



**PNG EXTRACTIVE INDUSTRIES
TRANSPARENCY INITIATIVE
ANNUAL PROGRESS REPORT 2018**

Compiled by the PNGEITI National Secretariat June 2019



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EXECUTIVE SUMMARY



Papua New Guinea has made tremendous progress in EITI implementation in 2018 following the publication of the Fifth PNG EITI Annual Country Report covering fiscal year 2017. The 2017 FY Report symbolizes our country's commitment to implementing the EITI International Standards and signifies our active participation as a member nation of the Global EITI.

The year 2018 observed a significant milestone as the country commenced its first country Validation since becoming a member in 2013. Validation is a quality assurance mechanism targeted at EITI candidate countries, such as PNG, to ensure compliance with minimum requirements from the EITI Global Standard. The EITI Validation process commenced from April and ended in October of 2018, with the EITI International Board awarding PNG **'Meaningful Progress'** in its EITI implementation. The Board, through its decision, commended PNG's efforts in implementing a number of reforms to address weaknesses in government systems and improving the level of transparency in the country's extractives sector. It further commended the country's efforts to produce EITI data in a timely manner and to effectively disseminate the findings of EITI reports to influence public debate.

Aside from the Validation, PNGEITI was also able to progress a number of its existing work programs along with the commencement of new projects with the support of development partners. Below is a brief outline of these various programs undertaken by PNGEITI in the year 2018.

Policy and Technical efforts progressed well resulting in the draft PNGEITI National Policy document, which was brought before Cabinet in the first quarter of 2019. The subsequent endorsement of the National Policy on Transparency and Accountability in the Extractives Sector will be preceded by an establishment legislation enabling the creation of independent administrative body to sustain EITI implementation in the country. The PNGEITI Multi Stakeholder Group (MSG) approved the successful candidate Adam Smith International to undertake this assignment with the assistance of the PNGEITI National Secretariat.

Implementation of the Beneficial Ownership Roadmap also progressed well with 12 out of the 21 milestones in their second contract implemented by the Roadmap Implementation Manager (RIM) KPMG. The project is set to end in December 2019 and reporting of beneficial ownership in the PNGEITI Reports will follow in 2020.

The Subnational Payments and Transfers Scoping Study undertaken through the Australian Government support via its Pacific Leadership Governance Facility (PLGF) was completed in late 2018. The scoping team covered four case studies to deliver the final report that will serve as a guide to future reporting at the sub-provincial level.

In October 2018, the PNGEITI officially commenced a technical cooperation project with development partner Japan International Cooperation Agency (JICA), aimed primarily at upgrading and digitising the license registry system of the Department of Petroleum (PNGEITI MSG member) and also other capacity development activities for the MSG and National Secretariat in particular. The initial phase of the project saw the deployment of five JICA consultants/experts who proceeded with the development of a baseline survey and

consultation process. The baseline survey report along with the finalized work program for the project was delivered in February 2019. This is a two and a half year project and is expected to be concluded by the end of 2020.

Additionally, PNGEITI communications programs have generated significant results in 2018, indicative of its use to frame discussions and debate at various levels. Outreach activities conducted have succeeded in stimulating dialogue and collaboration between various local civil societies groups and Government agencies on how to address pertinent issues related to the county's various extractive project value-chains. The EITI National Secretariat maintains a neutral position on various sensitive issues debated in the public domain despite indiscriminate use of the report findings by various audiences both domestically and internationally.

Administratively, the National Secretariat has continued with the day to day operational support of EITI activities under the oversight of the MSG and in close collaboration with the Department of Treasury. The MSG successfully hosted its mandatory quarterly meetings and various consultations for the year with satisfactory participation and engagement by all stakeholders.

The EITI process will continue to be a platform for dialogue related to the extractive industries. It is considered to be a valuable mechanism by which gaps in existing government systems can be identified, and recommendations of stakeholders may be elevated by policy makers to improve the governance of the sector in the country.

