

PNG EXTRACTIVE INDUSTRIES TRANSPARENCY INITIATIVE (PNGEITI) 2018 WORK PLAN

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

RATIONALE: The PNGEITI National Secretariat now has the required number of staff on strength to execute the tasks outlined in this Work Plan. However, there is a need for capacity building and training on EITI Standard and Requirements for staff and the MSG. Capacity building in relation to training staff and members of the MSG to understand the process, issues, strategies, and alignment of a shared vision to implement EITI Standard in the country. There is also a need to upskill and build technical knowledge of current membership of the MSG to enhance their capacity to provide an effective oversight, direction and management of EITI implementation in the country.

GOVERNANCE RELATED CHALLENGES: 1. Lack of commitment and involvement in EITI activities, including attendance at MSG meetings by some key government agencies. 2. Lack of capacity by some members of the CSOs to understand technically complex issues and effectively contribute to the discussions at the MSG level. 3. Since EITI implementation is a voluntary activity, it has been difficult to get MSG members to remain committed to attend MSG meetings, Technical Working Group (TWG) meetings and other organised activities because of lack of incentives and other interests. 4. There has been some difficulties in extending MSG membership to cover other key State entities because of their own priorities and interest areas. 5. There is still a need to achieve some balance in the decision making process at the MSG level. Sometimes critical decisions on key issues affecting the extractive sector are not debated or discussed by all stakeholders before reaching a consensus but left to one or two individuals to dominate discussions and influence the outcomes or get the agendas endorsed. 6. Lack of knowledge on the EITI Standard and Requirements and general understanding on the performance of the extractive sector is still a challenge. There is also lack of adequate knowledge and understanding on the Fiscal and Taxation regime governing this sector by staff of the National Secretariat and some members of the MSG which is still a challenge.

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

ACTIVITIES	TARGETED OUTCOME	RESPONSIBLE ENTITY	TIMELINE	ESTIMATED COST (PNGK)	FUNDING SOURCE
1.1 CAPACITY BUILDING ACTIVITIES FOR NATIONAL SECRETARIAT OFFICE AND THE MSG					
<i>The outcome of this sub-objective is to achieve a fully functional and independent entity that is capable of supporting the MSG in carrying out its functions and responsibilities in an effective and efficient manner. Also to have a MSG that is experienced and knowledgeable on global EITI Standards, Requirements and its applicability in the context of PNG's extractive sector.</i>					
1. Provide training and skills development for National	Fulfil skills and knowledge gaps through internal and external training programs for	National Secretariat	On-going	K100,000	JICA

Secretariat staff and MSG members	Secretariat staff for a fully functional office and the MSG for its effective oversight function				
2. Maintenance, upgrade and modernisation of PNGEITI National Secretariat Website	Maintain a reliable PNGEITI website at all times that can be easily accessed by anybody	National Secretariat	On-going	K20,000	GoPNG
3. Engagement of a Short Term Consultant/resource person (External Consultant) for PNGEITI MSG and National Secretariat capacity building	Achieve a National Secretariat office that is capable of delivering the programs and activities as required by the MSG and the annual work plans. Also to ensure that skills, knowledge and technical capacities of Secretariat staff and MSG members on EITI Standard and requirements are enhanced for effective EITI implementation in the country. Further, to support Secretariat's efforts in engaging with reporting entities, especially with State Owned Entities (SOEs) and key government departments	National Secretariat, MSG	February to December 2018	K100,000	JICA
4. Engagement of Short-Term consultant (local) on EITI National Policy Development & Legislation to address barriers to full EITI implementation	To establish a National EITI Policy and a Legislative Framework to provide better direction and govern the extraction and management of wealth generated from extractive activities. Outcome to be in the form of a draft EITI National Policy and Legislation.	National Secretariat, MSG, TWG	January to December 2018	K500,000	GoPNG
5. Implementation of activities listed in the Beneficial Ownership (BO) Roadmap. <i>The Roadmap containing specific list of activities are attached in this Work Plan as Annex 3)</i>	To continue implementing the remaining activities during this second year of implementation. This is to ensure that all activities are fully implemented by the due date of December 2019 for BO reporting in the year 2020.	National Secretariat, MSG TWG, Roadmap Implementation Manager (RIM)	January 2018 to December 2019	K150,000 (K300,000 for 2 years)	World Bank

