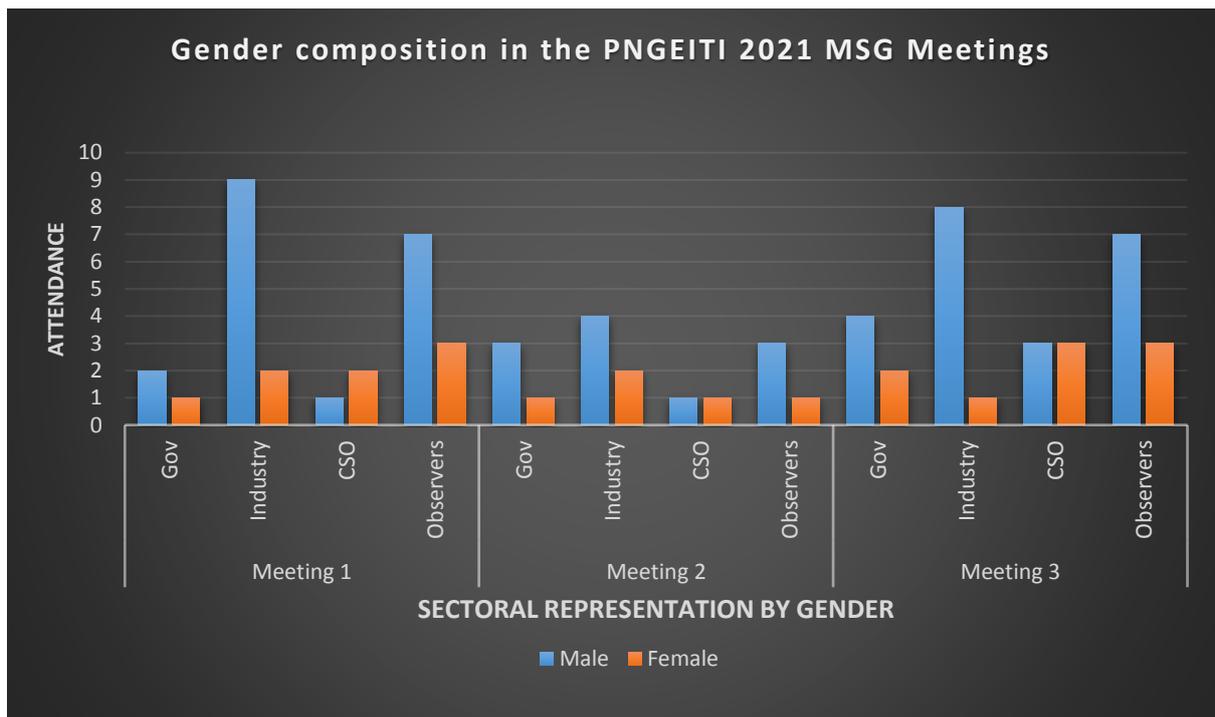


Figure 4 Gender Composition in 2021 PNGEITI MSG Meetings

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 disclosures 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 team<sup>7</sup>. As indicated in the above graph above, 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 implementation in Papua New Guinea.

### 1.1. Sectoral participation in the PNGEITI Multi-Stakeholder Group Meetings

The year 2021 witnessed increased attendances in EITI meetings, both physically and online 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.

<sup>7</sup> <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/>

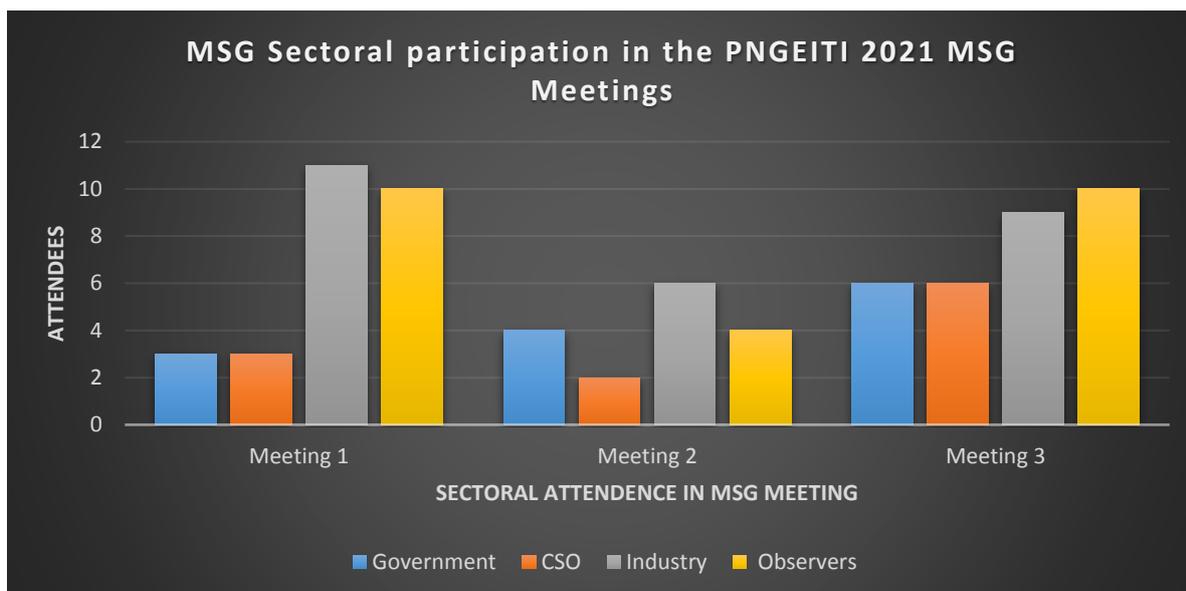


Figure 5 MSG Sectoral Participation in the PNGEITI 2021

Government attendance reflected the States commitment to EITI implementation with the consistent representation in the meetings. CSO Participation has been consistent and productive to finalise the PNGEITI 2019 financial year report. Industry numbers indicated higher participation in 2021 and contributed immensely in the MSG meetings and 2019 report.

## 1.2. Chairmanship to the PNGEITI Multi-Stakeholder Group

The table below summarises the various Chairs of the PNG EITI MSG since its inception in 2012. The Minister assumes the Chair of the MSG as per the PNGEITI MoU as the Champion of EITI implementation in Papua New Guinea. The PNGEITI Chair is Hon. Ian Ling Stuckey.

Year Appointed	Treasurer as Chair of PNG EIT 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 Pruaitch	Treasury Minister
2012 -2014	Hon. Don Pomb Polye	Treasury Minister

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

Political will is present in the implementation of the EITI despite the Chairs' recent focus on prioritising broader Covid 19 induced economic issues. The MSG was able to brief the Treasurer of all activities undertaken by the MSG and National Secretariat.

### 1.3. 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 presented in the EITI Reports.

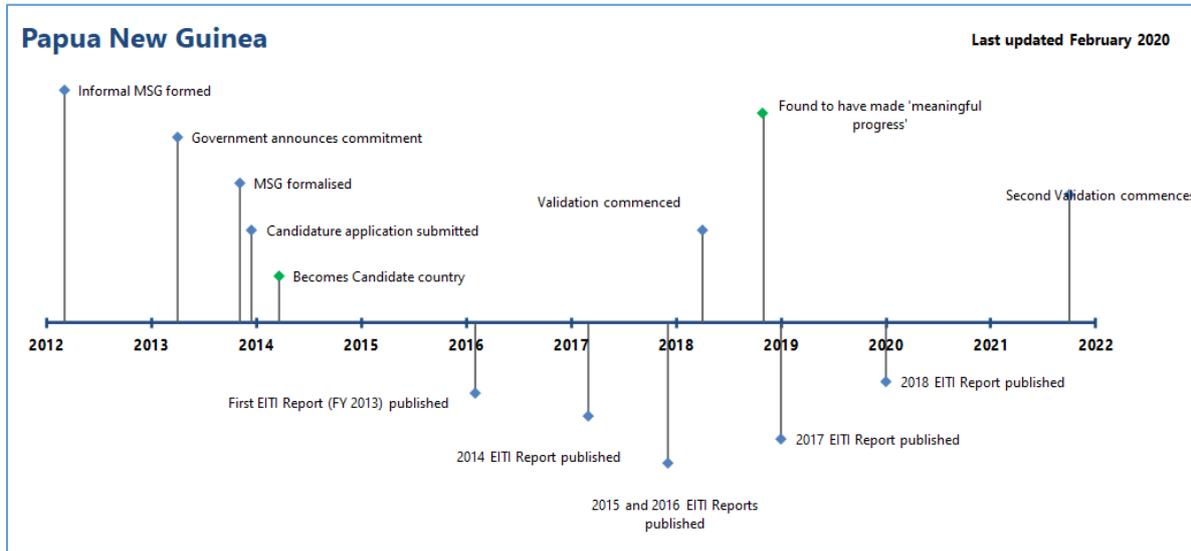


Figure 6 PNGEITI Timeline and Milestones

The PNGEITI MSG's efforts in implementing the EITI Standard had resulted in an outstanding Validation Scorecard in 2018. The MSG, whilst building on this momentum will be preparing for PNG's second Validation that will now commence in April 2022.

### 1.4. Summary of PNGEITI Milestones

Year	Status
2021	PNGEITI Publishes its seventh National Report of Fiscal Year 2019, also publishes its SOE Scoping Study, and Contract Transparency Report. PNGEITI MSG Conducts Regional Legislation Consultations. PNGEITI Clauses included in three mining MoAs.
2020	Coronavirus Pandemic reaches PNG and affects EITI implementation. PNG EITI Publishes first Beneficial Ownership Report in December
2019	PNG National Executive Council endorsed the PNG EITI Policy on establishing the National Secretariat to National Government Commission.
2018	PNG was Validation by EITI International. The EITI Board decided that Papua New Guinea (PNG) has made Meaningful Progress in implementing the EITI Standard at its meeting in Dakar on 30 October 2018
2017	The Second PNG EITI Report for FY 2014 was published
	Third and Fourth PNG EITI Reports for FYs 2015 and 2016 were published
	NEC Policy Decision 91/2017 called for implementation of 2013 Report Recommendation by responsible entities in Government
2016	The First PNGEITI Report for FY 2013 was published
2015	PNGEITI National Secretariat Office established under PNG National Treasury Department Sectoral Policy Division – Extractives Branch
2014	PNG becomes an EITI candidate country

<b>2013</b>	Government announces commitment to join EITI. NEC Decision 90/2013 endorsed the implementation of the EITI Standard. MSG formalised through PNGEITI MSG MoU Nov 2013. PNG candidature application submitted to EITI International
<b>2012</b>	Informal PNGEITI Multi-Stakeholder Group formed

Table 3 Summary of EITI Implementation Milestones in PNG

## 2. **PROCUREMENT & CONTRACTS**

### 2.1. **PNGEITI 2019 Fiscal Year Report**

The PNGEITI MSG through the National Secretariat produced its seventh country report for financial year 2019 in 2021. International audit firm Ernst & Young were contracted as the Independent Administrator (IA) for the 2019 PNGEITI Report following contractual signing with the PNGEITI National Secretariat for a cost of K495, 000.00 in June 2020. The total payment did not exceed the contract price set forth in the special conditions of the contracts and was made in instalments against delivered phases specified in the contract milestone.

This project was carried over to 2021 due to the 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		PGK 480, 000.00	PGK 0.00	
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 absence of the PNG Treasurer and PNGEITI MSG Chairman Hon Ian Ling Stuckey, MP.

FY Report	Launched Date	Venue	Launch Delegate
<b>2019</b>	30/07/2021	Press Conference	Multi-Stakeholder Group
<b>2018</b>	20/03/2020	Press Statement	Lucas Alkan, HoS PNGEITI National Secretariat
<b>2017</b>	16/03/2019	Press Statement	Lucas Alkan, HoS
<b>2016</b>	16/03/2018	State Function Room	PNGEITI National Secretariat
<b>2015</b>	16/03/2018	State Function Room	Hon Charles Abel DPM, MP
<b>2014</b>	17/05/2017	Press Statement	Lucas Alkan, HoS PNGEITI National Secretariat
<b>2013</b>	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 commissioned the Contract Transparency Report funded by the USAID. The report was produced by consultants KTK with partners Engaged and Michael Barron.

Since its inception, PNG has, to date, made limited progress on implementing EITI contract transparency requirements. In the extractive industries, arrangements to explore for, exploit and sell the resulting production are governed by several different types of documents. These can include concession agreements, licences and production sharing contracts. Transparency of these documents facilitates greater understanding of the terms and conditions on which both private and state-owned companies undertake activities.

This report focused on Requirement 2.4 of the EITI Standard 2019. It considered the factors that obstructed PNG's ability to comply with the requirement and what is required to facilitate compliance. Requirement 2.4 concentrates on the contracts that govern exploitation of minerals rather than those contracts that govern exploration activities.

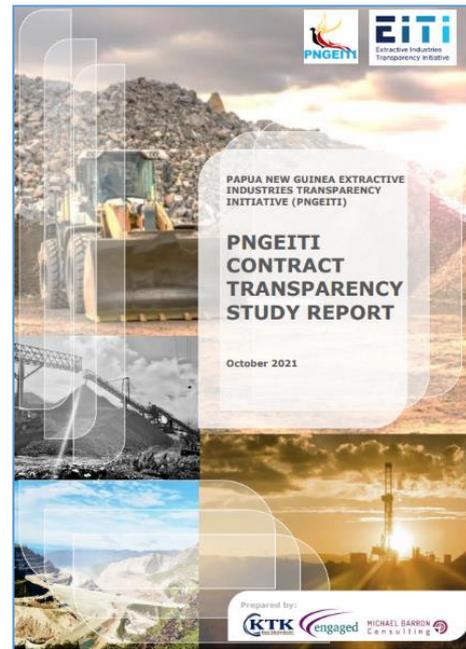


Figure 9 PNGEITI Contract Transparency Report published in October 2021

PNG is currently in partial compliance with Requirement 2.4. A limited amount of information on active licences to exploit oil, gas and minerals is available to the public. Information is also available on the legal framework for awarding licences and the legal barriers to greater transparency. However, the full text of licences and contracts are not available to the public. Also, PNGEITI does not have a comprehensive plan in place to address contract transparency. As well as legal barriers to contract transparency, the Consultants identified cultural and practical barriers. There appears to be a culture of non-transparency in PNG's extractive sector. Practical barriers stems from the volume of information that would need to be disclosed to meet the EITI Requirement.

The Consultants estimate that there are approximately 118 active exploitation licences for oil, gas and minerals. Each licence could require the disclosure of several documents.

The Consultants also identified a number of opportunities to advance contract transparency in PNG. These include the development of a comprehensive plan by PNGEITI, better communication of existing publicly available information and the enactment of a freedom of information law. The Consultants have drafted the outline of a three year roadmap for contract transparency in PNG. Support from the EITI International Secretariat will also be valuable in helping to press contractual transparency on those international firms that are more complacent or tardy in applying this requirement in PNG, including those that are already members of the EITI and even on the EITI global board, in putting contractual transparency in place within PNG. The MSG will also need to work closely with the Department/Ministry of Justice in PNG and respective SOEs/agencies participating in the resources sector to progress contract transparency.