The PNGEITI objectives remain consistent with PNG National Government priorities:

- i. Increased transparency of revenue flows from the companies to government, various landowners' trust funds, associations, and the provincial governments.
- ii. Use of the EITI model as a diagnostic tool to assess government's management of resource revenue and its policy settings with recommendations to be used as a platform for broader reforms.
- iii. Provide reliable data for citizens to stimulate debate and hold government and companies accountable.
- iv. Increase investors' confidence to invest in PNG.
- v. Provide a forum for enhancing dialogue between the government, industry, landowners and citizens.
- vi. Support and complement PNG's Sovereign Wealth Fund (SWF) and Government reforms to fight corruption such as the establishment of the Independent Commission against Corruption (ICAC).

The PNGEITI National Secretariat through the Multi-Stakeholder Group looks forward to more progress and achievements in the years to come.



Mr Lucas Alkan
Head of PNGEITI National Secretariat

1. GENERAL ASSESSMENT OF YEAR'S PERFORMANCE

The PNG Extractive Industries Transparency Initiative performed exceptionally well in the 2018 fiscal year as stipulated in this PNGEITI Annual Progress Report (APR 2018). This report captures progressive updates from the National Secretariat and the collaborative efforts of the MSG from the periods July 2018 - June 2019. The general assessment of the PNGEITI National Works Plan covers four main core areas of business in Procurement, Communications & Engagement, Policy & Technical, Finance and Administration. The PNGEITI National Secretariat is positioned within the PNG National Department of Treasury and has a total of ten working staff. The National Secretariat is resourced and funded by the Department of Treasury through the National Budget allocation for The Department.

1.1. PNGEITI Multi-Stakeholder Group

The EITI Standard requires candidate countries to form a Multi-Stakeholder Group (MSG) as the key decision-making body for implementation. The MSG represents government, civil society and industry. An informal group first had dialogues in early 2012, and the group was formalised on 1 November 2013 via a Memorandum of Understanding.

The MSG is chaired by the PNG Treasurer, 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.

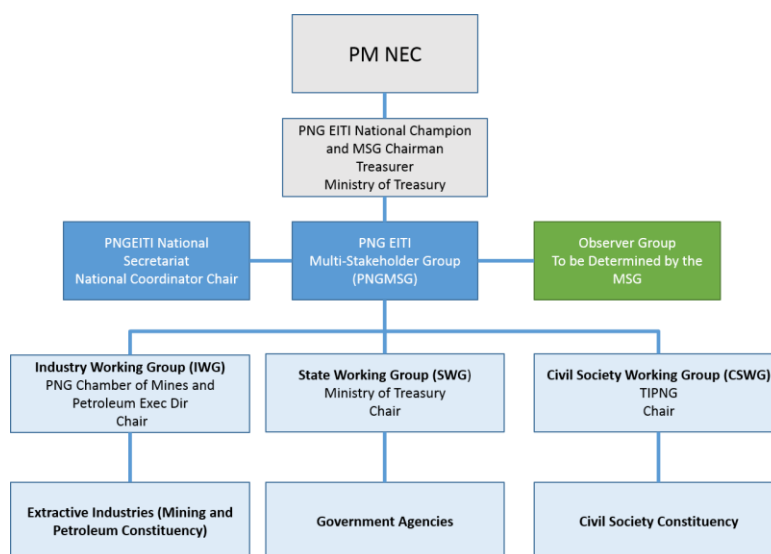


Figure 1 The Governance Structure of the PNGEITI

Summary of PNGEITI Chairs' to the Multi-Stakeholder Group

The periods from June 2018 to July 2019 were significant in the PNG Political landscape. A vote of no confidence in May 2019 deposed former Prime Minister Peter O'Neil by political rival Hon James Marape which subsequently resulted in a change in cabinet with former Treasurer Hon Charles Abel replaced by Hon Sam Basil in the new Government.

Consequently, the change in the PNG Government had adverse impact on PNGEITI's position on the EITI International Board. Former Treasurer Charles Abel relinquished his position as the EITI International Board Member Representing Region 2 South-East Asia in the 2019-2022 EITI Board. In lieu of Mr Abel, the International Board have appointed EITI SEA alternate board representative Ms Maria Teresa S. Habitan, Assistant Secretary of the Department of Finance, Philippine (alternate member) to assume board membership roles.



Hon Charles Abel, MP Former Treasurer 2017- 2019

Hon Sam Basil, MP Current Treasurer 2019

Figure 2 Letter of appointment from the EITI International Secretariat for Hon Charles Abel as Board Member representing SE Asia Region.