6. PNGEITI National Secretariat and MSG to attend relevant International Meetings, Conferences, Workshops and events	To fulfil PNG EITI membership requirements as a candidate country in attending to international obligations. Also to ensure PNG is represented at these events as an EITI implementing country to learn from and share global best practices and experiences with other EITI countries.	National Secretariat, MSG	On-going and including EITI International Conferences	K150,000.00	GoPNG, EITI International Secretariat
7. PNGEITI National Secretariat to organise Internal/in-country meetings, conferences, workshops and events	To achieve satisfactory implementation of EITI activities and to sustain and build on the progress made in the country	National Secretariat, MSG	Ongoing	K211,500	GoPNG
8. Payment of annual membership subscription fee to EITI International Secretariat	To renew and maintain PNG's membership to this global organisation	National Secretariat		K40,000.00 (USD10,000)	GoPNG
9. Maintain PNGEITI National Secretariat operational and administrative activities. (Purchase of computers, equipment, project vehicle, stationeries, utilities, etc) Also, staff salaries and wages, taxes, superannuation contributions, bank charges and fees, etc.	To maintain an efficient and independent functioning entity that can be relied on by the MSG	National Secretariat	On-going	K1,017,800.00 (HR/Admin – K813,900.00, Operations – K200,000.00 (World Bank project vehicle) Financial – K3,900)	GoPNG, World Bank

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

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

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

transactions and accountability. The EITI process is a tool that is intended to facilitate data collection, processing and documentation that can minimise some of these information gaps.

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

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

ACTIVITIES	TARGETED OUTCOME	RESPONSIBLE ENTITY	TIMELINE	ESTIMATED COST (PNGK)	FUNDING SOURCE
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2.1 PUBLISH THIRD AND FOURTH PNGEITI REPORTS (FY2015 and 2016 REPORTS)

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

1. Produce summary of the findings and recommendations from the PNGEITI third and fourth Reports and an overview of the issues to be focused in the fifth Report. This is also covered in Objective 6 of this Work Plan that is intended to monitor EITI Report implementation commencing with the first EITI Report (FY 2013 Report) <i>Also, refer to NEC Policy Directive attached as Annex 1. Annex 2 is</i>	To highlight key policy issues from the third and fourth Reports in increasing transparency and accountability that is credible and comprehensible by all stakeholders and the public. This can contribute to further policy and legislative reforms in the sector	National Secretariat, MSG	February 2018	K50,000	GoPNG
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<i>a matrix that provides an update on the implementation of first report recommendations as of January 2018)</i>					
2. Printing and publicity of 2015 and 2016 EITI Reports	To promote transparency through awareness and public understanding on the outcome/findings of PNGEITI first and second reports and progress updates on their implementation and provide an awareness on the third and fourth reports recommendations.	National Secretariat	February 2018	K200,000 (2015 Report – K80,000 (2016 Report – K80,000 (Executive summaries – K40,000)	GOPNG
3. Conduct public awareness, publicity and outreach programs for PNGEITI third and fourth reports through social media – print media, advertisements, pamphlets, brochures, conferences, press releases and visits to regional centres through-out the country	To promote transparency through increased awareness and public understanding on the outcome and findings of PNGEITI first and second reports and updates on their implementation. At the same time provide an awareness on the third and fourth reports recommendations.	National Secretariat, CSOs	January 2018 and onwards	K100,000	GoPNG, World Bank
4. Commence procurement (call for Expression of Interests) and tendering process for the fifth PNGEITI Report (FY 2017 Report)	To fulfil EITI membership of publishing annual EITI Reports to continue to promote transparency and accountability and enable public debates on extractive sector issues. Secondly, to ensure that the outcomes of these reports are translated into actual reforms to improve sector management.	National Secretariat, MSG	February 2018	K10,000	GoPNG
5. Hiring of an IA to analyse government and industry data for the fifth (FY 2017) EITI Report	To engage the IA through an open tender or selective tender process to achieve the outcome as referred to in activity #3 above).	National Secretariat, MSG	March 2018	K500,000	GoPNG

