

Papua New Guinea 2018 Post-Validation Self-Assessment Workshop September 2020

Note: Following the conclusion of Papua New Guinea's Validation, the EITI Board decided that Papua New Guinea has made meaningful progress overall in implementing the EITI Standard. The EITI Board agreed for the following corrective actions to be undertaken by Papua New Guinea (PNG). Progress in addressing these corrective actions will be assessed in a second Validation commencing on 30th October 2020. 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>	<p>Inadequate</p>	<ul style="list-style-type: none"> ✓ PNG is required to publicly disclose information related to the award or transfer of mining tenements and oil and gas licenses pertaining to companies covered in the EITI Report. ✓ This information should include the number of mining tenements and oil and gas licenses awarded and transferred in the year under review, a description of the award and transfer procedures, including specific technical and financial criteria assessed, and any non-trivial deviations from statutory procedures in practice. 	<p>Issues</p> <ul style="list-style-type: none"> ✓ DPE had reported delay in information disclosure due to internal & administrative issues, particularly in relation to information/data authentication and endorsement by the Head/Secretary of DPE. ✓ Non-existence of online database with DPE continues to be a hurdle. DPE yet to identify appropriate data portal to upload data/reports for the purposes of EITI. ✓ DPE database – revenue, production and licencing, are still standalone, which hinders data generation/collation. ✓ No clear format/design to use by DPE to disseminate the required information and to avoid confusion amongst the public at large. ✓ DPE has no strategic plan to guide and track the progress of the corrective actions that they are responsible to implement. ✓ Reporting format/design is too complex and areas of concern needs to be rectified to capture appropriate information and for ease of public understanding. Data/report disclosed must have clear context and be understood by the public. ✓ Timing is an issue in terms of meeting the EITI requirement (public disclosure) in time for the second validation. However, DPE is still optimistic in meeting this deadline ✓ Due to covid-19, pandemic & disruption to work flow [lockdowns restrictions], not much work has been progressed but to allow validation to proceed in October as scheduled. <p>Updates</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. [It is one of the five (5) focus areas of the JICA project.]</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')</p>

			<p>status likely to be met in the FY2019 Report. Improved reporting is emphasized in the FY2019 Report, disclosure of license allocation. https://portal.mra.gov.pg</p> <p>The DPE website www.petroleum.gov.pg is up & running however, only licence map information https://petroleum.gov.pg/wp-content/uploads/2020/07/PNG-PET-LIC-Map-JUN-2020.pdf 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 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>Resolutions</p> <ul style="list-style-type: none"> ✓ 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. ✓ 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. ✓ For a permanent solution to addressing this issue, DPE to draft a long-term strategic mitigation plan to address information gap and information disclosure. ✓ DPE to consult EY on the design/presentation of information, which is to be captured in the FY2019 Report and to be uploaded on DPE website. ✓ JICA 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. <p>Timeline-Prior to submission of Validation Template and FY2019 Report.</p>
<p>License Register (#2.3)</p> <p>*Concerned Agencies:</p>	<p>Meaningful</p>	<ul style="list-style-type: none"> ✓ PNG should maintain a publicly accessible register or cadastre system(s), including comprehensive information on licenses for all oil, gas and mining companies. ✓ In the interim, PNG should ensure that information set 	<p>Issues</p> <ul style="list-style-type: none"> ✓ 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). ✓ Non-existence of online database with DPE continues to be a hurdle. At the moment DPE database – revenue, production and licencing, are still standalone.