Hon Sam Basil, MP (pictured) assumed his role as the National Treasurer on the 13 of June 2019 in a handover ceremony at the Department of Treasury in Port Moresby.

Subsequently, Mr Basil assumed his role as the Chair of the PNGEITI of the PNG Extractive Industries Transparency Initiative and progresses the initiatives and report recommendations provided and highlighted in previous PNGEITI Reports. The PNGEITI MSG welcomed Hon Sam Basil and anticipates working in close

collaboration to ensure implementation of the PNGEITI National Policy and Legislation are effectively realised.

The table below lists the summary of all the PNG Treasurers' and the Chairmen of the PNG Extractive industries Transparency Initiative Multi-Stakeholder Groups since its inception in 2012.

Year	Treasurer as Chair of PNG EIT MSG	Ministerial Portfolio
2019- Present	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 1 Summary of PNGEITI Chairs' to the Multi-Stakeholder Group

PNGEITI Timeline and Milestones

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

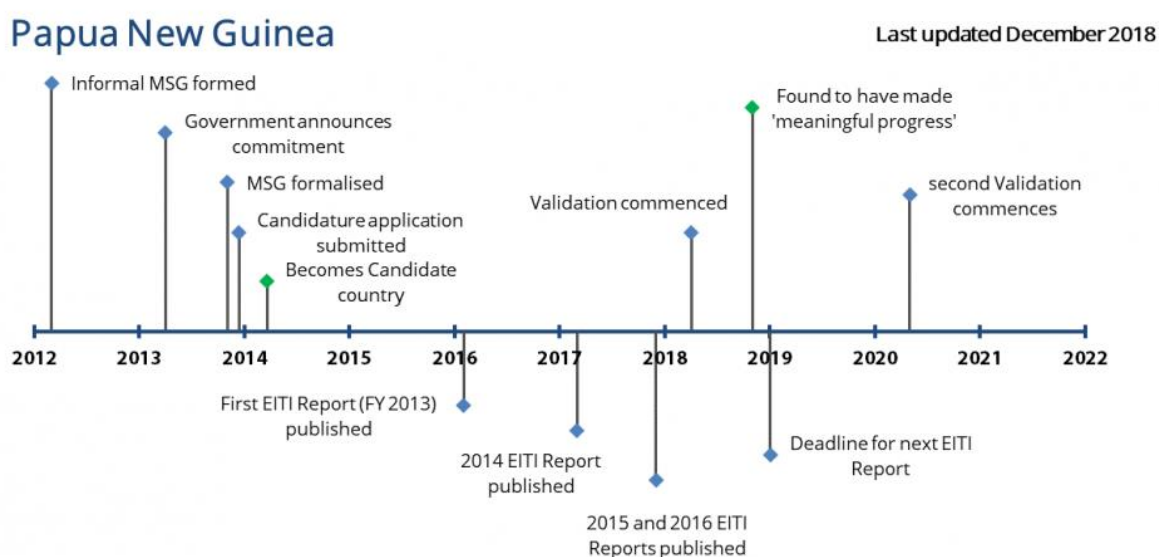


Figure 3 PNGEITI Timeline and Milestones

The National Secretariat's efforts in implementing the EITI Standard has resulted in a positive country Validation and a notable production of five fiscal year EITI reports'. PNG's second Validation will commence in 2020 to assess the recommendations from the first Validation in 2018.

Summary of PNGEITI Milestones since inception

Year	Milestone achieved
2012	Informal PNGEITI Multi-Stakeholder Group formed
2013	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
2014	PNG candidature application submitted to EITI International
2014	PNG becomes an EITI candidate country
2015	PNGEITI National Secretariat Office established under PNG National Treasury Department Sectoral Policy Division – Extractives Branch
2016	The First PNGEITI Report for FY 2013 was published
2017	The Second PNG EITI Report for FY 2014 was published
2017	Third and Fourth PNG EITI Reports for FYs 2015 and 2016 were published
2017	NEC Policy Decision 91/2017 called for implementation of 2013 Report Recommendation by responsible entities in Government
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
2019	PNG National Executive Council endorsed the PNG EITI Policy on establishing the National Secretariat to National Government Commission.