## 2.5. State Owned Enterprise (SoE) Scoping Study Report

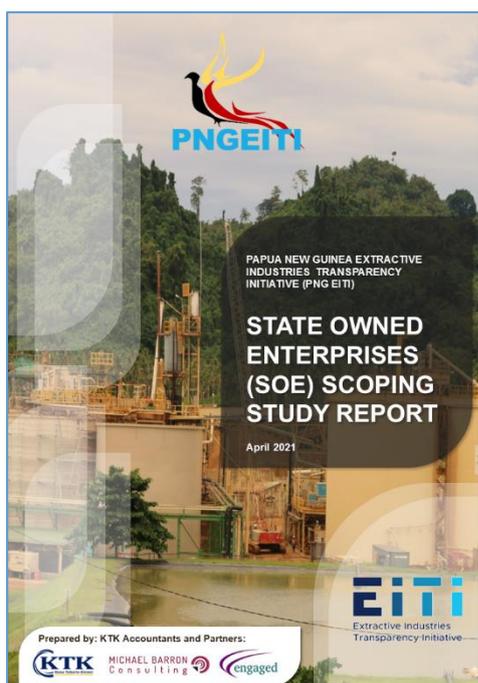


Figure 10 PNGEITI SoE Scoping Study commissioned in 2020



framework makes clear that SOEs are subject to an independent board and management, 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 and one company has 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.

The PNGEITI MSG began work on the State owned Enterprises Scoping Report in 2020. The report was compiled by consultant KTK and Partners and published in April 2021.

This Scoping Study provided recommendations on definitions, reporting processes, templates and other measures which will enhance the transparency of extractive sector state-owned enterprises (SOEs) and the quality of their future EITI reporting.

In 2018, the EITI Board assessed PNG as having made “meaningful progress” against the EITI Standard 2016. The Board recommended a number of actions that PNG should take to allow it 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 SOE spending that may be deemed quasi-fiscal expenditures (QFE).

This report proposes definitions for “state-owned enterprise” and “quasi-fiscal expenditure” which take into account the respective definition in the EITI Standard 2019, international best practice 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

This is based on 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 b) information requiring annual update such as financial information. This revised template should be used in conjunction with the other reporting templates that form part of the EITI reporting process that are 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 inside the company but there is reluctance to disclose the information. The Consultants make recommendations to increase the availability of information 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 extractive sector 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 undertake a pilot project into commodity trading transparency.

## 2.6. Summary of Contracts (2015 – 2021)

The PNG EITI National Secretariat has expended a total of K6.32 million (PGK6, 321,157.21) to date on major PNGEITI contracts from the periods 2015 to 2020. No new contracts were undertaken in 2021.

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	-	K495, 000.00
2020 - 03	BO Report	BDO Consulting	K209, 203. 54	-	K209, 203. 54
2020 - 04	SOE Scoping study Report	KTK Accountants and Partners	K32, 700.00	-	K320, 700.00
2019 - 01	PNGEITI Country Report for FY2018	Ernst & Young	K480, 000.00	Nil/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 and Young	PNGK490, 000.00	TBC	K490, 000.00
2017-06	BO Disclosure RIM - Phase 1	KPMG	K480, 000.00	n/a	K480, 000.00
2017-05	PNGEITI Country report for FY2016	Ernst and Young	PNGK498, 000.00	49, 800.00	K547, 800.00
2017-04	PNGEITI Country report for FY2015	Ernst and Young	PNGK498, 000.00	49,800	K547, 800.00
2016-03	scoping study & delivery of PNG Roadmap for BO Disclosure	KPMG	PNGK314, 490.00	n/a	K314, 490.00
2016-02	PNGEITI Country report for FY2014	Ernst and Young	PNGK498, 000.00	49, 800.00	K547, 800.00
2015-01	PNGEITI Country report for FY2013	Ernst and Young	AUD\$190, 000.00 (PNGK490, 233.17)	196, 660.00	K686, 893.17

Table 5 Summary of Contracts (2015 – 2021)

### 3. STAKEHOLDER ENGAGEMENT AND OUTREACH ACTIVITIES

PNGEITI National Secretariat in its effort to promote good governance and transparency in the mineral and petroleum sector in Papua New Guinea 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. Stakeholder engagement within these three 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 groups to ensure active engagement and participation for networking as well as channelled awareness for programs progress to inform the public about EITI activities, its values, and benefits.



Figure 11 Mr Lucas Alkan, Head of the PNG Extractive Industries Transparency Initiative National Secretariat with the State Team and participants from the NGI Region at the NGI Regional Consultative Workshop held in Kavieng, New Ireland Province, PNG.

#### 3.1. Stakeholder Engagement

The 2021 Annual work-plan and its activities improved slowly in general due mainly to the management and control measures enforced by the PNG Government. Activities under communication and engagement included the regional legislative consultation and associated engagements. This was a major undertaking which the Multi-Stakeholder Group with the National secretariat were able to accomplish despite further disruptions from the second and third wave of the pandemic. Other recurrent activities progressed as well during the year.



Figure 12 Governor for Eastern Highlands Province, Hon. Peter Numu, MP and Mr Christopher Tabel, Deputy Head of the PNG Extractive Industries Transparency Initiative National Secretariat with participants from the Highlands Regional Consultative Workshop held in Goroka, Eastern Highlands Province.

Below is are brief summary of activities implemented in 2021;

Activity / Venue	Date /Month	Facilitator	Presenter	Remarks
<b>Presentation about EITI and PNGEITI to Journalist.</b> Lamana Hotel, Waigani, NCD.	14 <sup>th</sup> April	Media Development Initiative PNG – Project under ABC, Australia	PNGEITI NS	To inform the various journalist about EITI & PNG as a member country and reporting correct data & information from the Annual Country Report.
<b>Pre-consultation Awareness Visit to New Ireland Provincial Government on the Draft Commission Bill.</b> Kavieng, New Ireland Province	16 <sup>th</sup> May	PNGEITI NS, Provincial Government	PNGEITI NS	Carry out awareness on EITI and also get comments in preparation for the Regional Workshop.
<b>Pre-consultation Awareness visit to East New Britain Provincial Government on the Draft Commission Bill.</b> Kokopo, ENBP.	19 <sup>th</sup> May	PNGEITI NS, Provincial Government	PNGEITI NS	Carry out awareness on EITI and also get comments in preparation for the Regional Workshop.
<b>Pre-Consultation Awareness Visit to Sandaun Provincial Government on the Draft Commission Bill.</b> Sandaun Provincial Government Conference Room. Vanimo, West Sepik Province	01 <sup>st</sup> June	PNGEITI NS, Provincial Government	PNGEITI NS	Carry out awareness on EITI and the draft Bill and also get comments in preparation for the Regional Workshop.
<b>Pre-Consultation Awareness Visit to East Sepik Provincial Government on the Draft Commission Bill.</b> Provincial Mining Office. Wewak, East Sepik Province	03 <sup>rd</sup> June	PNGEITI NS, Provincial Government	PNGEITI NS	Carry out awareness on EITI and the draft Bill and also get comments in preparation for the Regional Workshop.
<b>Pre-Consultation Awareness Visit to Madang Provincial Government on the Draft Commission Bill.</b> Comfort Inn Hotel, Madang Province	07 <sup>th</sup> June	PNG EITI NS, Provincial Government, Mineral Resource Authority.	PNGEITI NS	Carry out awareness on EITI and the draft Bill. Get comments in preparation for the Regional Workshop.
<b>4<sup>th</sup> Validation meeting on New Templates.</b> Department of Treasury, Waigani, NCD.	16 <sup>th</sup> June	EITI IS, PNGEITI NS	EITI IS	Informing MSG Stakeholders on the new validation templates
<b>Regional Consultation Workshop on Draft Commission Bill.</b> Kavieng, New Ireland Province	12-16 <sup>th</sup> July	PNGEITI NS, Provincial Government	PNGEITI NS, Provincial government, industry & CSO	Collect & compile comments from all stakeholders.

<b>2019 PNGEITI Report officially launched.</b> Department of Treasury, Waigani, NCD.	30 <sup>th</sup> July	PNGEITI NS	PNGEITI NS, MSG members from Industry, Government & Civil Society	A media conference was held to mark the launching of 2019 report.
<b>Regional Consultation Workshop on Draft Commission Bill.</b> Lae, Morobe Province	02 <sup>nd</sup> – 05 <sup>th</sup> August	PNGEITI NS, Provincial Government	PNGEITI NS, Provincial government, industry & CSO	Collect & compile comments from all stakeholders
<b>Micro- Training Session on 2019 Report Summary-</b> Department of Petroleum & Energy.	16 <sup>th</sup> August	JICA Consultant team	JICA, PNGEITI NS	Brief Summary of 2019 EITI Report
<b>Micro- Training Session on 2019 Report Summary – Internal Revenue Commission</b>	17 <sup>th</sup> September	JICA Consultant team	JICA, PNGEITI NS	Brief Summary of 2019 EITI Report
<b>Pre-consultation awareness visit to Oro Provincial Government.</b> Popondetta, Northern Province.	20-21 <sup>st</sup> September	PNGEITI NS, Provincial Government	PNGEITI NS	Carry out awareness on EITI and also get comments in preparation for the Regional Workshop.
<b>Pre-consultation awareness visit to Gulf Provincial Government.</b> Kerema, Gulf Province	20-21 <sup>st</sup> September	PNGEITI NS, Provincial Government	PNGEITI NS	Carry out awareness on EITI and also get comments in preparation for the Regional Workshop.

<b>Pre-consultation awareness visit to Milne Bay Provincial Government.</b> Alotau, MBP.	23 <sup>rd</sup> -24 <sup>th</sup> September	PNGEITI NS, Provincial Government	PNGEITI NS	Carry out awareness on EITI and also get comments in preparation for the Regional Workshop.
<b>Regional Consultation Workshop on Draft Commission Bill.</b> Wabag, Enga Province	13 <sup>th</sup> – 15 <sup>th</sup> September	PNGEITI NS, Provincial Government	PNGEITI NS, Provincial government, industry & CSO	Collect & compile comments from all stakeholders
<b>Regional Consultation Workshop on Draft Commission Bill.</b> Goroka, Eastern Highlands Province	13 <sup>th</sup> – 15 <sup>th</sup> September	PNGEITI NS, Provincial Government	PNGEITI NS, Provincial government, industry & CSO	Collect & compile comments from all stakeholders
<b>Regional Consultation Workshop on Draft Commission Bill.</b> Port Moresby, National Capital District	28 <sup>th</sup> -30 <sup>th</sup> September	PNGEITI NS, Provincial Government	PNGEITI NS, Provincial government, industry & CSO	Collect & compile comments from all stakeholders
<b>Micro- Training Session on 2019 Report Summary – OKTEDI</b> Mining Limited.	25 <sup>th</sup> October	JICA Consultant team	JICA, PNGEITI NS	Brief Summary of 2019 EITI Report

<b>Gender Topic &amp; Value Chain Micro-Training Session – Auditor General Office</b>	30 <sup>th</sup> November	JICA Consultant team	JICA, PNGEITI NS	Brief presentation on value chain & Gender topic and issues.
<b>Gender Topic &amp; Value Chain Micro-Training Session – Kumul Petroleum Holdings Limited</b>	30 <sup>th</sup> November	JICA Consultant team	JICA, PNGEITI NS	Brief presentation on value chain & Gender topic and issues.
<b>PNG Chambers of Mines &amp; Petroleum Conference (Virtual).</b> Port Moresby, NCD.	1-2 December	PNG Chambers of Mines & Conference	Various Stakeholders from government & industry	Virtual online participation because of rise in COVID around that time.
<b>Gender Topic &amp; Value Chain Micro-Training Session – Mineral Resource Authority</b>	09 <sup>th</sup> December	JICA Consultant team	JICA, PNGEITI NS	Brief presentation on value chain & Gender topic and issues.
<b>Micro- Training Session on 2019 Report Summary – Mineral Resource Authority</b>	09 <sup>th</sup> December	JICA Consultant team	JICA, PNGEITI NS	Brief Summary of 2019 EITI Report
<b>Gender Topic &amp; Value Chain Micro-Training Session – Department of Petroleum &amp; Energy</b>	14 <sup>th</sup> December	JICA Consultant team	JICA, PNGEITI NS	Brief presentation on value chain & Gender topic and issues.
<b>Gender Topic &amp; Value Chain Micro-Training Session – Conservation Environment Protection Authority</b>	16 <sup>th</sup> December	JICA Consultant team	JICA, PNGEITI NS	Brief presentation on value chain & Gender topic and issues.
<b>Gender Topic &amp; Value Chain Micro-Training Session – Mineral Resources Development Company</b>	17 <sup>th</sup> December	JICA Consultant team	JICA, PNGEITI NS	Brief presentation on value chain & Gender topic and issues.

*Table 6 Summary of 2021 stakeholder engagement & outreach activity*

## Press release and publications.



The 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 other.

The rise in mobile communication adds 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.

Below is are brief summary of articles endorsed and published in 2021;

NEWS ITEM	DATE	MEDIA ORGANISATION	MEDIUM	WEBSITE LINK / PAGE NUMBER
Report more awareness needed on Beneficial Ownership	04/03/21	PNG Bulletin	Online	<a href="https://thepngbulletin.com/news/report-more-awareness-needed-on-beneficial-ownership/">https://thepngbulletin.com/news/report-more-awareness-needed-on-beneficial-ownership/</a>
PNGEITI publishes first ownership report	05/03/21	The National	Print/Online	<a href="https://www.thenational.com.pg/pngeiti-publishes-first-ownership-report/">https://www.thenational.com.pg/pngeiti-publishes-first-ownership-report/</a>
PNGEITI BO Report need for greater awareness	05/03/21	PNG Business News	Online	<a href="https://www.pngbusinessnews.com/post/pngeiti-report-need-for-greater-awareness">https://www.pngbusinessnews.com/post/pngeiti-report-need-for-greater-awareness</a>
PNGEITI ensures reporting clauses are included in project agreements	11/05/21	PNG Business News	Online	<a href="https://www.pngbusinessnews.com/articles/2020/11/png-eiti-ensures-reporting-clauses-are-included-in-project-agreements">https://www.pngbusinessnews.com/articles/2020/11/png-eiti-ensures-reporting-clauses-are-included-in-project-agreements</a>
PNGEITI Congratulates Richard Kassman as new industry Chamber President	18/05/2021	PNG Business News	Online	<a href="https://www.pngbusinessnews.com/articles/2021/5/pngeiti-congratulates-richard-kassman-as-new-industry-chamber-president">https://www.pngbusinessnews.com/articles/2021/5/pngeiti-congratulates-richard-kassman-as-new-industry-chamber-president</a>
PNGEITI Congratulates Richard Kassman as new industry Chamber President	18/05/2021	PNG Haus Bung	Online	<a href="https://pnghausbung.com/pngeiti-congratulates-richard-kassman-as-new-industry-chamber-president/">https://pnghausbung.com/pngeiti-congratulates-richard-kassman-as-new-industry-chamber-president/</a>
Kassman Congratulated	19/05/2021	PNG Loop	Online	<a href="https://www.looppng.com/business/kassman-congratulated-100385">https://www.looppng.com/business/kassman-congratulated-100385</a>
PNGEITI Congratulates Richard Kassman on his new appointment	18/05/2021	PNG Bulletin	Online	<a href="https://thepngbulletin.com/news/business/pngeiti-congratulates-richard-kassman-on-his-new-appointment/">https://thepngbulletin.com/news/business/pngeiti-congratulates-richard-kassman-on-his-new-appointment/</a>
PNGEITI Congratulates Kassman	21/05/21	Post Courier	Print	Business news section
PNGEITI Welcomes Kassman's posting	21/05/21	The National	Print	P.43 [Business news section]
EITI Reporting meaningless without policy debate, says Alkan	28/05/21	Post Courier	Print	P.19
Reports should spark debates, says official	28/05/21	The National	Online	<a href="https://www.thenational.com.pg/reports-should-spark-debates-official-says/">https://www.thenational.com.pg/reports-should-spark-debates-official-says/</a>
EITI implementation in Papua New Guinea helps shape policy in the PNG mining and petroleum sectors	31/05/21	PNG Business News	Online	<a href="https://www.pngbusinessnews.com/articles/2021/5/eiti-implementation-in-papua-new-guinea-helps-shape-policy-in-the-png-mining-and-petroleum-sectors">https://www.pngbusinessnews.com/articles/2021/5/eiti-implementation-in-papua-new-guinea-helps-shape-policy-in-the-png-mining-and-petroleum-sectors</a>