<p>(MRA/DPE/JICA/EY)</p>		<p>out under EITI Requirement 2.3.b is publicly accessible for all mining, oil and gas companies.</p>	<ul style="list-style-type: none"> ✓ 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. <p>Updates</p> <ul style="list-style-type: none"> ✓ [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 (24th Oct 2019) MRA & 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 & 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 www.petroleum.gov.pg. 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 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>Resolutions</p> <ul style="list-style-type: none"> ✓ 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. ✓ 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 & 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. ✓ 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. ✓ 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. ✓ Comprehensive description of what data is available and what can be done in the subsequent period –document process in the FY2019 Report <p>Timeline-Prior to submission of Validation Template and FY2019 Report.</p>
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<p>State Participation (#2.6)</p> <p>*Concerned Agencies: (KPHL/OTML/EY)</p>	<p>Meaningful</p>	<ul style="list-style-type: none"> ✓ PNG should clearly establish its definition of SOEs to delineate the SOEs within the scope of EITI reporting and ensure that a comprehensive list of state participation in the extractive industries, including terms associated with state equity and any changes in the year under review, be publicly accessible. ✓ PNG must also clarify the rules and practices governing financial relations between all SOEs, including their subsidiaries, and the state, including the existence of any loans or guarantees extended by the state, or SOEs, to extractives companies or projects. 	<p>Issues</p> <ul style="list-style-type: none"> ✓ Timeliness and disclosure of audited financial statement for SOEs and govt. agencies continue to affect comprehensiveness and disclosure in reporting. ✓ The main issue here is compliance from SOEs in reporting the data requested/required on time. ✓ Information confidentiality is also becoming an issue on disclosure of audited financial statements for the purposes of EITI reporting. <p>Updates</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 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>Resolution</p> <ul style="list-style-type: none"> ✓ Early participating of SOE entities is necessary to compile adequate and correct reports/data for the purposes of EITI reporting. ✓ IA to indicate which reporting entities to report what type of data. IA is also required to specify the type of data and reporting template to capture the required information. ✓ Reporting entities to adhere to their commitments for the purposes of EITIT as per the NEC directions 91/2017 on the corrective items. <p>Timeline – During Submission of EITI Templates and prior to submission of the FY2019 Report</p>
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<p>Production Data (#3.2</p> <p>*Concerned Agencies: (MRA/DPE/JICA/EY)</p>	<p>Inadequate</p>	<p>✓ 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 review be publicly accessible, disaggregated by commodity.</p>	<p>Issues</p> <p>DPE is yet to be hook-up on to the central database system. DPE database system is still standalone, for production, revenue & 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 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>Updates</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. [It is one of the five (5) focus areas of the JICA project.]</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 & Gas;</i></p> <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>
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<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>Issues</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>Updates</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>Resolutions</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 & 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 & DPE to access & 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"> ✓ 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. ✓ 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. ✓ In accordance with Requirement 8.3.c.i, the MSG should develop and disclose an action plan for addressing the deficiencies in comprehensiveness of 	<p>Issues</p> <ul style="list-style-type: none"> ✓ IA to clarify & specify which reporting entities for IRC to extract information from for the purposes of EITI since industry payments especially for SWT [Salary Wage Tax] are aggregated across all projects for Oil & Gas [Oil Search & Exxon Mobil]. ✓ Lack of capacity by AGO or internal audit teams from entities to have their annual reports audited in time for purposes of EITI reporting. ✓ IA yet to disaggregate materiality payments of all extractive companies causing delay in data compiling. ✓ IA also raised concerns in relation to GloCo in terms of tax payments to the State/Government. ✓ CEPA to consult Deloitte to further clarify variances as well the data reported in 2018 report. Updates to be provided to IA for inclusion in the appendix. ✓ Mine closure bond fees not collected by CEPA at the moment due to internal administration issues (instruments not in place). CEPA to provide update to IA. <p>Updates</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. [It is one of the five (5) focus areas of the JICA project.] 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>reporting documented in the initial assessment.</p>	<p>Resolutions</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> <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 & 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>Timeline – During Submission of EITI Templates and prior to submission of the FY2019 Report</p>
<p>SOE Transactions (#4.5)</p> <p>*Concerned Agencies: (KPHL/OTML/EY)</p>	<p>Meaningful</p>	<ul style="list-style-type: none"> ✓ PNG should undertake a comprehensive assessment of transactions between extractives SOEs (and their subsidiaries) and mining, oil and gas companies, as well as between the extractives SOEs (including their subsidiaries) and government in its scoping for future EITI Reports. ✓ All SOEs collecting material revenues or making material payments to government should be included in future EITI reporting. 	<p>Issues</p> <ul style="list-style-type: none"> ✓ Discussion and issues identified are in line with discussions/notes highlighted in requirement #2.6. <p>Updates</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 5-6 months since the starting date of the project in April 2020. The implementation of the project will commence in 2021.</p> <p>Resolutions</p> <ul style="list-style-type: none"> ✓ Early participating of SOE entities is a must to compile adequate and correct reports/data ✓ 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. ✓ Reporting entities to adhere to their commitment for the purposes of EITIT as per the NEC directions on the corrective items.