6. MSG to approve the scope (level of disaggregation, materiality threshold, etc) of the Fifth EITI Report. This is part of activity 4 above.	To maximise transparency in the extractive sector as much as possible, building on from what were reported in the third and fourth PNGEITI Reports	National Secretariat, MSG, Independent Administrator (IA)	June, 2018	IA project budget	Independent Administrator (IA)
7. Inception Report - IA to develop reporting templates, review scoping report to understand PNG Context, governance arrangements, tax policies and legal framework. This is part of activity 4 above.	To maximise transparency and accountability in the extractive industry, building on from what was covered in the third and fourth PNGEITI Reports	Independent Administrator (IA), MSG, National Secretariat	July 2018	IA project budget	Independent Administrator (IA)
8. IA to conduct training on reporting templates for reporting entities (government entities and companies) for the fifth report	To maximise transparency and accountability in the extractive industry, building on from what was covered in the third and fourth PNGEITI Reports	Independent Administrator (IA), MSG and National Secretariat	August 2018	IA project budget	Independent Administrator (IA)
9. Submission of 2017 reporting templates	To maximise transparency and accountability in the extractive industry, building on from what was covered in the third and fourth PNGEITI Reports	Government agencies and companies	August 2018	IA Project budget	Independent Administrator (IA)
10. Release of draft PNGEITI fifth report to MSG	To maximise transparency and accountability in the extractive industry as much as possible, building on from what was covered in the first, second, third and fourth Reports	Independent Administrator (IA)	September 2018	IA Project budget	Independent Administrator (IA)
11. PNGEITI Final Report released to MSG	To maximise transparency and accountability in the extractive industry, building on from what was covered in the first, second, third and fourth Reports PNGEITI Reports	Independent Administrator (IA)	October 2018	IA Project budget	Independent Administrator (IA)
12. PNGEITI fifth (FY2017) Report launching and printing	To maximise transparency and accountability in the extractive industry,	Independent Administrator (IA),	December 2018	K300,000	GoPNG

	building on from what was covered in the first, second, third and fourth Reports	MSG and National Secretariat		(Launch – K100,000 & Print – K200,000)	
13. Implementation of recommendations from 2013, 2014, 2015, 2016 and preparation to implement 2017 EITI Report recommendations	Ensure actions are taken to implement recommendations from these reports to fulfil EITI objectives	National Secretariat, MSG	On-going	K100,000	GoPNG

2.2 VALIDATION ON PNGEITI'S FOURTH REPORT (FY 2016 REPORT)

The outcome of this sub-objective is to achieve increased transparency in the extractive industry in the country and a credible and comprehensive EITI Report that can easily be validated and that meets the EITI 2016 Standard and Requirements for PNG to be admitted as an EITI compliant country.

1. Preparation activities for validation of PNG's candidate membership to EITI	To ensure EITI implementation in PNG meets global EITI Standards and Requirements to realise its potential for becoming a compliant country	International Secretariat, PNGEITI National Secretariat, MSG	January 2018	K100,000	International Secretariat, GoPNG
13. Hire of a short term website Designer to upgrade PNGEITI Website to upload reports and other required documentations for validation	To ensure all documentations, including reports and other important files converted into electronic files and are uploaded onto the website in preparation for validation in April	National Secretariat	February – June 2018	K20,000	GoPNG
14. Employ a casual filing clerk to assist with locating files, scanning, compilation and documentations and creating files for validation purpose	To ensure both soft and hard copies of all correspondences done since PNGEITI's inception are located and made available in electronic formats (scanned, etc) for uploading onto the website for validation	National Secretariat	February – April 2018	K10,000	GoPNG

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

RATIONALE: Provincial Governments, Local Level Governments, landowners and people in the communities where natural resources are being extracted are not informed and are not able to debate and have their say on issues of concern. Necessary data and other contextual information relating to the extractive sector through EITI Reports should be made available in easily accessible formats that could be understood by ordinary people at community levels. These reports should empower the public to use them to engage in constructive debates, public forums and through other avenues to have their say in the exploitation, management and distribution of revenues and benefits derived from these resources. Transparency and accountability can be enhanced to a greater extent and good governance can prevail as a result of Government

adopting good public policies for management of the extractive sector. This can build trust and confidence among different stakeholders and create a better environment for further investments. Ensuring that funds generated from the extractive industries are spent in an accountable and transparent manner and are used for the purposes as mandated by law (through the budget process). If monies are to be paid to landowners in the affected communities, these should go straight to the intended beneficiaries.

The EITI reporting process provides an avenue for stimulating debates and discussions on these issues to bring about necessary policy and legislative reforms for better management of the extractives sector.