PNGEITI Praises open dialogue	10/06/21	Loop PNG	Online	<a href="https://www.looppng.com/business/pngeiti-praises-open-dialogue-101162">https://www.looppng.com/business/pngeiti-praises-open-dialogue-101162</a>
PNGEITI Lauds Open Dialogue to re-open Porgera	10/06/21	Post Courier	Online	<a href="https://postcourier.com.pg/pngeiti-lauds-open-dialogue-to-reopen-porgera/">https://postcourier.com.pg/pngeiti-lauds-open-dialogue-to-reopen-porgera/</a>
EITI Task limited to reporting	17/06/21	Post Courier	Print	Page 32
PNGEITI Supports media report	26/06/21	PNG Loop	Online	<a href="https://www.looppng.com/business/pngeiti-supports-media-report-101658">https://www.looppng.com/business/pngeiti-supports-media-report-101658</a>
Extractive Industries Transparency Commission bill ready for public consultation	28/06/21	PNG Business News	Online	<a href="https://www.pngbusinessnews.com/articles/2021/6/extractive-industries-transparency-commission-bill-ready-for-public-consultation">https://www.pngbusinessnews.com/articles/2021/6/extractive-industries-transparency-commission-bill-ready-for-public-consultation</a>
Law to keep all in check: Sir J	13/07/21	The National	Online	<a href="https://www.thenational.com.pg/law-to-keep-all-in-check-sir-j/">https://www.thenational.com.pg/law-to-keep-all-in-check-sir-j/</a>
PNGEITI in Lae for Consultation	27/07/21	PNG Loop	Online	<a href="https://www.looppng.com/business/pngeiti-lae-consultation-102675">https://www.looppng.com/business/pngeiti-lae-consultation-102675</a>
Agency expanding reach to three sectors	04/08/21	The National	Online	<a href="https://www.thenational.com.pg/agency-expanding-reach-to-three-sectors/">https://www.thenational.com.pg/agency-expanding-reach-to-three-sectors/</a>
PNG Extractive Industry Among 35 Progressing Countries: List	03/08/2021	Post Courier	Online	<a href="https://postcourier.com.pg/png-extractive-industry-among-35-progressing-countries-list/">https://postcourier.com.pg/png-extractive-industry-among-35-progressing-countries-list/</a>
Agency expanding reach to three sectors	04/08/2021	The National	Online	<a href="https://www.thenational.com.pg/agency-expanding-reach-to-three-sectors/">https://www.thenational.com.pg/agency-expanding-reach-to-three-sectors/</a>
Exports high, PNGEITI Reports Say	09/08/21	Post Courier	Online	<a href="https://postcourier.com.pg/mineral-exports-high-pngeiti-reports-say/">https://postcourier.com.pg/mineral-exports-high-pngeiti-reports-say/</a>
Make all transactions in mining and petroleum value chain transparent: Ginson Saonu	06/08/21	PNG Business News	Online	<a href="https://www.pngbusinessnews.com/articles/2021/8/make-all-transactions-in-mining-and-petroleum-value-chain-transparent-ginson-saonu">https://www.pngbusinessnews.com/articles/2021/8/make-all-transactions-in-mining-and-petroleum-value-chain-transparent-ginson-saonu</a>
Provinces: Ensure talks are transparent	06/08/21	The National	Online	<a href="https://www.thenational.com.pg/provinces-ensure-talks-are-transparent/">https://www.thenational.com.pg/provinces-ensure-talks-are-transparent/</a>
Governor Numu officially opens Lower Highlands Consultation	07/09/21	PNG Business News	Online	<a href="https://www.pngbusinessnews.com/articles/2021/9/governor-numu-officially-opens-lower-highlands-consultation">https://www.pngbusinessnews.com/articles/2021/9/governor-numu-officially-opens-lower-highlands-consultation</a>
Mines lack exploration programs	13/09/21	Post Courier	Online	<a href="https://postcourier.com.pg/mines-lack-exploration-programs-says-numu/">https://postcourier.com.pg/mines-lack-exploration-programs-says-numu/</a>
PNGEITI Bill consultations	29/09/21	PNG Loop	Online	<a href="https://www.looppng.com/png-news/pngeiti-bill-consultations-105049">https://www.looppng.com/png-news/pngeiti-bill-consultations-105049</a>

Transparency and Honesty cornerstone principles for resource governance: Agarobe	29/09/21	PNG Business News	Online	<a href="https://www.pngbusinessnews.com/articles/2021/9/transparency-and-honesty-cornerstone-guiding-principles-for-resource-governance-agarobe">https://www.pngbusinessnews.com/articles/2021/9/transparency-and-honesty-cornerstone-guiding-principles-for-resource-governance-agarobe</a>
Transparency and Honesty cornerstone principles for resource governance: Agarobe	29/09/21	PNG Haus Bung	Online	<a href="https://pnghausbung.com/transparency-and-honesty-cornerstone-principles-for-resource-governance-agarobe/">https://pnghausbung.com/transparency-and-honesty-cornerstone-principles-for-resource-governance-agarobe/</a>
Business environment vibrant	24/12/21	The National	Online	<a href="https://www.thenational.com.pg/business-environment-vibrant/">https://www.thenational.com.pg/business-environment-vibrant/</a>
PNGEITI hails smooth merger of prominent industry payers in Santos and Oil Search.	04/01/22	PNG Business News	Online	<a href="https://www.pngbusinessnews.com/articles/2022/1/pngeiti-hails-smooth-merger-of-prominent-industry-payers-in-santos-oil-search">https://www.pngbusinessnews.com/articles/2022/1/pngeiti-hails-smooth-merger-of-prominent-industry-payers-in-santos-oil-search</a>

*Table 7: Summary of Published Media Reports from PNGEITI National Secretariat 2021*

### 3.2. PNGEITI Communication materials

#### Summary list of PNGEITI Communication materials to date

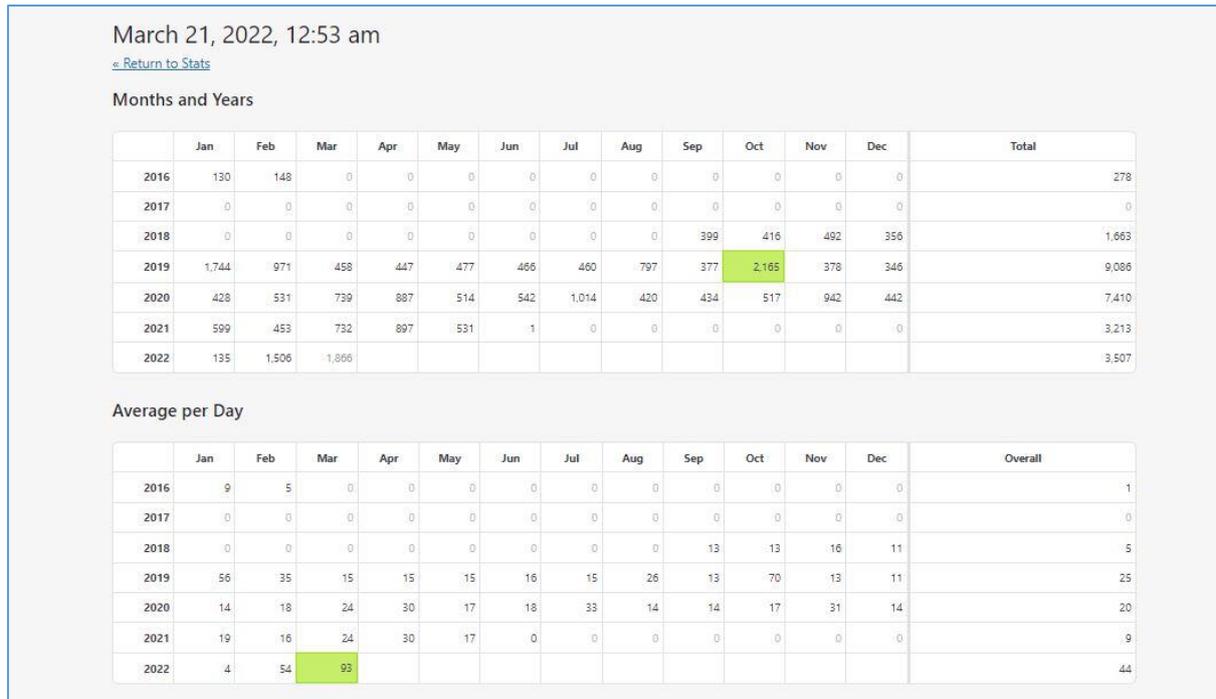
Communication material	Objective	Date produced	Link
Annual Progress Reports	The objective of the APR is to communicate to the stakeholders on the operations and progress of the PNGEITI administration.	2014 – 2021	<a href="http://www.pngeiti.org.pg/1923-2/">http://www.pngeiti.org.pg/1923-2/</a>
Newsletter	The PNGEITI Impact Quarterly Newsletters is intended to be distributed to stakeholders to inform them of PNGEITI program updates and activities	2017 – 2021	<a href="http://www.pngeiti.org.pg/impact-newsletter-issues/">http://www.pngeiti.org.pg/impact-newsletter-issues/</a>
Brochure	This item captures the main EITI programs and requirements of the Standard that is being implemented	2019 – 2021	<a href="https://www.pngeiti.org.pg/brochures/">https://www.pngeiti.org.pg/brochures/</a>
Fact sheet	This item is intended for awareness presentations and workshops. For informing audience about the progress and activity milestones achieved	2019 – 2021	<a href="https://www.pngeiti.org.pg/factsheet/">https://www.pngeiti.org.pg/factsheet/</a>
Executive Summary report	The EITI report summary is intended for conferences and exhibitions where information is condensed for easier and quick referencing.	2015 – 2020	<a href="http://www.pngeiti.org.pg/reports/">http://www.pngeiti.org.pg/reports/</a>
EITI Promotional video	This video was produced as an item under the revised Communications Strategy 2021, to introduce the role of the EITI and highlight and contrast the impact of its implementation through the PNGEITI National Secretariat and the PNGEITI Multi-Stakeholder Group. It also aims at raising public awareness of the challenges for redress. An item sponsored under the ExxonMobil community support grant.	2021	<a href="https://www.pngeiti.org.pg/promotional-videos/">https://www.pngeiti.org.pg/promotional-videos/</a>

Table 8 Summary List of PNGEITI Communication Materials

### 3.2.1. PNGEITI Website Performance 2021

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

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

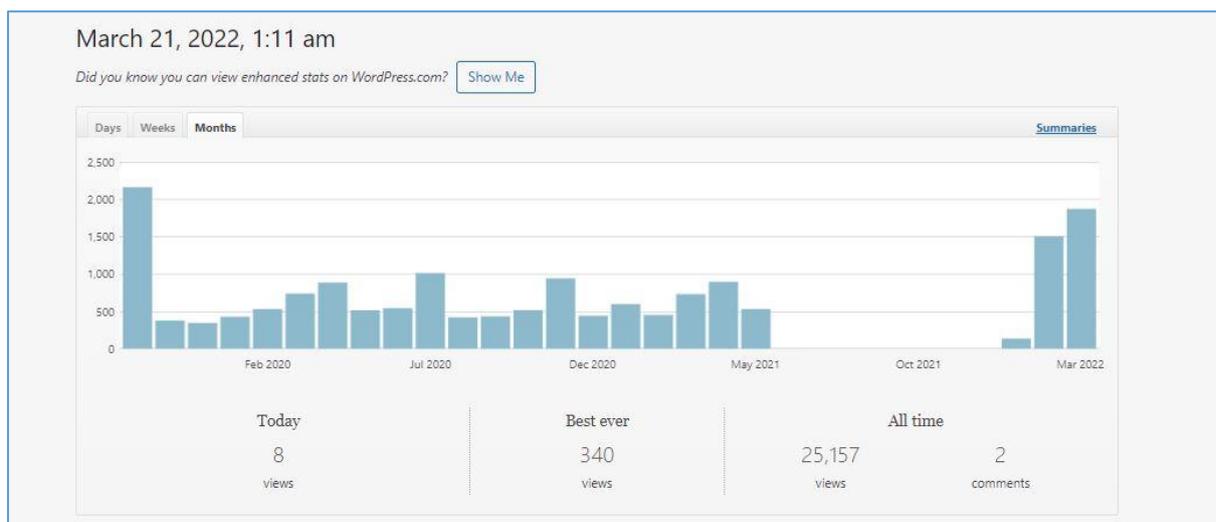


Figure 13: Summary of Website Performance December 2020 to December 2021

### 1.1.1. Social Media platforms

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

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

#### 1.1.1.1. Facebook

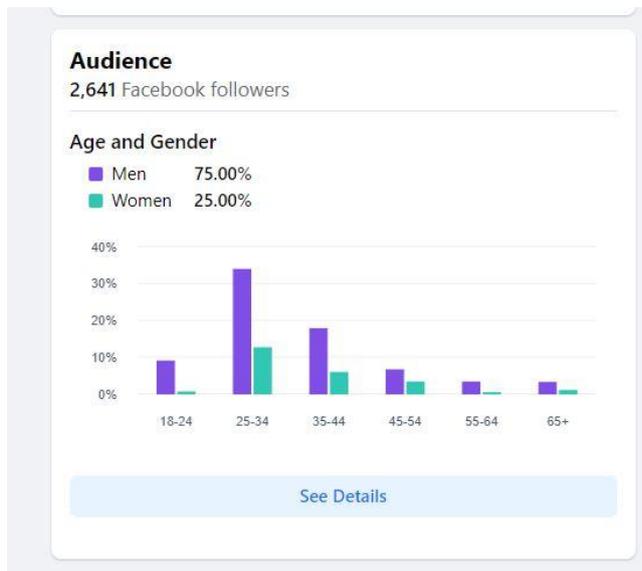


Table 9 PNGEITI Facebook audience.