Table 2 Summary of EITI Implementation Milestones in PNG

Procurement & Contracts

The PNGEITI MSG through the National Secretariat produced its fifth country report for financial year 2017. International auditing firm Ernst & Young were contracted as the Independent Administrator (auditor) for the PNGEITI 2017 Report following contractual signing with the PNGEITI National Secretariat for a cost of K490, 000.00 in 2018.

The total payment did not exceed the contract price set forth in the special conditions of the contracts and was made in instalments against deliverable phases specified in the contract milestone.

The first payment(s) was equivalent to 20% (PGK99, 600.00) of the contract price and was paid after delivery of the scoping study report.

The second payments was equivalent to 20% (PGK99, 600.00) of the contract price and was paid to the Consultant after the delivery of the Inception report.

The third payments was equivalent to 40% (PGK199, 200.00) of the contract price and was paid to the Consultant after delivery of the draft report and the fourth payment(s) were equivalent to 20% (PGK99, 600.00) of the contract price and was paid to the Consultant after the MSG's approval and publication of the PNGEITI Report.

The project was undertaken within seven months (June – December, 2018). The total costs of all instalments paid did not exceed the Contract price agreed in the Special Condition of the Contract.

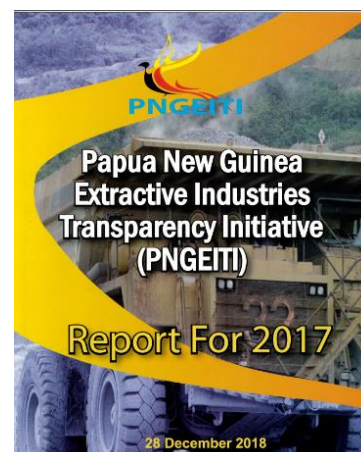


Figure 4 PNGEITI 2017 Country Report

Summary of PNGEITI Report production costs

EITI Reports	Year produced	Project Cost	Cost overshoot	Independent Administrator
2017	2018	K490, 000.00	K0.00	Ernst and Young
2016	2017	K498, 000.00	K0.00	Ernst and Young
2015	2017	K498, 000.00	K0.00	Ernst and Young
2014	2016	K498, 000.00	K49, 800.00	Ernst and Young
2013	2015	K498, 000.00	K49, 800.00	Ernst and Young

Figure 5 Summary of all PNGEITI Report Contracts

Summary of PNGEITI Report Launching EITI Report

Another significant event in the PNGEITI annual calendar is the launching of the PNGEITI Reports. The PNGEITI FY2017 Report was launched via press statement due to the unavailability of the PNG Treasurer and Multi Stakeholder Group Chairman Hon Charles Abel, MP. The table below shows the summary of PNGEITI Report launches.

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

Table 3 summary of PNGEITI Report launches

PNG EITI Beneficial Ownership Disclosure projects

The EITI Standard 2016 requires all implementing countries to report on Beneficial Ownership of companies who bid for, operate or invest in the country's extractive sector to disclose their Beneficial Owners by January 2020.

Papua New Guinea implemented the BO Roadmap for the last 12 months since its implementation commenced in July 2017. Work is still in progress on BO reforms since 2016. In the first 12 months, MSG (through the consultant KPMG) focused on planning, strategizing and undertaking consultations, workshops and meetings. These activities involved collecting information from relevant stakeholders, meetings and undertaking roadshows and workshops. These consultations were necessary to define key terminologies like Beneficial Owner (BO), Politically Exposed Persons (PEPs) and the BO threshold limits in the PNG context as the basis before going forward.

The consultant KPMG (in consultation with the Investment Promotion Authority) developed a draft BO disclosure template (a hybrid form) that highlights key shareholding information of a company. Consultations are underway with IPA and relevant stakeholders to further review the form to ensure it is user friendly before it could be used for collecting BO details by IPA through its company registrations process.