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

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

ACTIVITIES	TARGET OUTCOME	RESPONSIBLE ENTITY	TIMELINE	ESTIMATED COST	FUNDING SOURCE
<p>3.1 ENGAGE IN CARRYING OUT PROMOTIONAL AND EDUCATIONAL AWARENESS THROUGH VARIOUS MEDIUMS</p> <p><i>The outcome of this sub-objective is to maximise public understanding in the management of extractive industries</i></p>					
1. Preparation of statements and press briefings on PNGEITI activities, including workshops with media groups on EITI implementation activities	To enhance public awareness and understanding on the management of extractive industries in PNG	MSG, National Secretariat, CSOs, Industry	On-going	K100,000	GoPNG, World Bank
2. Conduct outreach, roadshows, dialogues, networking and training with relevant sectors:	Increased public awareness and understanding on the management of extractive industries in PNG	MSG, National Secretariat, CSOs (PNGRGC, INA, CIMC),	On-going	K340,000	GoPNG, World Bank

sub-national governments; churches; landowner groups; academics and industries on EITI implementation and report release. This activity will be undertaken in consultation with Civil Society Organisations through PNG Resource Governance Coalition (PNGRGC) supported by CIMC and INA		extractive industry companies, SOEs		(Publication – K100,000 Radio & TV placement – K200,000 Outreach & Roadshows – K40,000)	
3. Publication of educational reference materials, primers, articles on EITI and EITI implementation, online trainings and digital presentations	To enhance public awareness and understanding on the management of extractive industries in PNG	MSG, National Secretariat, CSOs and relevant government agencies	On-going	K100,000	GoPNG
5. Conduct workshops on Transparency and Data Management in the Extractives Sector. This is to be undertaken jointly with the PNGEITI and Queensland University	To deliver specifically designed workshops to develop skill gaps on resource sector data collection, storage, management and usage.	National Secretariat, QU and MSG	On-going	Donor funded	Australian Government through PGF
6. Engage a media consultant, freelance journalist to do content writing for regular media releases on EITI report outcomes, launching, newsletters, translation for EITI workshop materials, roadshows and other media activities	To enhance public awareness and understanding on the management of extractive industries in PNG	National Secretariat	January - June 2018	K50,000	GoPNG

OBJECTIVE 4:

STRENGTHEN REVENUE GENERATION AND COLLECTION THAT IS CONSISTENT WITH GOVERNMENT POLICY SETTING

RATIONALE: Ensure constant monitoring of the systems and processes of revenue collection so that revenues and other benefits are received by the Government as mandated by law. Any activities undertaken by the Government and industries that are inconsistent with the taxation laws and fiscal regime will constitute unsound

management and is not in the best interest of the country. This will result in government and industry officials held liable against their actions. To ensure this outcome, the First EITI Report reviewed the existing laws, regulations, systems and process governing the sector and recommend critical areas that required further reforms and amendments of current legislative frameworks to ensure greater transparency and accountability. These recommendations are being acted upon by respective by respective government agencies following a Cabinet directive (National Executive Council Decision No. 91/2017) to ensure implementation. An update matrix has been attached to this Work Plan as Annex 3.

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

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

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

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

ACTIVITIES	TARGETED OUTCOME	RESPONSIBILITY	TIMELINE	ESTIMATED COST	FUNDING SOURCE
4.1 ENSURE GOVERNMENT RECEIVES ALL REVENUES FROM THE EXTRACTIVE INDUSTRIES IT IS SUPPOSED TO RECEIVE					
<i>The outcome of this sub-objective is to ensure maximum benefits are derived from resources extraction in PNG</i>					
1. Act on recommendation from the third & fourth PNGEITI Reports. Many of these activities	For improved administrative, legislative systems and process and public policies governing the management and extraction	PNGEITI National Secretariat, MSG, relevant government	On-going	Operational budgets of National Secretariat,	Government agencies, National Secretariat

are to be undertaken by respective government agencies following earlier Cabinet directive as directed. PNGEITI National Secretariat and MSG can only play a facilitative role	of resources from the extractive sector. Also to enhance understanding and trust building among stakeholders (Government, Industry and civil society groups) to creating a conducive environment for further investments	agencies, National Parliament		Respective government agencies	
2. Engage a consultant to undertake a scoping study on implementing EITI Standard to sub-national levels of governments (provincial and local level governments) and landowner associations	To increase transparency and accountability of benefits flowing to provincial governments, districts, local level governments, landowners groups and associations and, empowering people at community levels to address issues that directly affect them	National Secretariat, MSG, PGF	January – August, 2018	Donor funded	Government of Australia through the Papua New Guinea Governance Facility (PGF)
3. Adoption of PNGEITI National Policy and Legislative Framework	Improved administrative and legislative systems and process and public policies governing the management and extraction of resources from the extractive sector. Also enhance understanding and trust building among stakeholders (Government, Industry and civil society) create a conducive environment for further investment. Legislating EITI activities in the country will ensure it has the legal basis to operate and sustain itself into the future	MSG, Relevant government agencies, National Secretariat	On-going	K500,000	GoPNG