## 1.1.1.2. LinkedIn

### LinkedIn Statistics from Periods January 2021 – December 2021

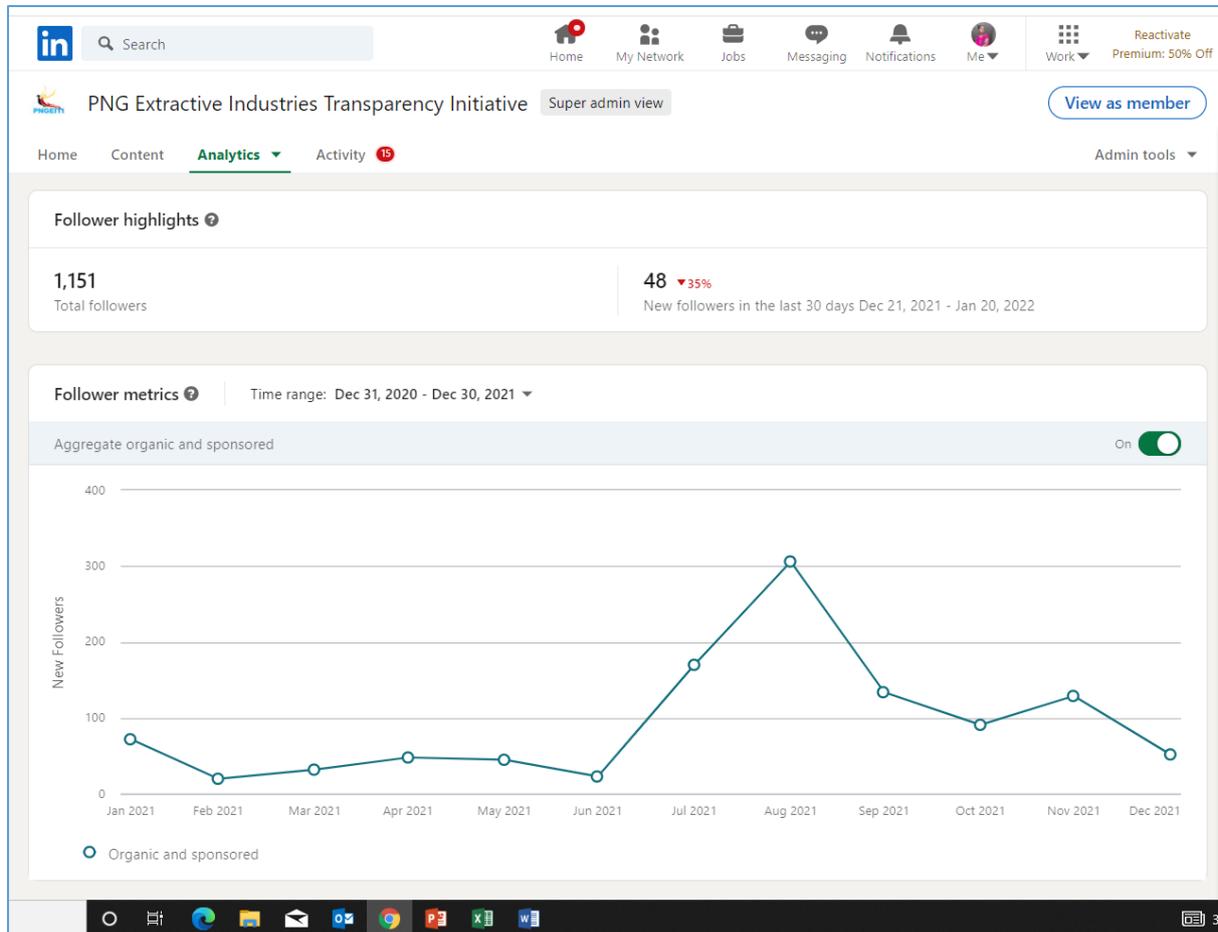


Figure 14 Data analysis of LinkedIn followers in 2021

### LinkedIn New Follower by Month

2022		2021		2020	
Month	New follower	Month	New follower	Month	New follower
January	50	January	71	November	3
February	28	February	19	December	5
March	26 (& counting)	March	31		
April		April	46		
May		May	41		
June		June	23		
July		July	164		
August		August	298		
September		September	131		
October		October	90		
November		November	121		
December		December	46		

## 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 leverage the activities of EITI through these affiliations.

The 2021 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 in 2021.

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

Table 10: Summary List of PNGEITI Professional Affiliations

## 2. PNGEITI TECHNICAL AND POLICY

The PNGEITI Technical Program proceeded meaningfully in 2021, resulting in the progression of the various technical projects that were carried over from FY 2020, one of which was the Regional Consultation of the PNGEITI Draft Legislative Bill and subsequent compilation of all legislative documents in fulfilment of legislative requirements.

The NEC decisions and the International requirements on EITI form the basis of our technical program as indicated in the tabulated reference on all NEC decisions resolved to date.

Particular emphasis was prioritised on progressing NEC Decision No. 80/2019 to establish PNGEITI as a standalone legal entity.

Decision No.	NEC Directive
<b>NEC Decision No. 80/2019</b>	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.
<b>NEC Decision No. 91/2017</b>	Directed relevant government entities responsible for regulating the Mining and Petroleum Sector to fully participate in the EITI Reports recommendation.
<b>NEC Decision 15/2014</b>	Circular 10th April 2018 directed EITI to implement the alignment of Open Government Partnership (OGP) cluster commitments to similar existing Government Projects and programs.
<b>NEC Decision No. 90/2013</b>	Approved for PNG to sign up to the EITI and endorsed the minister responsible for Treasury matters to lead its implementation.
<b>NEC Decision No. 47/2011</b>	Endorsed for the establishment of a State Working Group (SWG) to assess the advantages and disadvantages of signing up to the EITI standard.

*Table 11 Summary of NEC Decisions relating to the implementation of EITI*

### 2.1. PNG EITI Legislation Project

The Papua New Guinea Extractive Industries Transparency Initiative (PNGEITI) Multi Stakeholder Group (MSG) have progressed the development of the PNGEITI National Policy and subsequent Legislative Bill to provide the avenue for PNGEITI's transition into an independent entity. A comprehensive regional consultation process was undertaken with key stakeholders, industry and development partners from around the country. This draft Legislative Bill is currently finalised with input from the four regions and will be compiled for submission to Cabinet for endorsement later in 2022.

## 2.2. Income Tax Act (1959) Amendment of Secrecy provision for EITI Reporting purposes

The technical amendment in the 2018 Budget on the secrecy provisions of the Income Tax Act 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 change, the EITI relied on extractive companies to agree with the IRC to release tax information through tax waiver letters.

This practice was sometimes difficult to obtain caused unnecessary delays to timely release of tax information in the absence of such legal provisions.

The PNGEITI effectively became an authorized 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.

## 2.3. Timeline and summary of the PNGEITI Policy and Technical Legislation TWG

Year	Summary of Activities
2019	NEC endorsed the EITI Establishment Policy. The National Secretariat MSG are now progressing to the legislative process to formulate the Draft Legislative Bill.
2018	In 2018, the TWG formalised the Policy and Legal Consultant Terms of Reference the bid was announced that the TWG received numerous expressions from various international and domestic firms of which a successful nominee had been selected. Contractual arrangements between both parties are being drawn up at the time of writing this report.
2017	PNGEITI Policy and Legislative Group Formalised in Meeting 2/2017. The TWG held meetings and various online forums to develop a preliminary scope through which an options paper was developed and subsequently led to a draft policy framework to inform MSG. TWG was compelled to proceed, as per the options paper, to recommend to the MSG to engage a policy and legal expert to undertake the next phase of the project. MSG agreed and work started on the Terms of Reference.
2016	Former Treasurer Hon Patrick Pruaitch directed the PNGEITI National Secretariat to develop the PNGEITI National Policy and Legislation during Meeting 05/2016 in Kokopo, ENB.

Table 12 Summary Activity and milestones of the PNGEITI Policy and Technical Legislation

## 2.4. Open Government Partnership (OGP)

NEC Decision 15/2014 – Circular dated 10<sup>th</sup> 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 Extractives Industries Transparency commitment, the key cluster activities involved;

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

Work on the OGP, PNGEITI Commitment is ongoing.

## 2.5. 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 on in the 2022 work plan.	
2018 Report	A total of 8 recommendations were outlined in this report. They have been reviewed and 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 note and advise further on.	
2015 & 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 have been reviewed and a summary prepared and translated into a NEC Information and/or Policy Submission for Cabinet to note and advise further on.	
2014 Report	No new recommendations, but reiterated the need to act on implementing 2013 Report recommendations. An NEC Information Paper was prepared based on this Report and was registered with the NEC on 21st November 2017. The advice received from the NEC Secretariat was that the Information Paper will first need to be reviewed by CACC before being conveyed to NEC for its noting. Based on follow up (latest March 2018), CACC is yet to convene nor provide feedback on the status of this Information Paper. The National Secretariat will continue to follow up to ensure the Information Paper is progressed through to NEC.	
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.	

Table 13 Report Recommendations Summary

## 2.6. Development Partner Coordination

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

Development Partner	Development Assistance	Year	Status
Pacific Governance Facility (Australian Government 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
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Table 14 Summary of 2017 Development Assistance

### 2.6.1. Japanese International Cooperation Agency (JICA)

The Japanese International Cooperation Agency continued to assist the PNGEITI National Secretariat on technical matters on revenue data management and reporting in accordance with EITI international standards. 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 provided significant support to data quality in the 2019 Report. The project is proposed to end in 2022.

### 2.6.2. World Bank (WB)

The World Bank in extensive consultation with the PNGEITI National Secretariat commissioned three contracted activities in 2019 under its Extractive Global Programmatic Support (EGPS) fund on key areas in the 2021 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 draft for review
(2) Complete scoping study report on design options for an electronic EITI reporting and access (Scoping Study Final Report)	Deloitte Touché Tomatsu	Completed draft for review
(3) Educational Mainstreaming through EITI educational curriculum and syllabuses (Scoping Study Report)	Dr Philip Kavan	Completed draft for review

Figure 15 World Bank- PNGEITI Contracts

## 2.7. Validation of PNGEITI

Following the PNGEITI Country Validation in 2018 it was concluded to introduce immediate intervention on certain requirements lagging in PNGs implementation drive.

Such requirements which are legally constrained at this stage include;

- contract disclosures which are inhibited by the confidentiality provisions in Section 163 of the MA 1992, Section 52 of the MRA Act 2005 and Section 159 of the OGA 1998
- Beneficial Ownership Reporting which require legislative amendments to ascertain changes to the Companies act to enforce compliance in reporting for all entities to disclose ascertain thresholds of ownership.

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

EITI Requirements:
<ul style="list-style-type: none"> <li>• <b>2.2 License Allocation-</b> We have again specifically requested the MRA and DPE to report each tenement/licence awarded, extended, or transferred, extended, surrendered or cancelled during the reporting period: ID, ownership and date of award/transfer/extension in the nonfinancial reporting template. DPE in coordination</li> </ul>

with JICA and MRA are in the process of uploading of license data on a public web portal.
<ul style="list-style-type: none"> <li>• <b>3.2 Production data-</b> The IA has again requested this information in the reporting templates, but reporting remained inconsistent.</li> </ul>
<ul style="list-style-type: none"> <li>• <b>4.1 Comprehensiveness-</b> The IRC reporting template has been updated since the 2016 validation to clarify that total revenue stream value as requested and the IA have been working to confirm full unilateral disclosure of all government extractive revenue streams. Specifically, we have sought to include revenue streams from projects that are not yet producing. AGO, together with the assistance of the PNG EITI Secretariat, is planning to specifically test receipts relevant to EITI reporting on Government entities where audited financial statements are not updated.</li> </ul>
<ul style="list-style-type: none"> <li>• <b>4.6- Direct subnational payments-</b> A scoping study of sub-national payments has been released in April 2019. From this study the MSG has agreed to request unilateral disclosure of subnational payments for the 2019 report.</li> </ul>
<ul style="list-style-type: none"> <li>• <b>4.9- Data quality-</b> 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 this report.-</li> </ul>
<ul style="list-style-type: none"> <li>• <b>5.1 Distribution of revenues-</b> Information relating the distribution of revenues has been updated in this report and additional information is also provided relating to the distribution of funds managed by MRDC.</li> </ul>
<ul style="list-style-type: none"> <li>• <b>5.2 Subnational transfers-</b> A scoping study of sub-national payments has been released in April 2019. From this study the MSG has agreed to request unilateral disclosure of subnational payments for the 2018 report.</li> </ul>
<ul style="list-style-type: none"> <li>• <b>6.2 SOE quasi-fiscal expenditures</b></li> </ul>

Table 15 PNGEITI Inadequate reporting requirements in 2018 Validation

Papua New Guinea's membership to EITI is currently undergoing its mandatory second Validation in April of 2022.

The EITI Board assessed PNG as having made meaningful progress in implementing the EITI Standard in 2018.

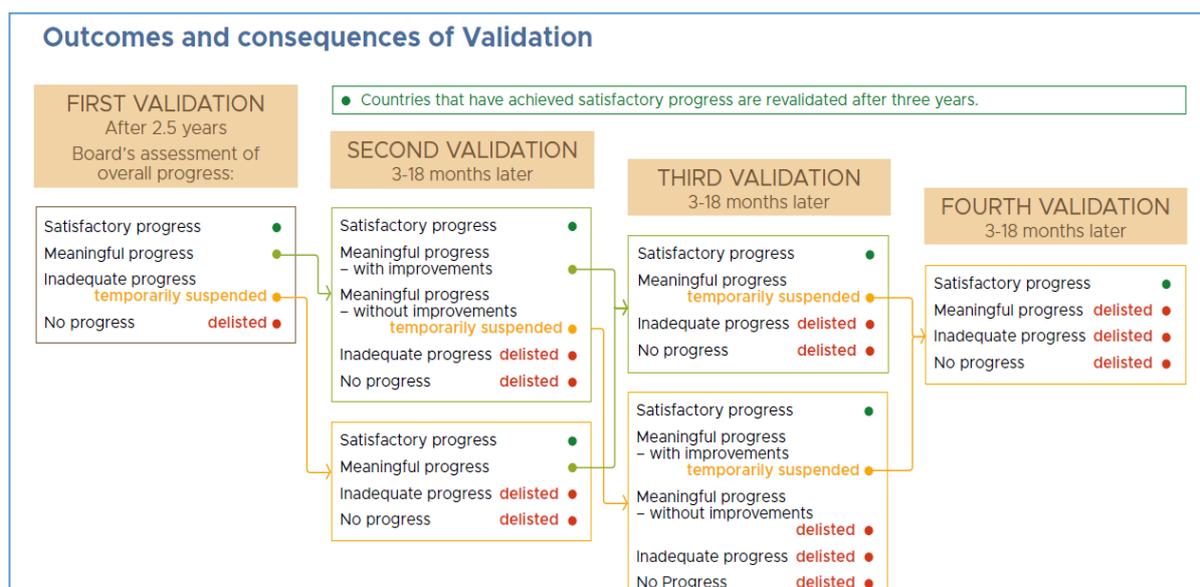


Figure 16 Outcomes and consequences of Validation

The PNG Country Validation was concluded in 2018 and a report was furnished to the MSG in early 2019 that declared our status of having achieved Meaningful Progress.

Validation is an essential feature of the EITI process. It is intended to provide all stakeholders with an impartial assessment of whether EITI implementation in a country is consistent with the provisions 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) had been implemented and that the broader objective of the requirement was fulfilled. The Validation report itself highlighted key areas for improvement.

In April 2022, the EITI International Secretariat will 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 is 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 EITI Standard Article 2 – Disclosure and reporting deadlines of which the EITI International Board issue a “Suspension” and/or “Delisting” decision to a host country due to non-compliance and /or unsatisfactory progress.

### 3. PNGEITI OFFICE ADMINISTRATION

The PNGEITI National Secretariat office was highly effective in the 2021 pandemic year and managed to accomplish its various tasks as stated in the 2021 PNGEITI Work plan.

PNGEITI National Secretariat fully maintained its operational and administrative activities and office and administrative assets with an annual recurrent budget of PGK3 million funding from the PNG Government through the Department of Treasury. The PNGEITI National Secretariat continues to expand in proportion to increased scope of work.

There were currently nine staff in the Secretariat operating in the year 2021.