Quarter	Roadmap Associated Action/Tasks																															Total						
Q2 2017	1	3	5	6								12				16	17	19								24	25	26								88577		
Q3 2017	1	2	3	5	6							12	13			16	17	19	20							24	25	26	27	28	29						173144	
Q4 2017	1	2	3	4	5	6	7	8	9	10		12	13	14		16	17	19	20	21	22				24	25	26	27	28	29	30					231811		
2017 Costing Estimate																															493532							
Q1 2018	1	2	3	4	5	6	7	8	9	10			13	14		16								20	21	22	23	24	25	26	27	28	29	30	31		240411	
Q2 2018	1	2	3	4	5	6								14		16		18						20	21	22	23	24	25	26	27	28	29		32		233561	
Q3 2018	1	2	3	4	5	6					11			14	15			18						20	21	22	23	24				28				32		237411
Q4 2018		2	3	4	5						11				15			18						20	21	22	23	24				28					33	163849
2018 Costing Estimate																															875231							
Q1 2019			3	4	5									11			15																				33	112147
Q2 2019				4										11																							33	40147
Q3 2019				4										11																							33	40147
Q4 2019				4										11																							33	40147
2019 Costing Estimate																															232587							

Figure 6 PNGEITI Beneficial Ownership project work plan showing milestone 1- 33 and progress made to date.

The PNGEITI Multi-Stakeholder Group, through the National Secretariat, awarded the BO Roadmap Scoping Study to KPMG to provide scoping and recommendations on the viability of implementing BO reporting in the PNG EITI Report.

KPMG successfully delivered the scoping report on *Papua New Guinea Roadmap for Beneficial Ownership Disclosure* in March 2017.

The table below summarises the contract payment milestones for the Beneficial Ownership Study undertaken by KPMG in 2017.

Contract Phases	Fees (PGK)	Overruns (PGK)	Total (PGK)
Inception report (p1)	62,898.00	n/a	62,898.00
Scoping study report (p2)	94,347.00	n/a	94,347.00
Draft report (p3)	94,347.00	n/a	94,347.00
Final report (p4)	62,898.00	n/a	62,898.00
Totals	314,490.00		314,490.00

Table 4 Table 4 Contract Fees for KPMG BO Disclosure scoping study and delivery of PNG BO Roadmap



Figure 7 PNGEITI Multi-Stakeholder Group Beneficial Ownership TWG with BO Roadmap Implementation Manager KPMG and Madang Province Participants in 2018.

The PNGEITI Multi-Stakeholder Group approved the BO Disclosure Roadmap and gazetted a public tender for an Independent Administrator to deliver the three year implementation project. KPMG were again successful in their bid and were awarded the three year contract as the BO Roadmap Implementation Managers (RIM) in mid- 2017.

KPMG have implemented the first 12 months of the project from July 2017 – July 2018 which composed of 33 deliverable milestones, including BO disclosure roadshows in selected host provinces.

A second contract was signed in August 2018 and is due in July 2019. The second contract has 21 milestones. The below shows the progressive payments made to KPMG for the second contract.

Milestones	Fees	Overruns	Total in PNG Kina
Milestone 1 & 2	47, 000.00	n/a	47, 000.00
Milestone 3	23, 500.00	n/a	23, 500.00
Milestone 4, 5 & 6	70, 500.00	n/a	70, 500.00
Milestone 7,8,9,10	Yet TBC	n/a	
Milestone 12-21	Yet TBC	n/a	
Total to date			141, 000.00
Total Contract price			493,500.00

Table 5 Contract Fees for 2nd BO roadmap implementation

Beneficial Ownership Workshop in Manila

The PNGEITI MSG continues to actively participate and upgrade its technical expertise in BO disclosure. A contingent from the PNGEITI Multi – Stakeholder Group attended the Beneficial Ownership Workshop in Manila On 19-20 March, 2019. The workshop successfully gathered government officials and investigative journalists from EITI countries in Asia to share best practices on beneficial ownership disclosures, discuss challenges and possible solutions to address barriers to full company ownership transparency, and build the capacity of the participants to understand the technical aspects of the concept of beneficial ownership. This is intended to be a follow-up event on the peer-learning session in Jakarta in 2017.



Figure 8 The PNG MSG delegation at the Beneficial Ownership workshop in Manila in March 2019

Workshop recipient feedback

I want to thank you and the PNGEITI Team for nominating me to attend the recent Beneficial Ownership in the Asia & Pacific Regional Workshop in Manila Philippines, from March 19th and 20th 2019, facilitated by the International EITI and ADB Institute (ADBI).

It was an honour to listen to representatives from EITI member countries on progress being made within neighbouring countries on how the issue of beneficial ownership is being addressed, and reported through the EITI process.