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

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

ACTIVITIES	TARGETED OUTCOME	RESPONSIBLE ENTITY	TIMELINE	ESTIMATED COST (PNGK)	FUNDING SOURCE
1. Strengthening the capacity of CSOs to participate and	To empower and ensure CSOs play an active role in the MSG process and be	National Secretariat, MSG, CSO, EITI Consultants	On-going	National Secretariat operational budget	GoPNG, JICA

contribute effectively in the Multi-Stakeholder Group (MSG)	accountable to its wider CSOs operating in the country				
2. Strengthening the reporting and accountability capacities of industries in the reporting of payments to the Government	Ensure industries have an effective and efficient payment systems (preferably in EITI reporting formats) in place to record all material payments to the government, including sub-national levels of government and landowner groups, companies and associations.	National Secretariat, MSG, industry, EITI Consultants	On-going	National Secretariat operational budget	GoPNG, JICA
3. Strengthening the accountability of Government agencies in recording financial data from extractive payments and reporting of revenues and benefits received	Ensure relevant government agencies have an effective and efficient recording systems (preferably in EITI reporting format) in place to store data and to report on all material payments received. Also to ensure there is capacity in key State agencies to support EITI implementation and to enable them to address public policy and administrative issues in a systematic manner for the extractive sector	National Secretariat, MSG, relevant government agencies, EITI Consultant	On-going	National Secretariat operational budget	GoPNG
4. Improve monitoring mechanisms for transfer of revenues from the industry and government to sub-national levels of governments and landowner groups on Special Support Grants (SSGs), Infrastructure Development Grants (IDGs), Business Development Grants (BDGs), royalties, development levies, derivation grants, etc	Ensure relevant government agencies have an effective and efficient method of transferring funds and to store data and report all revenues paid out. Further, to ensure there is capacity in key agencies to support EITI implementation. Finally, for government agencies to effectively address public policy and administrative issues in the extractive sector.	National Secretariat, MSG, relevant government agencies, EITI Consultant	On-going	National Secretariat operational budget	GoPNG, JICA



OBJECTIVE 5: ENGAGEMENT OF STAKEHOLDERS TO EFFECTIVELY ADDRESS ISSUES AFFECTING PNG'S EXTRACTIVE INDUSTRIES

RATIONALE: Stakeholder's understanding on issues affecting the extractives sector is critical in enabling them to be fully engaged in public debates and discussions on matters of their interest and in bringing these into the domain of public policy making process. A consultative approach to public sector reforms, taxation, legislative, and policy reforms in the extractive sector is critical in building confidence and trust among stakeholders. This can have positive impact on public policy development and implementation. This approach creates a better environment for further investments in the sector. A participatory approach to decision making process in resources extraction and the use of revenues and other benefits to enhance transparency and accountability is critical in addressing the negative perception the public has on the management of the sector by the government.

GOVERNANCE RELATED CHALLENGES: 1. Management of different interests from stakeholder groups poses a challenge in this approach. 2. Extensive consultations among different stakeholders can be problematic and can derail or sabotage efforts to achieve good public policy reforms and amendments to laws and legislations governing the sector. 3. Some reform initiatives and policy changes could take a long while to achieve and would demand additional resources to achieve. 4. Persistent lack of institutional capacity in key state agencies to take a lead role in facilitating and driving stakeholder engagements is a challenge.

ACTIVITIES VERSUS CHALLENGES: All the activities listed below are intended to address the above governance related challenges. In situations where any unforeseen challenges arise, these may require specific actions to deal with these challenges.