Title	Name	Date employed
<b>Head of National Secretariat</b>	Mr Lucas Alkan	2015- Present
<b>Deputy Head of National Secretariat</b>	Mr Christopher Tabel	2019 - Present
		2016 - Present
<b>Policy Technical</b>	Ms Sarita Peai	2019 - Present
<b>Procurement</b>	Mr Francis Diakon	2016 - Present
<b>Stakeholder Engagement Coordinator</b>	Mr Oliver Maingu	2019 - Present
<b>Media Content Writer</b>	Mrs Sonia Kenu - Becks	2019- Present
<b>Contract Journalist/ Media Officer</b>	Mr Gedion Timothy	2021- present
<b>Finance and Administration</b>	Mrs Naomi Puipui	2019 - Present
<b>Driver</b>	Mr Paul Kanandia	2020 - Present

*Table 16 PNGEITI Staff on strength in 2021*

#### 4. ASSESSMENT OF PERFORMANCE AGAINST WORK PLAN ACTIVITIES

Requirements	Progress Against 2021 Work plan
<p>Ensuring a well-established and fully functional national secretariat office and the multi-stakeholder group (MSG)</p>	<ul style="list-style-type: none"> <li>• Conduct three quarterly meetings with the MSG.</li> <li>• Conducted numerous Technical Working Group (TWG), constituency members as and when required consistent with the PNGEITI MSG MoU</li> <li>• The Chair was briefed on the operations of the PNGEITI throughout the course of the year 2021.</li> <li>• PNGEITI Staff Appraisals are pending and carried over to 2022.</li> <li>• Staff Training Calendar Provide training and skills development for National Secretariat staff will following appraisals and needs assessment.</li> <li>• Work is still progressing on the PNGEITI Financial Audit in consultation with Auditor General’s Office and is carried over to the year 2022.</li> <li>• IFMS Integration of National Secretariat in collaboration and from the Department of Finance is an ongoing project.</li> <li>• New staff recruitment were halted in 2021 and proposed to recommence in Q1 2022.</li> <li>• PNGEITI HoS Contract was renewed</li> <li>• Annual membership subscription fee to EITI International Secretariat was paid in full.</li> <li>• Payment of annual membership subscription fee to Domestic Affiliations to the Chamber of Mines and petroleum and Transparency International</li> <li>• Payment of annual membership subscription fee to EITI International Secretariat (USD10, 000)</li> <li>• Procurement of a Toyota HI Ace project support Vehicle (Bus) was carried over to 2022.</li> <li>• Maintain PNGEITI National Secretariat operational and administrative activities with full recurrent funding allocation of K3 million.</li> </ul>

<p>Show extractive industries contribution (both direct and indirect) to the PNG economy</p>	<ul style="list-style-type: none"> <li>▪ 2019 PNGEITI Report was completed and launched in 2021.</li> <li>▪ PNGEITI Beneficial Ownership Report was completed and published</li> <li>▪ PNGEITI State Owned Enterprises Scoping Study was completed and published.</li> <li>▪ PNGEITI Contract Transparency Report was completed and published.</li> <li>▪ World Bank commissioned studies on Education Mainstreaming, CSO Capacity Building and Online Data reporting is complete and awaiting Phase 2 implementation.</li> <li>▪ PNG is progressing its Validation recommendation in reference to the EITI International and the EITI Board report on it having achieved <i>Meaningful Progress</i> in implementing the EITI Standard at its meeting in Dakar on 30 October 2018. PNG Validation is now carried over to April of 2022.</li> </ul>
<p>Improve public understanding in the management of extractive industries</p>	<ul style="list-style-type: none"> <li>• PNGEITI media statements were ongoing and had minimal disruptions from Covid 19.</li> <li>• Regional Consultations and information sessions were conducted in all four regions in 2021.</li> <li>• No talkback shows occurred in 2021 as well as public engagements, conferences and workshops due to the focus on the Legislation Project</li> <li>• The PNGEITI Facebook page has been in operation since 2018 and has over 2600 followers as of 2021.</li> <li>• The PNGEITI LinkedIn page has been in operation since 2020 and has over 1372 followers as of 2021.</li> <li>• There is increased participation in the PNGEITI Multi-Stakeholder Group with a total of 50 meetings since signing of the PNGEITI MSG MoU in 2013. Our current MSG membership stands at over 40 MSG representatives in 2021 and includes voting members from Government, Industry, CSOs, SoEs and non-voting observers from Development Partners and other interest groups.</li> </ul>
<p>Strengthen revenue generation and collection that is consistent with policy setting</p>	<ul style="list-style-type: none"> <li>• The PNG Government has taken action on recommendation from the PNGEITI Reports with the NEC Decision 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. Work in this area is progressing.</li> <li>• No subnational consultant was recruited in 2021. All activities were brought forward to FY2022.</li> <li>• The scheduled PNGEITI Legislative Bill regional consultations was completed in 2021.</li> </ul>

	<ul style="list-style-type: none"> <li>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 the World Bank.</li> </ul>
Engagement of stakeholders to effectively address issues affecting PNG's extractive industries	<ul style="list-style-type: none"> <li>The PNGEITI is conducting quarterly and monthly meetings with the MSG, Technical Working Group (TWG), constituency members consistently with the requirements of PNGEITI MSG MoU.</li> <li>The Secretariat had attended in-country conferences, seminars and workshops and conducted regular contact with the PNG media.</li> </ul>
Endeavour to fully implement PNGEITI report recommendations as directed by cabinet	<ul style="list-style-type: none"> <li>The Policy and Legislative TWG of the National Secretariat conducts regular follow up meetings with government entities to ensure these recommendations are being implemented. If there any implementation issues or any agencies not making efforts to implement respective recommendations, the Secretariat will need to understand the reasons and challenges preventing them from doing so and will report to MSG accordingly.</li> </ul>

*Table 17 Assessment of performance against targets and activities set out in the 2021 work plan.*

## 5. ASSESSMENT OF PERFORMANCE AGAINST EITI REQUIREMENTS

THE year 2021 saw a carryover from the September, 2020 Post-Validation Self-Assessment Workshop held the previous year. Following the conclusion of Papua New Guinea's Validation in 2018, 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 by Papua New Guinea (PNG). Progress in addressing these corrective actions will be assessed in a second Validation commencing on April of 2021. These post-Validation workshops attempts 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
<p>License Allocations (#2.2)</p> <p>*Concerned Agencies: (MRA/DPE/JICA/EY)</p>	Inadequate	<ul style="list-style-type: none"> <li>✓ 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.</li> <li>✓ 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</li> </ul>	<p><b>Issues</b></p> <ul style="list-style-type: none"> <li>✓ DPE had reported delay in information disclosure due to internal &amp; administrative issues, particularly in relation to information/data authentication and endorsement by the Head/Secretary of DPE.</li> <li>✓ 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.</li> <li>✓ DPE database – revenue, production and licencing, are still standalone, which hinders data generation/collation.</li> <li>✓ No clear format/design to use by DPE to disseminate the required information and to avoid confusion amongst the public at large.</li> <li>✓ DPE has no strategic plan to guide and track the progress of the corrective actions that they are responsible to implement.</li> <li>✓ 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.</li> </ul>

		<p>statutory procedures in practice.</p>	<ul style="list-style-type: none"> <li>✓ 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</li> <li>✓ Due to covid-19, pandemic &amp; disruption to work flow [lockdowns restrictions], not much work has been progressed but to allow validation to proceed in October as scheduled.</li> </ul> <p><b>Updates</b></p> <p>The non-financial data request templates for MRA and DPE were updated specifically to request, for each tenement/licence awarded, extended, or transferred, extended, surrendered or cancelled during the reporting period: ID, ownership and date of award/transfer/extension. 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. <a href="#">[It is one of the five (5) focus areas of the JICA project.]</a></p> <p>MRA and DPE to provide comprehensive information about licence awarded, extended, or transferred, extended, surrendered or cancelled during the reporting period. Initial data provided by DPE and MRA is under review. MRA has provided license allocation data to IA for the FY2019 Report. Data processing/review is in progress for providing full disclosure – full compliance ('satisfactory') status likely to be met in the FY2019 Report. Improved reporting is emphasized in the FY2019 Report, disclosure of license allocation. <a href="https://portal.mra.gov.pg">[https://portal.mra.gov.pg]</a></p> <p>The DPE website <a href="http://www.petroleum.gov.pg">[www.petroleum.gov.pg]</a> is up &amp; running however, only licence map information <a href="https://petroleum.gov.pg/wp-content/uploads/2020/07/PNG-PET-LIC-Map-JUN-2020.pdf">[https://petroleum.gov.pg/wp-content/uploads/2020/07/PNG-PET-LIC-Map-JUN-2020.pdf]</a> has been uploaded into their website for the reason being that DPE is yet to identify a suitable data portal for the purposes of EITI reporting. DPE is currently working and liaising with appropriate entities/consultants to address and resolve this issue. In addition, due to the sensitivity of certain information and confidentiality purposes by Law, work is currently in-progress to at least have some reports uploaded and be</p>
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			<p>ready for the forthcoming validation. DPE is hoping to have its own database system similar to that of MRA in the near future. As an alternate approach, MRA stands ready to assist DPE in disclosing the licence data on its data portal. MRA is also hopeful to have the data, especially petroleum tenements (licence mapping) uploaded prior to FY2019 Report. Improved reporting and rating expected in the forthcoming and in the FY2019 Report.</p> <p><b>Resolutions</b></p> <ul style="list-style-type: none"> <li>✓ IA identified information gap in 2016 report and have updated the data templates to address this inadequacy. The gap was and is continuously addressed in the subsequent FY Reports from 2018 report as indicated by IA and in the FY2019 Report this year.</li> <li>✓ 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 coming validation.</li> <li>✓ For a permanent solution to addressing this issue, DPE to draft a long-term strategic mitigation plan to address information gap and information disclosure.</li> <li>✓ 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.</li> <li>✓ JICA will assist DPE to purchase a hardware system required to establish a central database system. JICA, through the JICA-PNGEITI project, will continue to work with DPE on this.</li> </ul> <p><b>Timeline-Prior to submission of Validation Template and FY2019 Report.</b></p>
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<p>License Register (#2.3)</p> <p>*Concerned Agencies: (MRA/DPE/JICA/EY)</p>	<p>Meaningful</p>	<ul style="list-style-type: none"> <li>✓ PNG should maintain a publicly accessible register or cadastre system(s), including comprehensive information on licenses for all oil, gas and mining companies.</li> <li>✓ 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.</li> </ul>	<p><b>Issues</b></p> <ul style="list-style-type: none"> <li>✓ 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 are separately managed by respective branches within DPE in stand-alone databases (revenue, production, licencing).</li> <li>✓ Non-existence of online database with DPE continues to be a hurdle. At the moment DPE database – revenue, production and licencing, are still standalone.</li> <li>✓ 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.</li> </ul> <p><b>Updates</b></p> <ul style="list-style-type: none"> <li>✓ [It is one of the five (5) focus areas of the JICA project.] JICA is currently working with DPE to establish a network (a central database and a data portal) where all relevant datasets will be stored and/or accessed on one central system. As a follow up from the last TWG workshop (24<sup>th</sup> Oct 2019) MRA &amp; DPE are in discussion regarding this. That is, for MRA technical experts to assist DPE to publicly disclose petroleum licences on MRA data portal. Positive feedback to meet with new Secretary for Department of Petroleum &amp; Energy. DPE officials to follow-up and continue dialogue with Secretary. On a positive note, DPE officials advised that their website now up and running <a href="http://www.petroleum.gov.pg">www.petroleum.gov.pg</a>. JICA, through the JICA-PNGEITI project, will continue to work with DPE on this. JICA is assisting DPE to purchase a hardware system required to establish a central</li> </ul>
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			<p>database system. DPE is hoping to have its own database system, similar to that of MRA in the near future. As an alternate approach, MRA stands ready to assist DPE. MRA is hopeful to have the data, especially petroleum tenements (licence mapping) uploaded prior to the second validation.</p> <p><b>Resolutions</b></p> <ul style="list-style-type: none"> <li>✓ To meet the requirement of public disclosure, MRA indicated the possibility of having DPE data (pdf/excel) uploaded on CCOP GSi portal, which is managed by MRA.</li> <li>✓ DPE and MRA are currently having discussions on how best MRA can assist DPE concerning uploading of DPE information onto MRA website. Both MRA and DPE (Arnold &amp; Kumalau) agreed to meet to come up with the way forward on how MRA can assist DPE to upload its data onto the MRA cadastre online register.</li> <li>✓ JICA to continue work with DPE in the background to get the database and data portal up and running. DPE website is up and running, the standalone registers can be linked onto the central database and website, which can then be publicly accessible.</li> <li>✓ JICA indicated that procurement of the ITC materials by JICA for the set-up of the DPE website will begin soon and installation of the technology at DPE will follow afterwards. JICA will try to complete the website set up before the second validation in 2020.</li> <li>✓ Comprehensive description of what data is available and what can be done in the subsequent period –document process in the FY2019 Report</li> </ul>
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			<b>Timeline-Prior to submission of Validation Template and FY2019 Report.</b>
<p>State Participation (#2.6)</p> <p>*Concerned Agencies: (KPHL/OTML/EY)</p>	<p>Meaningful</p>	<ul style="list-style-type: none"> <li>✓ 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.</li> <li>✓ 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.</li> </ul>	<p><b>Issues</b></p> <ul style="list-style-type: none"> <li>✓ Timeliness and disclosure of audited financial statement for SOEs and govt. agencies continue to affect comprehensiveness and disclosure in reporting.</li> <li>✓ The main issue here is compliance from SOEs in reporting the data requested/required on time.</li> <li>✓ Information confidentiality is also becoming an issue on disclosure of audited financial statements for the purposes of EITI reporting.</li> </ul> <p><b>Updates</b></p> <p>The EITI Report has been updated to include comprehensive disclosure about SOE. SOE timely collaboration with Independent administrator is important to provide comprehensive disclosure of information and updates in the report. SOE scoping study is in progress. The SOE report is set to be completed by the end of 2020. SOEs are to review the draft report to ensure what is reflected in the draft report is correct and consistent with the data they submitted to IA. Where necessary, SOEs are also required to provide additional narratives on the draft report to ensure their sections are updated and comprehensive. SOE's (KPHL/OTML/KMHL) are requested to provide additional information such as existing loans, guarantees extended by the State (where necessary) in the draft 2019 report to be circulated by IA. IA also requested for more detailed information, especially on</p>

			<p>quasi-fiscal expenditures. Reporting entities to document EITI reporting as part of their annual operational activities. More detailed information to be included in 2019 report. IA anticipates 'satisfactory' rating for this requirement in the 2019 report.</p> <p><b>Resolution</b></p> <ul style="list-style-type: none"> <li>✓ Early participating of SOE entities is necessary to compile adequate and correct reports/data for the purposes of EITI reporting.</li> <li>✓ IA to indicate which reporting entities to report what type of data. IA is also required to specify the type of data and reporting template to capture the required information.</li> <li>✓ Reporting entities to adhere to their commitments for the purposes of EITIT as per the NEC directions 91/2017 on the corrective items.</li> </ul> <p><b>Timeline – During Submission of EITI Templates and prior to submission of the FY2019 Report</b></p>
<p>Production Data (#3.2</p> <p>*Concerned Agencies: (MRA/DPE/JIC A/EY)</p>	<p>Inadequate</p>	<ul style="list-style-type: none"> <li>✓ PNG should ensure that the complete production volume for oil and gas, and production values for each of the extractives commodities produced during the year under</li> </ul>	<p><b>Issues</b></p> <p>DPE is yet to be hook-up on to the central database system. DPE database system is still standalone, for production, revenue &amp; license information.</p> <p>MRA indicated that reconciliation process is very difficult and lengthy process, which more time to complete. The reason being that currently</p>