			<p>Timeline – During Submission of EITI Templates and prior to submission of the FY2019 Report</p>
<p>Direct Sub-national Payments (#4.6)</p> <p>*Concerned Agencies: (MRDC/DoT/EY)</p>	<p>Inadequate</p>	<ul style="list-style-type: none"> ✓ PNG should establish whether direct subnational payments (to government entities) by extractives companies are material. ✓ Where material, PNG is required to ensure that direct subnational payments are reconciled between company payments and subnational government entities' receipts. ✓ Given widespread confusion, yet vivid interest among stakeholders from all constituencies over extractives revenue flows accruing to subnational governments, PNG should consider mapping out subnational revenue flows associated with each individual extractive project, drawing on results from the scoping study on subnational revenue flows being prepared in 2018. 	<p>Issues</p> <ul style="list-style-type: none"> ✓ 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. ✓ 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 Distribution of Extractive Industry Revenues. However, through 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>Updates</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 & 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 was misleading to the public, thus needed some work to get the correct information published for public consumption.</p> <p>Resolutions</p> <ul style="list-style-type: none"> ✓ 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.

			<ul style="list-style-type: none"> ✓ MRDC clearly stated that it was not directly responsible for the Sub-national payments in the requirements mentioned and that DPE should be the right entity to provide reports on this. ✓ MRDC can only provide reports on payments made to landowner companies ✓ MRDC legal team 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. <p>Timeline – During Submission of EITI Templates and prior to submission of the FY2019 Report</p>
<p>Data quality (#4.9)</p> <p>*Concerned Agencies: (AGO/JICA/EY)</p>	<p>Inadequate</p>	<ul style="list-style-type: none"> ✓ 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 Administrator agreed by the EITI Board, the MSG and Independent Administrator should: <ul style="list-style-type: none"> ✓ 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 	<p>Issues</p> <ul style="list-style-type: none"> ✓ Some government entities are still dragging behind in terms of auditing resulting in lack of credibility of financial data provided. ✓ Although there has been an improvement in compliance in submitting signed templates (91%), not all data included are audited. ✓ Entities not on IFMS needs to individually consultant to audit their books ✓ 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&2019. <p>Updates</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. [It is one of the five (5) focus areas of the JICA project.] Continuous coordination with AGO will enable updates regarding status of audit of Government and SOE accounts.</p> <p>Resolutions</p> <ul style="list-style-type: none"> ✓ IA will provide AGO with guidelines of the process to do revenue testing so it’s faster. ✓ Timeline for IA is October but will provide extension with regards to accessing information. ✓ National Secretariat to inform reporting entities participating in the EITI reporting through the MSG of this revenue testing arrangement with the AGO.