The workshop also provided an opportunity to listen to the experiences from countries such as Philippines, Myanmar, and Kyrgyzstan, Kazakhstan, Mongolia, and others, on how

their reporting of Beneficial Owners and Politically-Exposed Persons has progressed in recent years. This is something I know the PNG EITI Secretariat is working towards, a progression which will be welcomed by all stakeholders (media included), in an effort to promote greater transparency within this important economic sector.

I will be sharing some of lessons learnt from the workshop, with my colleagues here at EMTV, which I believe will assist in improving our reporting on the extractive sector going forward. We look forward to working closely with PNGEITI in improving the level of reporting on the extractive industry, and more so on transparency initiatives taking place through the PNGEITI Secretariat.



Figure 9 Mr Meriba Tulo, Senior Reporter EMTV News

Summary of contracts (2015 – 2018)

The PNG EITI National Secretariat has expended an estimated total of K5.1 million (K5, 104, 253.67) on major PNGEITI contracts from the periods 2015 to 2018.

Contract #s.	Contracts	Contractor	Contracted Fees	Overruns/Out of pocket expenses	Totals
2015-01	PNGEITI Country report for FY2013	Ernst and Young	AUD\$190, 000.00 (PNGK490, 233.17)	196, 660.00	K686, 893.17
2016-02	PNGEITI Country report for FY2014	Ernst and Young	PNGK498, 000.00	49, 800.00	K547, 800.00
2016-03	scoping study & delivery of PNG Roadmap for BO Disclosure	KPMG	PNGK314, 490.00	n/a	K314, 490.00
2017-04	PNGEITI Country report for FY2015	Ernst and Young	PNGK498, 000.00	49,800	K547, 800.00
2017-05	PNGEITI Country report for FY2016	Ernst and Young	PNGK498, 000.00	49, 800.00	K547, 800.00
2017-06	BO Disclosure RIM - Phase 1	KPMG	K480, 000.00	n/a	K480, 000.00
2018-07	PNGEITI Country report for FY2017	Ernst and Young	PNGK490, 000.00	TBC	K490, 000.00
2018-08	BO Disclosure RIM - Phase 2	KPMG	K493, 500.00	TBC	K493, 500.00
2018-09	Development of EITI Policy	Adam Smith International	K498, 808.90	TBC	K498, 808.90
2018-10	Establishment of EITI statutory Authority	Adam Smith International	K497, 161.60	TBC	K497, 161.60

Table 6 summary of major PNGEITI contracts

PNGEITI Communications and Stakeholder Engagement

PNGEITI communications programs have gained favourable results in 2018, indicative of the PNGEITI Reports use in framing discussions and debates across multiple platforms.

The EITI National Secretariat maintains a neutral position on sensitive issues raised at the public domain despite indiscriminate use of the report findings by a number of audiences.



Figure 10 PNGEITI and Exxon Mobil Government Relations Team after the Plant Site Tour

Although EITI Reports can be credited as catalysing debate related to fiscal policy and economic management issues in the country, a lot of these largely owed to the current civil debate regarding PNG's political activities and economic management. PNG has a highly engaging social media environment that provides a platform that stimulates debate amongst various demographics and specific target groups such as opinion leaders, policy makers and legislators. The PNGEITI Reports are increasingly becoming the preferred reference source of information.

The PNGEITI Communications program is guided by the MSG approved Communications Strategy that was endorsed at the PNGEITI MSG Meeting 02/2016 dated Friday 08th July 2016. The Strategy guides communication activities in the overall PNGEITI National Work plan. There are three phased goals that provide strategic guidance for EITI mainstreaming in the sector.

The ultimate vision of the PNGEITI Communications Program is to institutionalise EITI Standards to all PNG National and subnational entities through legislation, policy, communication, information technology and mainstream education.

1.2. PNGEITI Outreach activities for FY 2018

The PNGEITI MSG outreach and engagement drive has been dynamic and successful progressing policy-driven engagement. The MSG have systematically targeted project stakeholders through information session about the PNGEITI Report findings and its value and implications. There has been significant interest generated at the Provincial and Project level regarding the need for data and information from the reports. The team are collaborating closely with MSG members such as the PNG Mineral Resources Authority the Provincial Administrators and Mining Directors as well as political members in host LLG sites.