		<p>review be publicly accessible, disaggregated by commodity.</p>	<p>the normal reconciliation takes place towards the end of year and it is always a difficult task as most employees are on break by then. Thus, affecting the quality of data submitted for EITI reporting purposes.</p> <p>Also, MRA indicated that extractive companies normally uses FIFO approach for its employees hence resulting in communication breakdown between MRA and the companies.</p> <p>Some information 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 IA to guide the reporting of data.</p> <p><b>Updates</b></p> <p>IA has 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. <a href="#">[It is one of the five (5) focus areas of the JICA project.]</a></p> <p><i>Mining;</i></p> <p>Data reported by MRA for 2018 report.</p> <p>Companies are complying in reporting required data.</p> <p>Some data from company reports not captured by MRA. MRA to work with companies to rectify that.</p> <p><i>Oil &amp; Gas;</i></p>
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			<p>Oil Search and DPE have provided some information (produced qty, not produced value).</p> <p>Exxon also provided some data but not provided production/export values.</p> <p>Project agreements need to factor clauses that counter confidentiality clauses to allow companies/operator/JV to report to state/EITI.</p> <p>Call for State, if possible, to audit the project partners' books to establish facts about data reported for EITI purposes.</p> <p>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 are disclose in the reporting templates provided.</p> <p>For improvement – production data should be part of the reporting entity's internal process (reconciliation). By year-end or early following year, everything is reconciled.</p> <p>There exists a variance in volumes produced and volumes exported- the data varies – needs disclosure.</p> <p><b>Resolution</b></p> <p>DPE &amp; BPNG to address the information gap on production data.</p> <p>Require all reporting entities to provide information as required by EITI standard</p>
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			<p>IA/NS to conduct more training for officials (reporting entities) on how to populate templates.</p> <p><b>Timeline – During Submission of EITI Templates and prior to submission of the FY2019 Report</b></p>
<p>Export Data (#3.3)</p> <p>*Concerned Agencies: (MRA/DPE/EY)</p>	<p>Meaningful</p>	<p>✓ 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.</p>	<p><b>Issues</b></p> <p>There are still some variances in data reported in FY2018 Report, which can be reconciled and updated prior to 2020 validation. However, this will require amendments to Mining Act – a lengthy process.</p> <p><b>Updates</b></p> <p>Most of the corrective actions were implemented in the last validation. Reporting entities should provide this information as required by EITI standard. IA indicated that already some data were provided for the 2018 report. ‘Satisfactory’ rating expected for this requirement. IA needed to include export value in the 2019 report – all reporting entities to be disclosed in this export value in their reporting templates. Suggestion by TWG members for policy to be amended for companies to report production value for mineral commodities to MRA.</p> <p><b>Resolutions</b></p> <p>TWG proposed for MSG to explore options where regulatory bodies like DPE and MRA can request the necessary data like production values where there would be no restrictions for companies to report.</p>

			<p>MRA &amp; DPE to work closely on the reporting templates to update and capture the required data/information</p> <p>IA to send the portal link to MRA &amp; DPE to access &amp; update the data on reporting templates.</p>
<p>Comprehensiveness (#4.1)</p> <p>*Concerned Agencies: (IRC/JICA/EY)</p>	Inadequate	<ul style="list-style-type: none"> <li>✓ 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.</li> <li>✓ The 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 are provided, and including from non-material companies is provided for each of the material revenue streams.</li> </ul>	<p><b>Issues</b></p> <ul style="list-style-type: none"> <li>✓ IA to clarify &amp; 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 &amp; Gas [Oil Search &amp; Exxon Mobil].</li> <li>✓ Lack of capacity by AGO or internal audit teams from entities to have their annual reports audited in time for purposes of EITI reporting.</li> <li>✓ IA yet to disaggregate materiality payments of all extractive companies causing delay in data compiling.</li> <li>✓ IA also raised concerns in relation to GloCo in terms of tax payments to the State/Government.</li> <li>✓ 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.</li> <li>✓ Mine closure bond fees not collected by CEPA at the moment due to internal administration issues (instruments not in place). CEPA to provide update to IA.</li> </ul>

		<p>✓ 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.</p>	<p><b>Updates</b></p> <p>IRC reporting template was updated to clarify that total revenue stream value is requested and the IA have been working to confirm full unilateral disclosure of all government extractive revenue streams. Specifically, concerning the revenue streams from projects that are not yet in production. <a href="#">[It is one of the five (5) focus areas of the JICA project.]</a> IA to collaborate with IRC to calculate materiality in all extractive companies, which is currently in progress. State entities have to be audited before the end of 2020 to ensure there is credibility/confidence in figures reported. Copy of audited reports to be provided (when available) to IA and PNGEITI website. MSG to engage more closely with AGO. Possibility for MSG/PNGEITI to get some directive for State Agencies to be audited on time for the purposes of EITI reporting. MSG 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 soon. The MSG to agree and endorse this assignment soon so IA will document and include the endorsement in the 2019 report. Suggestion by IRC to amend the reporting template to include requirement for reporting entities to include their Tax Identification Number (TIN). This will enable IRC to retrieve correct company information from their system to ensure correct reporting by IRC, which IA has already incorporated and updated in current reporting template.</p> <p><b>Resolutions</b></p> <p>Need further discussion with CEPA on what fees they are collecting as well as those that they are not collecting. This is to ensure improved reporting in the coming report.</p>
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			<p>IRC to work closely with IA on the reporting templates and the TIN Components</p> <p>IRC to forward tax-reporting template to IA before end of September, 2020 for review &amp; reconciliation</p> <p>NS to find out who pays the 5% withholding tax from royalty payments</p> <p>IA to send the portal link to all entities responsible to incorporate data/information into each reporting template. IA will send the link with individual passwords.</p> <p><b>Timeline – During Submission of EITI Templates and prior to submission of the FY2019 Report</b></p>
<p>SOE Transactions (#4.5)</p> <p>*Concerned Agencies: (KPHL/OTML/EY)</p>	<p>Meaningful</p>	<ul style="list-style-type: none"> <li>✓ 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.</li> <li>✓ All SOEs collecting material revenues or making material payments to government</li> </ul>	<p><b>Issues</b></p> <ul style="list-style-type: none"> <li>✓ Discussion and issues identified are in line with discussions/notes highlighted in requirement #2.6.</li> </ul> <p><b>Updates</b></p> <p>The EITI Report has been updated to include comprehensive disclosure about SOE. SOE timely collaboration with Independent administrator is important to provide comprehensive disclosure and update in the report. SOE scoping study is currently undertaken, opting to be completed before the end of 2020. The study is expected to be completed within the duration of 5-6months since the starting date of</p>

		<p>should be included in future EITI reporting.</p>	<p>the project in April 2020. The implementation of the project will commence in 2021.</p> <p><b>Resolutions</b></p> <ul style="list-style-type: none"> <li>✓ Early participating of SOE entities is a must to compile adequate and correct reports/data</li> <li>✓ IA to indicate which reporting entities to report what type of data. IA is also required to specify the type of data and reporting template to capture the required information.</li> <li>✓ Reporting entities to adhere to their commitment for the purposes of EITIT as per the NEC directions on the corrective items.</li> </ul> <p><b>Timeline – During Submission of EITI Templates and prior to submission of the FY2019 Report</b></p>
<p>Direct Sub-national Payments (#4.6)</p> <p>*Concerned Agencies: (MRDC/DoT/EY)</p>	Inadequate	<ul style="list-style-type: none"> <li>✓ PNG should establish whether direct subnational payments (to government entities) by extractives companies are material.</li> <li>✓ Where material, PNG is required to ensure that direct subnational payments are reconciled between company</li> </ul>	<p><b>Issues</b></p> <ul style="list-style-type: none"> <li>✓ Phase II – National Secretariat to meet with Australian High Commission for possible funding as well as assisting with the piloting with interest provincial government. However, nil funding came thru for this year, hence the phase two of this project is on hold.</li> <li>✓ 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</li> </ul>

		<p>payments and subnational government entities' receipts.</p> <p>✓ 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.</p>	<p>Distribution of Extractive Industry Revenues. However, through thru the third Post Validation Meeting indicated that it is 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 are to be included in this reporting process. MRDC will only play a role in the reporting process through reporting on royalty payments/landowner benefits.</p> <p><b>Updates</b></p> <p>A scoping study of sub-national payments and transfers are being undertaken. EY has met with this consultant to compare approach 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 2019 report onwards, including implementation of recommendations from the scoping study report. 'Reconciliation' part of the subnational transfer to be included in 2019 report onwards (Provincial &amp; Local Level Govts. and LO groups).</p> <p>DPE to be responsible for Sub-National payments, and not MRDC, however for the tax components, MRDC will report on the data and IRC to confirm this information. MRDC's core function is to manage the landowner funds and payments to landowners.</p> <p>Mr. Maingu of the National Secretariat Team pointed out some information in the FY2018 PNGEITI Report, referring to table 73, where information provisioned in this section may pose 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</p>
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			<p>was misleading to the public, thus needed some work to get the correct information published for public consumption.</p> <p><b>Resolutions</b></p> <ul style="list-style-type: none"> <li>✓ IA 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 will have direct responsibility to report on.</li> <li>✓ 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.</li> <li>✓ MRDC can only provide reports on payments made to landowner companies</li> <li>✓ MRDC legal team to meet with the IA/EY team to clarify the functions of MRDC. This is to provide an understanding on where MRDC should fit into the reporting templates.</li> </ul> <p><b>Timeline – During Submission of EITI Templates and prior to submission of the FY2019 Report</b></p>
<p>Data quality (#4.9)</p> <p>*Concerned Agencies: (AGO/JICA/EY)</p>	<p>Inadequate</p>	<ul style="list-style-type: none"> <li>✓ The EITI requires an assessment of whether the payments and revenues are 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</li> </ul>	<p><b>Issues</b></p> <ul style="list-style-type: none"> <li>✓ Some government entities are still dragging behind in terms of auditing resulting in lack of credibility of financial data provided.</li> <li>✓ Although there has been an improvement in compliance in submitting signed templates (91%), not all data included are audited.</li> </ul>

		<p>Administrator agreed by the EITI Board, the MSG and Independent Administrator should:</p> <ul style="list-style-type: none"> <li>✓ Ensure that the Independent Administrator (IA) provides a clear and categorical assessment of comprehensiveness and reliability of the (financial) data presented, including an informative summary of the work performed by the Independent Administrator and the limitations of the assessment provided.</li> <li>✓ Ensure that the Independent Administrator provides 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 Independent Administrator must be disclosed in the EITI Report, including naming</li> </ul>	<ul style="list-style-type: none"> <li>✓ Entities not on IFMS needs to individually consultant to audit their books</li> <li>✓ For the FY2019 Report will need audited financial statements from 2019 however AGO indicated that they have audited entities from years 2016 – 2017. No audits done for FY2018&amp;2019.</li> </ul> <p><b>Updates</b></p> <p>Engagement with the PNG Auditor General's Office was undertaken to establish the status of the audit of Government and SOE accounts. The information has been incorporated into the assessment of data quality in the reconciliation chapter of the report. <a href="#">[It is one of the five (5) focus areas of the JICA project.]</a> Continuous coordination with AGO will enable updates regarding status of audit of Government and SOE accounts.</p> <p><b>Resolutions</b></p> <ul style="list-style-type: none"> <li>✓ IA will provide AGO with guidelines of the process to do revenue testing so it's faster.</li> <li>✓ Timeline for IA is October but will provide extension with regards to accessing information.</li> <li>✓ National Secretariat to inform reporting entities participating in the EITI reporting through the MSG of this revenue testing arrangement with the AGO.</li> <li>✓ For EITI reporting purposes, PNGEITI and IA, to explore possibility of engaging with reporting government entities and AGO to ensure they are audited on time.</li> </ul>
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		<p>any entities that failed to comply with the agreed procedures, and an assessment of whether this is likely to have had material impact on the comprehensiveness and reliability of the report.</p> <p>✓ 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.</p>	<ul style="list-style-type: none"> <li>✓ TWG to submit a recommendation to the MSG for MSG to task the National Secretariat to look at scoping out a way on how we can have more engagement with AGO – possibility of engaging with external auditing firms to improve auditing processes and procedures for reporting entities going forward.</li> <li>✓ 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.</li> <li>✓ 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.</li> <li>✓ For future EITI reporting purposes, NS and IA to engage with AGO to look into areas of revenue testing by AGO for govt. agencies in the extractive sector.</li> <li>✓ MSG and NS (in consultation with JICA expert team) to look into possibility of including AGO within the scope of the JICA support project to PNGEITI (second phase).</li> </ul> <p><b>Timeline – During Submission of EITI Templates and prior to submission of the FY2019 Report</b></p>
Distribution of Extractive Industry	Inadequate	<p>✓ PNG should clarify which extractive revenues are</p>	<p><b>Issues</b></p>

<p>Revenues (#5.1)</p> <p>*Concerned Agencies: (MRDC/DoT/RC/EY)</p>		<p>recorded in the national budget.</p> <ul style="list-style-type: none"> <li>✓ Where revenues are not recorded in the national budget, the allocation of revenues should be explained, with links provided to relevant financial reports.</li> </ul>	<ul style="list-style-type: none"> <li>✓ Not much issues surrounding this requirement however there is a need to engage the reporting entities as early as possible to compile data and provide report.</li> <li>✓ There is a need for additional information to be included in the FY2019 Report.</li> </ul> <p><b>Updates</b></p> <p>Information relating the distribution of revenues has been updated in this report and additional information is 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 will enable IRC to retrieve correct company information from their system to ensure correct reporting by IRC. This has been implemented.</p> <p><b>Resolutions</b></p> <ul style="list-style-type: none"> <li>✓ IRC &amp; DoT to work closely with IA to provide sufficient narration in the FY2019 Report.</li> </ul> <p><b>Timeline – During Submission of EITI Templates and prior to submission of the FY2019 Report</b></p>
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<p>Subnational Transfers (#5.2)</p> <p>*Concerned Agencies: (MRDC/EY)</p>	<p>Inadequate</p>	<ul style="list-style-type: none"> <li>✓ PNG is required to ensure that material subnational transfers of extractives revenues are publicly disclosed, when such transfers are mandated by a national constitution, statute or other revenue sharing mechanism such as benefit-sharing agreements.</li> <li>✓ The MSG should also 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.</li> </ul>	<p><b>Issues</b></p> <ul style="list-style-type: none"> <li>✓ Phase II – NS to meet with Australian High Commission for possible funding as well as assisting with the piloting with interest provincial government did not eventuate due to nil allocation of funding by the donor partner [Australian High Commission]</li> <li>✓ MRDC is no longer responsible for reporting to the State under the corrective actions under this requirement, as it has no direct responsibility as per the new amended Mining, Oil &amp; Gas Act.</li> <li>✓ DPE &amp; DoF are responsible for provision of required data under this requirement for the purposes of EITI, which is yet to be alluded to each of these respective reporting entities.</li> </ul> <p><b>Updates</b></p> <p>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 is currently progressed on data collation. A scoping study of sub-national payments and transfers is being undertaken. Results or status of Subnational study should be disclosed in the FY2019 Report. ‘Reconciliation’ of subnational payments to be included for 2019 report onwards.*Discussions are similar as outlined for requirement #4.6, direct subnational payments. Ongoing action plan for 2019 and 2020 reports. ‘Reconciliation’ part of the subnational transfer to be included in 2019 report onwards (Provincial &amp; Local Level Govts. and LO groups).</p> <p><b>Resolutions</b></p>
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			<ul style="list-style-type: none"> <li>✓ 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.</li> <li>✓ MRDC can only provide reports on payments made to landowner companies</li> <li>✓ MRDC legal team to meet with the IA/EY team to clarify the functions of MRDC. This is to provide an understanding on where MRDC should fit into the reporting templates.</li> </ul> <p><b>Timeline – During Submission of EITI Templates and prior to submission of the FY2019 Report</b></p>
<p>Mandatory social expenditures (#6.1)</p> <p>*Concerned Agencies: (NS/EY)</p>	<p>Meaningful</p>	<ul style="list-style-type: none"> <li>✓ 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.</li> </ul>	<p><b>Issues</b></p> <ul style="list-style-type: none"> <li>✓ Disclosure that is more comprehensive is required in compliance with the EITI Standard.</li> </ul> <p><b>Updates</b></p> <ul style="list-style-type: none"> <li>✓ Most of the corrective actions were implemented &amp; 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. Improvement made in the 2018 report. The report is now in sectors as amended in the template.</li> </ul> <p><b>Resolutions</b></p>