ACTIVITIES	TARGETED OUTCOME	RESPONSIBLE ENTITY	TIMELINE	ESTIMATED COST (PNGK)	FUNDING SOURCE
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5.1 CREATING AN AVENUE FOR CONSULTATIVE APPROACH TO PUBLIC POLICY DEBATES IN THE EXTRACTIVE SECTOR

The outcome of this sub-objective is to adopt public policies that could culminate from consultative approach to policy making and policies that could be implemented successfully to address issues affecting the extractive sector. Furthermore, to ensure PNG has a vibrant taxation and fiscal regime governing the extractive sector that is fair, transparent and able to attract further investments.

1. Conduct quarterly and monthly meetings with the MSG, Technical Working Group (TWG), constituency members or as and when required consistent with the PNGEITI MSG MoU	To further advance the EITI implementation process in the country and pursue with implementation of EITI reports recommendations	MSG, National Secretariat	Quarterly	K120,000	GoPNG
2. Quarterly talk back shows with local radio stations	To bring about awareness of EITI implementation and gain support from the public and at the political level	MSG, National Secretariat	As and when required	National Secretariat operational budget	GoPNG

3. Attendance at in-country conferences, seminars and workshops	To bring about awareness of EITI implementation and gain support from the public and at the political level	MSG, National Secretariat, external consultants	As and when required	National Secretariat operational Budget	GoPNG
4. Regular Newspaper articles and forums	To provide regular updates on EITI implementation activities and bring out issues in the extractive sector for public consumption	National Secretariat	Monthly	National Secretariat operational budget	GoPNG
5. Production of quarterly PNGEITI Newsletter	Promote a transparent reporting of all EITI activities undertaken in the country	MSG and National Secretariat	Quarterly	K150,000	GoPNG

OBJECTIVE 6:

ENDEAVOUR TO FULLY IMPLEMENT PNGEITI REPORT RECOMMENDATIONS AS DIRECTED BY CABINET

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

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

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

ACTIVITIES	TARGETED OUTCOME	RESPONSIBILITY	TIMELINE	ESTIMATED COST	FUNDING SOURCE
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6.1 ENDEAVOUR TO FULLY IMPLEMENT PNGEITI REPORT RECOMMENDATIONS AS DIRECTED BY CABINET

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

<p>1. PNGEITI National Secretariat to develop a matrix to keep track on the implementation of report recommendations as directed by Cabinet with affected government entities. Refer to matrix update dated January 2018 attached to this Work Plan as Annex 3)</p> <p>Also, National Secretariat to provide regular updates on this implementation to the MSG at quarterly meetings.</p>	<p>To achieve an improved administrative and legislative systems and process and public policies governing the management and extraction of resources from the extractive sector. Enhance understanding and trust building among stakeholders (Government, Industry and civil society groups) to creating a conducive environment for further investment</p>	<p>MSG, relevant government agencies, National Parliament</p>	<p>January - December 2018</p>	<p>National Secretariat operational budget</p>	<p>GoPNG</p>
<p>2. The Policy TWG of the National Secretariat conducts regular follow up meetings with affected government entities to ensure these recommendations are being implemented. If there 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.</p>	<p>To speed up the process of EITI Reports implementation and ensure that some of these reports are translated into actually reforms in the sector</p>	<p>National Secretariat, MSG</p>	<p>January – August, 2018</p>	<p>Donor funded</p>	<p>GoPNG</p>

OBJECTIVE 7: MONITORING AND EVALUATION (M&E)

RATIONALE: Though the Work Plan will continually be updated to delete what has been accomplished as planned and to include new activities to be undertaken as determined by MSG from time to time, an evaluation on the Work Plan implementation will still be required. An effective monitoring and evaluation system is critical to assisting the MSG to determine the achievement and non-achievement of the program of activities of the above 5 Objectives. This kind of evaluation provides a useful feedback for MSG to determine their success rate in the overall EITI implementation in PNG and to address any areas of weakness or failures and take measures early for

future success. Adopting a well- designed Work Plan without a mechanism to monitor and evaluate its performance will not be effective. Therefore, thought the actual work plan will be reviewed and updated throughout the year, the original plan will be used as a basis to evaluate the progress.

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

ACTIVITIES VERSUS CHALLENGES: There are no activities listed under this objective because M&E is a tool that will be used to assess the performance of the activities listed in Objectives 1 to 4 above.

TOTAL FUNDING REQUIRED IN 2018	=	K5,039,300.00
2018 Budget allocation by Government of PNG	=	K2,700,000.00
Support from donors and development partners	=	K2,339,300.00