		<p>limitations of the assessment provided.</p> <ul style="list-style-type: none"> ✓ 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 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. ✓ 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. 	<ul style="list-style-type: none"> ✓ 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. ✓ 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. ✓ Possible engagement with IFMS to capture certain aspects of revenue reporting (receipts/payments), especially for reporting entities (Govt. entities). Which do some of the reporting entities such as DPE implement. ✓ Validation TWG resolve to engage an independent consultant to scope or do a feasibility study on how to assist AGO on updated audits reports for government agencies and SOEs. ✓ For future EITI reporting purposes, NS and IA to engage with AGO to look into areas of revenue testing by AGO for govt. agencies in the extractive sector. ✓ 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). <p>Timeline – During Submission of EITI Templates and prior to submission of the FY2019 Report</p>
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<p>Distribution of Extractive Industry Revenues (#5.1)</p> <p>*Concerned Agencies: (MRDC/DoT/IRC/EY)</p>	<p>Inadequate</p>	<ul style="list-style-type: none"> ✓ PNG should clarify which extractive revenues are recorded in the national budget. ✓ Where revenues are not recorded in the national budget, the allocation of revenues should be explained, with links provided to relevant financial reports. 	<p>Issues</p> <ul style="list-style-type: none"> ✓ 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. ✓ There is a need for additional information to be included in the FY2019 Report. <p>Updates</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>Resolutions</p> <ul style="list-style-type: none"> ✓ IRC & DoT to work closely with IA to provide sufficient narration in the FY2019 Report. <p>Timeline – During Submission of EITI Templates and prior to submission of the FY2019 Report</p>
<p>Subnational Transfers (#5.2)</p> <p>*Concerned Agencies: (MRDC/EY)</p>	<p>Inadequate</p>	<ul style="list-style-type: none"> ✓ 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. ✓ The MSG should also disclose any discrepancies between 	<p>Issues</p> <ul style="list-style-type: none"> ✓ 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] ✓ 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 & Gas Act. ✓ DPE & 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. <p>Updates</p>

		<p>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.</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 & Local Level Govts. and LO groups).</p> <p>Resolutions</p> <ul style="list-style-type: none"> ✓ MRDC clearly stated that it was not directly responsible for the Sub-national payments in the requirements mentioned and that DPE should be the right entity to provide reports on this. ✓ MRDC can only provide reports on payments made to landowner companies ✓ MRDC legal team 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. <p>Timeline – During Submission of EITI Templates and prior to submission of the FY2019 Report</p>
<p>Mandatory social expenditures (#6.1)</p> <p>*Concerned Agencies: (NS/EY)</p>	<p>Meaningful</p>	<ul style="list-style-type: none"> ✓ 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. 	<p>Issues</p> <ul style="list-style-type: none"> ✓ Disclosure that is more comprehensive is required in compliance with the EITI Standard. <p>Updates</p> <ul style="list-style-type: none"> ✓ Most of the corrective actions were implemented & 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. <p>Resolutions</p> <ul style="list-style-type: none"> ✓ Require all reporting entities to provide more comprehensive information about mandatory social expenditures. <p>Timeline – During Submission of EITI Templates and prior to submission of the FY2019 Report</p>

<p>SOE quasi-fiscal expenditures (#6.2)</p> <p>*Concerned Agencies: (KPHL/OTML /EY)</p>	<p>Inadequate</p>	<ul style="list-style-type: none"> ✓ PNG should undertake a comprehensive review of all expenditures undertaken by extractives SOEs (and their subsidiaries) that could be considered quasi-fiscal. ✓ PNG should develop a reporting process with a view to achieving a level of transparency commensurate with other payments and revenue streams and should include SOE subsidiaries and joint ventures. 	<p>Issues</p> <ul style="list-style-type: none"> ✓ Information provided by the responsible reporting entities is not adequate in the FY2018 Report. ✓ Discussion and issues identified are in line with discussions/notes highlighted in requirement #2.6 'State Participation' and requirement #4.5 'SOE Transactions'. <p>Updates</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>Resolutions</p> <ul style="list-style-type: none"> ✓ Issues highlighted are currently been addressed through the scoping study. ✓ NS & IA are trying to involve the reporting entities in the early process of data/report compilation <p>Timeline – During Submission of EITI Templates and prior to submission of the FY2019 Report</p>
<p>Outcomes and impact of implementation (#7.4)</p> <p>*Concerned Agencies: (NS)</p>	<p>Meaningful</p>	<ul style="list-style-type: none"> ✓ 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. ✓ The MSG should ensure that all stakeholders, including 	<p>Issues</p> <ul style="list-style-type: none"> ✓ Most of the corrective actions under this requirement had been addressed in the FY2018 Report hence no major issues for this year 2020. <p>Updates</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>

		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.	Timeline – During Submission of EITI Templates and prior to submission of the FY2019 Report
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