			<ul style="list-style-type: none"> <li>✓ Require all reporting entities to provide more comprehensive information about mandatory social expenditures.</li> </ul> <p><b>Timeline – During Submission of EITI Templates and prior to submission of the FY2019 Report</b></p>
<p>SOE quasi-fiscal expenditures (#6.2)</p> <p>*Concerned Agencies: (KPHL/OTML/EY)</p>	Inadequate	<ul style="list-style-type: none"> <li>✓ PNG should undertake a comprehensive review of all expenditures undertaken by extractives SOEs (and their subsidiaries) that could be considered quasi-fiscal.</li> <li>✓ 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.</li> </ul>	<p><b>Issues</b></p> <ul style="list-style-type: none"> <li>✓ Information provided by the responsible reporting entities is not adequate in the FY2018 Report.</li> <li>✓ Discussion and issues identified are in line with discussions/notes highlighted in requirement #2.6 ‘State Participation’ and requirement #4.5 ‘SOE Transactions’.</li> </ul> <p><b>Updates</b></p> <p>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 this report. At the time this report was finalised, IA has not yet received this information. To address in the next report. Reporting entities covered should provide more information about quasi-fiscal expenditures .IA to chase up reporting entities for additional information on quasi-fiscal activities and other information.</p> <p><b>Resolutions</b></p>

			<ul style="list-style-type: none"> <li>✓ Issues highlighted are currently been addressed through the scoping study.</li> <li>✓ NS &amp; IA are trying to involve the reporting entities in the early process of data/report compilation</li> </ul> <p><b>Timeline – During Submission of EITI Templates and prior to submission of the FY2019 Report</b></p>
<p>Outcomes and impact of implementation (#7.4)</p> <p>*Concerned Agencies: (NS)</p>	<p>Meaningful</p>	<ul style="list-style-type: none"> <li>✓ MSG is 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 are mentioned in the next report.</li> <li>✓ 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.</li> </ul>	<p><b>Issues</b></p> <ul style="list-style-type: none"> <li>✓ Most of the corrective actions under this requirement had been addressed in the FY2018 Report hence no major issues for this year 2020.</li> </ul> <p><b>Updates</b></p> <p>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 NS take note of the recommendations. NS and IA to look into ways to assist MSG, TWG and reporting entities adapt in reporting for the 2019 report using the 2019 EITI Standard.</p> <p><b>Timeline – During Submission of EITI Templates and prior to submission of the FY2019 Report</b></p>

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*Table 18 Assessment of performance against EITI requirements*

## 6. PROGRESSIVE RECOMMENDATIONS FROM RECONCILIATION

The First PNGEITI Report for the Financial Year 2013, identified a number of findings and provided a set of recommendations regarding areas that could benefit 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 their 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 on the recommendations as outlined from the 1<sup>st</sup> PNGEITI Annual Report.

Tabulated below is a progressive assessment of these Cabinet directives and an update on 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. Most activities were carried over from the year 2020 to 2021 hence no new updates were recorded.

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	<ul style="list-style-type: none"> <li>• With recent meeting with DPE on the 14<sup>th</sup> September 2020, DPE advised that some work are in progress with regard to this NEC directive. However due to some internal administrative issues, the progress of this activity has been slow.</li> <li>• DPE together with JICA and the National Secretariat Team are working towards establishing a reliable registry system for DPE.</li> </ul>	<ul style="list-style-type: none"> <li>• The issue was brought to MSG's attention to assist DPE setup its internal Central Database System/electronic registry system, data portal &amp; website.</li> <li>• MRA, JICA and World Bank showed interest to assist DPE. DPE to further consult the interested parties to assist them in setting up its electronic registry system, suitable data portal and website upgrading since DPE has a recent existing website.</li> <li>• The proposed petroleum authority back in early 2019 eventuated recently. DPE is now divided into two separate entities:</li> </ul>

NEC Directives	Agency/Department Responsible	Progress made/Actions taken to date	Next Steps
			National Petroleum Authority & National Energy Authority. Administrative functions yet to be properly demarcated, currently in working progress.
<i>Minister responsible for MRDC to ensure that the 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</i>	DPE/MRDC	<ul style="list-style-type: none"> <li>This NEC directive was implemented since last year. MRDC is now engaged at the MSG and TWG level and has been satisfactory participating in the EITI reporting process.</li> </ul>	<ul style="list-style-type: none"> <li>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.</li> </ul>
<i>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)</i>	KCH	<ul style="list-style-type: none"> <li>KCH does not necessarily engage 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 is now responsible for the extractive sector as of 2016 is that it holds 3.2% shareholding in Highlands Pacific.</li> <li>This NEC directive has been actioned because KCH is now fully engaged at the MSG level and has been participating in the EITI reporting process.</li> </ul>	<ul style="list-style-type: none"> <li>The continued engagement and participation in the EITI process by KCH may not be necessary in the future because KCH will not be responsible for the extractive sector. As part of Kumul restructure, the GBT investment in Highlands Pacific will be transferred to Kumul Mineral Trust as soon as all legal processes are completed.</li> </ul>

NEC Directives	Agency/Department Responsible	Progress made/Actions taken to date	Next Steps
<p><i>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</i></p>	<p>KMHL/KPHL</p>	<ul style="list-style-type: none"> <li>• These two entities, now coordinate the government’s interest in the Mining, Oil and Gas sectors.</li> <li>• Preliminary engagement has been sought by the Secretariat with these entities to ensure that they too are aligned to the reporting processes and requirements of PNGEITI.</li> <li>• This NEC directive has been actioned. Both KMH and KPH have engaged in the EITI process and have participated in the EITI reporting process.</li> </ul>	<ul style="list-style-type: none"> <li>• Secretariat to continue its consultation with both KMHL &amp; KPHL to identify areas which both entities can be able to engage effectively in the reporting process.</li> <li>• At this stage, it still needs to be ascertained as what type of reporting, information collection and areas of engagement of KMHL &amp; KPHL in the EITI process, hence not much can be reported from their end thus far.</li> </ul>
<p><i>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</i></p>	<p>Treasury/NEFC</p>	<ul style="list-style-type: none"> <li>• National Secretariat has consulted with NEFC on this issue</li> <li>• 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.</li> <li>• It was ascertained that the NEFC’s current reporting on sub-national payments and transfers is provisioned under the Inter Government Relations (Functions &amp; Funding) Act, which</li> </ul>	<ul style="list-style-type: none"> <li>• 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.</li> </ul>

NEC Directives	Agency/Department Responsible	Progress made/Actions taken to date	Next Steps
		<p>governs the mandate of NEFC's operations.</p> <ul style="list-style-type: none"> <li>Hence, it was discussed that NEFC along with the Secretariat work together to identify mechanisms that can align both NEFC reporting to that of the PNGEITI requirements.</li> </ul>	
<p><i>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</i></p>	<p>Mining/MRA/State Solicitor</p>	<ul style="list-style-type: none"> <li>Meeting held with MRA – see attached minute. State Solicitor is the custodian of MOA's/Contracts/Agreements therefore the Secretariat needs to get their views with regard to contract disclosure.</li> <li>The PNGEITI National Secretariat met with State Solicitor on the same. However, State Solicitor stated that the existing reporting laws do not clarify or specify which components of MOA's/Contracts/Agreements are 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 &amp; Young can upload the said information on website.</li> </ul>	<ul style="list-style-type: none"> <li>The National Secretariat is currently working with the Consultant – Ernst &amp; Young to write a letter to State Solicitor requesting specific information that needs to be captured in the EITI Report and for public disclosure/website.</li> </ul>

NEC Directives	Agency/Department Responsible	Progress made/Actions taken to date	Next Steps
		<ul style="list-style-type: none"> <li>• 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.</li> <li>• State Solicitor then can formally provide a response</li> </ul>	
<p><i>Minister for Treasury to implement the recommendation of the EITI report in relation to:</i></p> <ol style="list-style-type: none"> <li>1) <i>Publication of budget preparation process on its website;</i></li> <li>2) <i>Clearly and comprehensively list relevant assumptions and basis for calculation for budget document tables; and</i></li> <li>3) <i>Ensure units of measurement are standardized between government departments,</i></li> </ol>	Treasury	<ul style="list-style-type: none"> <li>• The Secretariat has sent an official letter outlining these directives to the Secretary for Treasury for attention and implementation.</li> <li>• The submission was received and reviewed by the relevant divisions within the Treasury Department and the outcome of this analysis is as follows: <ul style="list-style-type: none"> <li>1) <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) outline the key dates for preparation of the national budget and calling for policy submission from the public in the first quarter of every year.</li> </ul> </li> </ul> <p>However, this has been done through the government's internal process and needed to be</p>	<ul style="list-style-type: none"> <li>• 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.</li> <li>• 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.</li> </ul>

NEC Directives	Agency/Department Responsible	Progress made/Actions taken to date	Next Steps
<p><i>particularly with respect to production data in budget documents</i></p>		<p>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.</p> <p>Also, Treasury regularly publishes its quarterly warrant release in the local newspapers and other social media. This has been a practice well before the EITI implementation in the country.</p> <ul style="list-style-type: none"> <li>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.</li> </ul>	
<p><i>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</i></p>	Treasury/IRC	<ul style="list-style-type: none"> <li>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 needs 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 provisions 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 can draft and consolidate the amendment to be included as part of the 2018 Budget Amendments.</li> </ul>	<ul style="list-style-type: none"> <li>To build on the progress made, PNGEITI National Secretariat Policy and Legislative Technical Working Group will continue to progress with the current work on a EITI Policy and Legislative Framework.</li> <li>The EITI Policy &amp; Legislative Framework was completed and launched in 2019. Work is currently in progress on drafting of the PNGEITI Commission Bill. Once the proposed Bill is enacted then the National Secretariat will work its reporting law.</li> </ul>

NEC Directives	Agency/Department Responsible	Progress made/Actions taken to date	Next Steps
		<p>Treasury has implemented this Directive as part of the tax amendments in the 2018 National Budget.</p> <p>Amendments effective 1 January 2017 will allow tax information to be provided to:</p> <ul style="list-style-type: none"> <li>- the Extractive Industries Transparency Initiative Secretariat or equivalent body for the purposes of reporting in accordance with the Initiative</li> <li>- the Financial Analysis and Supervision Unit for purposes of the Anti-Money Laundering and Counter Terrorism Financing Act 2015.</li> </ul>	
<p><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></p>	<p>Finance</p>	<ul style="list-style-type: none"> <li>• This Directive has been actioned. The Department of Finance has incorporated this as part of its work on the Financial Framework Review (FFR). This has 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.</li> </ul>	<ul style="list-style-type: none"> <li>• National Secretariat will continue its consultation with the Department of Finance to ensure that through review of trust accounts, monies sitting in mining, oil and gas trust accounts are reviewed to bring about transparency for EITI reporting purposes.</li> </ul>

NEC Directives	Agency/Department Responsible	Progress made/Actions taken to date	Next Steps
		<ul style="list-style-type: none"> <li>• There are still areas, which need to be clarified, especially with regard to monies held in mining and petroleum trust accounts and others. Department of Finance is continuing with this work to ensure it is achieved.</li> <li>• Department of Finance can only provide information for Petroleum Trust Accounts, with assistance from DPE.</li> <li>• For the mining trust accounts &amp; future generation trust Department of Treasury to provide this information with State Solicitor. This needs to be clarified by Treasury &amp; State Solicitor.</li> </ul>	<ul style="list-style-type: none"> <li>• National Secretariat will continue to engage and work closely with Department of Finance to ensure that this electronic payment system is implemented successfully.</li> </ul>
<p><i>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,</i></p>	<p>Finance</p>	<ul style="list-style-type: none"> <li>• National Secretariat's consultation with the Department of Finance recently reveals that this particular Cabinet Direction has been 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 heed this change and transition into electronic payments system where possible. Currently, all previous cash based transactions have now been converted in electronic</li> </ul>	

NEC Directives	Agency/Department Responsible	Progress made/Actions taken to date	Next Steps
<i>corruption and human error</i>		transactions as per the financial instructions.	
<i>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 this would be one of the Government's key agendas to improve transparency and accountability in the public service.</i>	Auditor General	<ul style="list-style-type: none"> <li>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.</li> </ul>	<ul style="list-style-type: none"> <li>National Secretariat to continue following up with the AG's office to gauge an update and ensure progress is been made to implement this directive.</li> </ul>

Table 19 Progressive recommendations from reconciliation

## 7. SPECIFIC STRENGTHS OR WEAKNESSES IDENTIFIED IN THE EITI PROCESS

<b>Multi-Stakeholder Group oversight</b>			
<b>2016 Standard</b>	<b>EITI Provision</b>	<b>Strengths</b>	<b>Weaknesses</b>
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 program.	Certain Government entity participation has been challenging due to staffing capacity and/or administrative constraints.
Company engagement	1.2	Industry participation in the EITI process has been satisfactory with the all material companies supportive of the EITI program.	Laws regulating contract transparency is still an ongoing challenge and is addressed by the MSG in the recent scoping report.
Civil society engagement	1.3	CSO participation is meaningful 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 are required to ensure CSOs remain independent of government funding. CSOs ability to source funding from international donors is required in 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 is required as well as scrutiny of contractor performances and data assurance in PNGEITI reports were lacking. It may be due to MSG capacity in comprehending EITI provisions
Work plan	1.5	The PNGEITI Secretariat has successfully accomplished National Work plans and re	More development partner coordination to avoid duplication in implementation.
<b>Award of contracts and licenses</b>			
<b>2016 Standard</b>	<b>EITI Provision</b>	<b>Strengths</b>	<b>Weaknesses</b>
Legal framework	2.1	Overall positive support towards the PNGEITI Policy and Legislative framework	Consequential amendments will have to be considered to allow EITI legislation to be fully realised.
<b>Exploration and production</b>			
<b>2016 Standard</b>	<b>EITI Provision</b>	<b>Strengths</b>	<b>Weaknesses</b>
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	<p>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, license fees. There is no explanation why but the text seems to imply it is because companies did not disclose (p. 119). There is no assessment of the impact of omissions by company and government</p> <ul style="list-style-type: none"> <li>It also appears that there is no full government disclosure (e.g. some data from government are missing) and there is no comprehensive disclosure by companies.</li> </ul>
Infrastructure provisions and barter arrangements		4.3	Treasury explains that infrastructure provisions exist in the form of infrastructure tax credits (p. 21). And Reconciled figures are disclosed on p. 122	The report does not disclose the terms of the ITC projects for each company (the report provides a general description of the % deduction given, but clearly the actual % depends on the type of project) which is 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 are not reconciled, e.g. sales proceeds derived from joint marketing of LNG project. Disclosure and reconciliation of SOE payments are incomplete. It is not clear which revenue streams apply to which SOEs and why not all SOEs disclose figures for all revenue streams.
Level of disaggregation		4.7		The following are not presented per company: MRA fees (p. 130), license fees (122). Other taxes are reported by company but not by revenue stream (p.127). Subnational payments are not disaggregated by local government.
Data quality		4.9 and the TOR IA	There is a discussion on comprehensiveness and reliability. However, there was not a categorical assessment of whether the disclosures are comprehensive and reliable or	The EITI Report does not clearly state which reporting entities provided the required quality assurances, and which did not. The Report does not provide an overall assessment of impact

		not. Instead, it explains that only 58% of reporting entities provided signatures to comply with the agreed data quality assurance mechanism (p. 9).	of the missing data. It is not clear to us whether figure 54 on p. 121 is meant to be an assessment of impact of omissions.
<b>Revenue management and distribution</b>			
<b>2016 EITI Standard</b>	<b>EITI Provision</b>	<b>Strengths</b>	<b>Weaknesses</b>
Sub-national transfers	5.2.	For petroleum, royalties are also paid to the state (DPE and DoF) and then apportioned to landowners, affected provincial and local level governments through MDRC. The report states that the formula is either determined by individual agreements or at the discretion of the Minister (p.58). However, it also states on p.115 that 30% of the royalty and equity dividend payments is 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 does not contain data on actual transfers and information on discrepancies between actual transfer and calculated transfers. The information on formula is incomplete.
<b>Social and economic spending</b>			
<b>2016 EITI Standard</b>	<b>EITI Provision</b>	<b>Strengths</b>	<b>Weaknesses</b>
SOE quasi fiscal expenditures	6.2		The report states that no SOE reported QFEs for 2016 (p. 62). However, it also states that for MRDC, there are QFEs such as classrooms, health centres, and establishment of banks. Beneficiary areas are mentioned but no actual figures are provided (p. 94). The EITI Report does 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 refers to social programs and infrastructure projects for communities affected by its operations (pp.30, 69).
<b>Outcomes and impact</b>			

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.	The use of the EITI report although stimulating debate and discussion would require fairness to prevail in the public domain in order to sustain good relations in the MSG as well keep consistent with Government priorities in the extractive sector. One such example is the Jubilee Report <a href="http://www.jubileeaustralia.org/LiteratureRetrieve.aspx?ID=162634">www.jubileeaustralia.org/LiteratureRetrieve.aspx?ID=162634</a>
Data accessibility		7.2	Data accessibility is a key strength of the PNGEITI and is consistent with the Secretariats 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. 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 who own and operate their online tenements and mining cadastre.	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 are in downloadable PDF format, however, visual representation is also required.  Other reporting entities most notably in the Government sector are yet to have fully functional websites that can allow data accessibility to the general public. Other industry partners are yet to update their website to align with EITI Open Data Policy although most of their representation are represented by the PNG Chamber of Mining and Petroleum

Table 20: Specific strengths or weaknesses identified in the EITI process

## 8. TOTAL COST OF IMPLEMENTATION

### STATEMENT OF FINANCIAL PERFORMANCE as at 31-DECEMBER-2021

<b>Opening Balance</b>		<b>Quarter 1</b>	<b>Quarter 2</b>	<b>Quarter 3</b>	<b>Quarter 4</b>
		(Jan-Mar)	(April-June)	(July-Sept)	(Oct-Dec)
Opening Balance		4,034,161.91	3,311,505.03	4,183,846.32	4,400,413.37
<b>Revenue</b>					
GoPNG (DoT) - Budget Allocation		-	1,300,000.00	1,700,000.00	
Deposits - Cash / Cheques		-		9,598.50	74,640.98
Dishonoured Cheques		-			
Rounded off to eas		- 0.73	-		0.03
<b>Total Income</b>		<b>- 0.73</b>	<b>1,300,000.00</b>	<b>1,709,598.50</b>	<b>74,640.95</b>
<b>Code Expenses</b>					
<b>Personal Emoluments (PE)</b>					
211000	Salaries & Allowances	93,121.64	116,532.85	96,279.06	174,151.47
214000	Leave Fares	4,214.60	10,887.80	8,522.40	14,460.00
215000	Entitlement Benefits	10,733.45	-	-	-
<b>Goods &amp; Services (G&amp;S)</b>					
222000	Travel & Subsistence	23,464.59	40,700.00	874,394.68	44,414.57
223000	Office Materials and Supplies	3,248.30	2,299.95	17,734.00	211.20
225000	Transport & Fuel	18,677.54	7,740.82	46,064.58	28,705.39
228000	Training	-	-	-	-
233000	MV Routine Maintenance	5,989.50	2,694.20	26,787.15	15,994.95
233000	Conference & Meeting Hire	8,509.00	4,795.00	2,998.90	17,584.00
251000	Membership Fees / Subscription	4,516.10	-	20,088.00	-
251000	Marketing / Advertisement	62,870.00	48,547.00	93,866.09	252,504.89
227000	Superfund Contributions	27,724.14	32,818.94	30,049.81	13,048.28
227000	Consultancy Services	371,096.50	126,901.06	222,717.65	-
227000	Group Tax (Payroll)	66,801.15	29,657.79	48,320.13	64,763.25
227000	Bank Fees	327.00	202.50	386.00	267.97
<b>Capital Formation</b>					
271000	Office Furniture & Equipment	21,362.64	3,880.80	4,823.00	-
<b>Total Operating Expenses</b>		<b>722,656.15</b>	<b>427,658.71</b>	<b>1,493,031.45</b>	<b>626,105.97</b>
<b>CLOSING BALANCE</b>		3,311,505.03	4,183,846.32	4,400,413.37	3,848,948.35
<b>Note:</b>					
Total Operational funds as per the bank statement dated 31-DECEMBER-2021 is:		3,904,679.20			
Total Operational funds as per the books dated 31-DECEMBER-2021 is:		3,904,679.20			
Difference is cheques unrepresented at the bank:					

Table 21 Total cost of implementation



**Annex I: Detailed Financial Report on Use of Funds  
as at 31-December-2021**

Items purchased for OUTREACH AWARENESS - Communications / Media  
Funded under EXXONMOBIL SUPPORT GRANTS

Payment Date	Cheque Number	Vendor/Payee	Receipt Number	Description of Expense	Amount (PGK) GST Inclusive
24-May	001762	Graphos Ltd T/A Biz Print	Receipt # 14509	1 x Pull Up Banner (Design: Summary Activity & Milestone) for EITI Commission Bill Regional Consultations	638.00
24-May	001763	Color Studios	Receipt # CS 0359	1 x Pull Up Banner (Design: Policy & Legislation) for EITI Commission Bill Regional Consultations	605.00
24-May	001764	Designer Zucco Ltd	Receipt # 0452	1 x Pull Up Banner (Design: Multi-Stakeholder Group - Logos)	660.00
23-Aug	001867	Government Printing Office	Receipt # 383704 / DKT 5494	Printing & copies of PNGEITI National Policy x 400 books and Brochures x 1600pcs for the Southern Regional Consultations on PNGEITI Commission Bill	8,588.00
30-Aug	001868	Government Printing Office	Receipt # 383792 / DKT 5494	Printing & copies of 400 pcs x PNGEITI Fact Sheets on EITI Journals, and 400 pcs x Fact Sheets on Policy & Legislation Summary Activities for the Southern Regional Consultations on PNGEITI Commission Bill	3,975.99
30-Aug	001870	Reel Productions	Receipt # 031/2021Rp	First 50% payment for Production of PNGEITI Promotional Video for 10 minutes on Milestones 1&2 of the Signed Contract from 11/8 to 07/9.	15,150.00
19-Oct	001885	Reel Productions	Receipt # 032/2021Rp	Second 40% payment for Production of PNGEITI Promotional Video for 10 minutes on Milestones 3 of the Signed Contract from 11/8 to 07/9.	12,120.00
17-Nov	001902	Reel Productions	Receipt # 038/2021Rp	Third and final 10% payment for Production of FINAL PNGEITI Promotional Video for 10 minutes on Milestones 4 and the project completion report of the Signed Contract from 11/8 to 07/9.	3,030.00
17-Nov	001908	Rayya Investments Ltd	Receipt # 2359	Promotional Items (caps, tote bags & face masks) for Outreach Awareness Activities	14,740.00
17-Nov	001911	Theodist Limited	Receipt # 0821102	4 x rollup/hanging banner single sided and 4 x double sided rollup banner with carry bag.	5,610.00
17-Nov	001912	Color Studios	Receipt # 0649	1 x Banner setp & repeat 2m x 3m -canvas	3,960.00
17-Nov	001913	Word Publishing	Receipt # 48	1 copy only x word translation on Gender Training Materials from English to Tokplsin.	1,980.00
Total Expense					71,056.99
Total Fund received (17-Dec-2020):					70,000.00
Total Fund received (27-Oct 2021):					30,000.00
Total Balance:					28,943.01

  
Prepared by:  
Naorhi Pulpul  
Finance & Admin Officer

  
Reviewed and endorsed by:  
Mr. Lucas Alkan  
Head of National Secretariat

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Papua New Guinea

## **ANY ADDITIONAL COMMENTS**

The level of commitment and expanded funding underscores 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.

## **9. 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 will be posted on the PNGEITI website. It is also intended that the progress report will be released in the local newspapers by the Chairman of the PNGEITI MSG (Minister for Treasury).

## 10. MULTI-STAKEHOLDER GROUP 2021 MEETING RECORDS

Meeting	Meeting 01/2021	Meeting 02/2021	Meeting 03/2021
Date	Monday, 05 July 2021	Friday 27 August 2021	Wednesday, 15 December 2021
Meeting Duration	10:00 AM – 1:30 PM	10:00 AM- 12:50 PM	10:00 AM – 12:15 PM
Location	Treasury Building Level 5 Conference Room	Treasury Building Level 5 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; Lucas Alkan (PNGEITI National Secretariat)
Government	Channan Kumalau – Department of Petroleum & Energy (DPE) Jimmy Haumu – Department of Petroleum & Energy (DPE) Vicky Coleman – Department of Petroleum & Energy (DPE)	Christy Tende – Department of Treasury (DoT) Samuel Tobung – Department of Petroleum & Energy (DPE) Chanan Kumalau – Department of Petroleum & Energy (DPE)	Channan Kumalau – Department of Petroleum & Energy (DPE) Arnold Lakamanga – Mineral Resources Authority (MRA) - online Christy Tende – Department of Treasury (DoT) Gilmister Ben – Department of Treasury (DoT) Albert Kenny – Internal Revenue Commission (IRC) Nancy Kavu – Conservation & Environment Protection Authority (CEPA) - online
Industry	Professor Albert Mellam – PNG Chamber of Mines & Petroleum (PNG CMP) Leah Warupi-Morlin – PNG Chamber of Mines & Petroleum (PNG CMP) Samuel Koyama – Exxon Mobil PNG Limited (EMPL) - online	Professor Albert Mellam – PNG Chamber of Mines & Petroleum (online) Leah Warupi-Morlin – PNG Chamber of Mines & Petroleum (online) Samuel Koyama – Exxon Mobil PNG Limited (EMPL) - online Kepas Wali – Harmony Gold (PNG) Exploration Limited	Professor Albert Mellam – PNG Chamber of Mines & Petroleum (PNG CMP) online Osbourne Karmie – Kumul Petroleum Holdings Limited (KPHL) – online Malcom Negints – Kumul Petroleum Holdings Limited (KPHL) – online Fabian Kuias – Kumul Petroleum Holdings Limited (KPHL) – online

	<p>Richard Kassman – Total Energies EP PNG Limited &amp; President of PNG CMP - online</p> <p>Kepas Wali – Harmony Gold (PNG) Exploration Limited - online</p> <p>Cornelius Soagai – Oil Search (PNG) Limited - online</p> <p>Osbourne Karmie – Kumul Petroleum Holdings Limited (KPHL) – online</p> <p>Malcom Negints – Kumul Petroleum Holdings Limited (KPHL) – online</p> <p>Vele Rupa – Mineral Resources Development Company (MRDC) - online</p> <p>Anna Madgwick – Newcrest Mining Limited (NML) – online</p> <p>Harold Duigu – Ok Tedi Mining Limited (OTML) - online</p>	<p>Harold Duigu – Ok Tedi Mine Ltd</p> <p>Fairlilyn Aiwa – Mineral Resources Development Company (MRDC)</p>	<p>Joshua Kais – Newcrest Mining Limited (NML) online</p> <p>Harold Duigu – Ok Tedi Mining Limited (OTML) – online</p> <p>Richard Kassman - Total Energies EP PNG Limited (online)</p> <p>Kakra Koram - Total Energies EP PNG Limited (online)</p> <p>Maryline Santina - Total Energies EP PNG Limited (online)</p>
CSO	<p>Paul Barker – Institute of National Affairs (INA)</p> <p>Arianne Kassman – Transparency International PNG (TIPNG) - online</p> <p>Barbara Ruin – Transparency International PNG (TIPNG) - online</p>	<p>Arianne Kassman – Transparency International PNG (TIPNG)</p> <p>Paul Barker – Institute of National Affairs (INA)</p>	<p>Paul Barker – Institute of National Affairs (INA) – online</p> <p>Wallis Yakam –Consultative Implementation &amp; Monitoring Council (CIMC)</p> <p>Yuambari Haihuie – Transparency International PNG (TIPNG)</p> <p>Lloyd Kombe – Transparency International PNG (TIPNG)</p> <p>Andrea Marru – Transparency International PNG (TIPNG)</p>

			Jasmine Muarray – Transparency International PNG (TIPNG)
National Secretariat	Mr Lucas Alkan- Head of PNGEITI National Secretariat Mr Francis Diakon – Procurement Officer Mrs Naomi Puipui– Administration Officer Oliver Maingu- Stakeholder Coordinator Mrs Sonia Kenu-Becks; Mrs Naomi Puipui– Finance and Administration Officer, Media Content Writer Gedion Timothy– Media Officer	Mr Lucas Alkan- Head of PNGEITI National Secretariat, Mr Christopher Tabel- Deputy Head of National Secretariat, Oliver Maingu– Stakeholder Engagement Coordinator Mr Francis Diakon – Procurement Officer, Gedion Timothy– Media Officer Mrs Naomi Puipui– Finance and Administration Officer, Mrs Sonia Kenu-Becks; Media Content Writer Sarita Peai– Technical Officer	Mr Lucas Alkan- Head of PNGEITI National Secretariat, Mr Christopher Tabel- Deputy Head of National Secretariat, Oliver Maingu– Stakeholder Engagement Coordinator Mr Francis Diakon – Procurement Officer, Mrs Sonia Kenu-Becks; Media Content Writer Sarita Peai– Technical Officer
Observer/Development Partners	Dr. Wilfred Lus – World Bank (WB) - online Takihiro Yokota – JICA PNG Fiona Silo – JICA PNG Toyohiko Yogo – JICA Expert Team (online) Harumi Toyama – JICA Expert Team (online) Kenji Otsuka – JICA Expert Team (online) Leonard Catalon – Ernst & Young (EY) Matthew Savage – Ernst & Young (EY) online Paul Kiruwi – Kuna Taberia Kiruwi Accountants & Advisors (KTK) Mary Jane S. Valles – BDO PNG	Dr. Wilfred Lus – World Bank (WB) Shiro Otomo – JICA PNG Yoshio Chikimatsu – JICA PNG Amy Fitina – JICA PNG	Sakaro Takchi – JICA Head Quarters (GPD) online Reiko Kawaba – JICA Head Quarters (GPD) online Akira Fujiwara – JICA PNG (online) Takihiro Yokota – JICA PNG (online) Alvin Mokavelaga – JICA PNG (online) Shiro Otomo – JICA Expert Team (online) Yoshio Chikamatsu – JICA Expert Team (online) Harume Toyama – JICA Expert Team (online) Amy Fitina – JICA Expert Team local consultant Leonard Catalone – Ernst & Young Rowina Belapuna – Ernst & Young (online)

			Paul Kiriwi - Kuna Taberia Kiruwi Accountants & Advisors (KTK) – online
Apologies	Stanley Komunt – Newcrest Mining Limited (NML) Ursula Pagiran – Ok Tedi Mining Limited (OTML)	Stanley Komunt – Newcrest Mining Limited (NML)	NA

Table 22 Multi-Stakeholder Group 2021 meeting records

Provisional Version Approved in principle by the PNG Extractive industries transparency Initiative Multi-Stakeholder Group.  
Date: **Friday 24<sup>th</sup> December 2022 during MSG TWG Meeting** in Port Moresby, Papua New Guinea