The need for policy relevant engagement is largely accredited to the inclusion of EITI provisions in the Draft PNG Mining Act 2014 and the current and future Mining Project Agreements and the participation in the PNG Government State Negotiating Team (SNT).

Subsequently, the PNG EITI National Secretariat conducted a series of outreach information sessions to stakeholders from the Harmony Wafi-Golpu Gold Project MOA from the periods of 26 July 2018- 01 August 2018. The purpose of the information sessions were to sensitize targeted groups comprising project resource owners, Provincial and Local Level Governments as well as the three main landowner groups of Yantu, Babuaf and Hengambu as well as the

general public in preparation for their participation in the Mineral Resource Authority Mining Development Forum in Kokopo 2018.

The contents of the information sessions focused on:

- The EITI 2016 Standards and the corresponding provisions
- The PNG EITI Reports and its content inclusive of contextual findings and reconciliation data.
- The value of the EITI in the MOA and to stakeholders.



Table 7 Members of the PNGEITI MRA Team with Huon Gulf Open MP Hon. Ross Seymour, MP in 2018

The team framed discussions around EITI Standards and its implementation in the country, however restricted elaboration on sensitivities relating to functions of regulatory bodies that are party to the MOA. The PNGEITI further maintains its neutral position in the outreach and reiterated its functions on reporting of revenue derived from the mining and petroleum sector.

Similar information drives will proceed alongside key regulatory bodies such as MRA in future.

Month	Event	Location	Method	Lead Agency
February 2018	PGF- PNGEITI Ok Tedi and Sub National Scoping Study	Tabubil / Kiunga Western Province	Consultation and information sessions	PGF
March 2018	PNGEITI Philippines Excursion	Manila	Excursion and education	PNGEITI and JICA
April 2018	TIPNG National Exhibition	Goroka	Outreach	PNGEITI
	DNPM- ITCS Stakeholders Review Workshop	Port Moresby	Presentation	DNPM
May 2018	PGF- EITI Capacity Building Workshop	Kavieng, NIP	Workshop	PGF
June 2018	CPA New Guinea Islands Forum	Kokopo, ENB	Conference	PNGEITI
	TIPNG Walk against Corruption	Port Moresby, NCD	Exhibition	PNGEITI
July 2018	Wafi Golpu Stakeholders Information Session	Lae, Morobe Province	Forums	PNGEITI/MRA

	PLGP Subnational Payments Woodlark Project Study	Milne Bay Province	Study and Information sessions	PNGEITI and Dr Tim Grice
October 2018	PNG Chamber of Mines and Petroleum Community Affairs and Business Development Workshop 22nd – 23rd, August 2018	Crowne Plaza Hotel, Port Moresby	Presentation	PNGEITI and Dr Tim Grice on Subnational Reporting
	BO Workshop	Masurina, Alotau Milne Bay Province	Presentation and Forum	KPMG and PNGEITI
	PNGEITI Milne Bay EITI Workshop on the 2016 Report	Masurina, Alotau Milne Bay Province	Presentation and Forum	PNGEITI
November 2018	PNG Chartered Practising Accountants Conference Southern Region	Port Moresby	Conference	PNG CPA
December 2018	15th PNG Mining and Petroleum Investment Conference on 3-5 December 2018	Sydney Hilton Hotel	Conference	PNGEITI
March 2019	BO Workshop Manila	Philippines	Workshop	EITI Regional
April 2019	Exxon Mobil/ PNGEITI Advocacy Workshop	Port Moresby	Site Tour and Forum	Exxon Mobil
May 2019	MRDC Staff Information Session	Port Moresby	Presentation	PNGEITI
June 2019	PNGEITI Global Conference in Paris, France	Paris	Conference	EITI International

Table 8 Summary of 2017 PNGEITI outreach activities

Media Reports

The PNG mass media plays a pivotal role in disseminating the findings of the PNGEITI Reports. The National Secretariat and MSG encourages and engages with the mainstream media as evident in the PNGEITI Pre-Validation Consultations and the nomination of media personal to attend the Beneficial Ownership Investigative Reporting component of the Manila Workshop in March as alluded earlier in this document.

The PNGEITI MSG has a close and mutually beneficially working relationship with media partners and regards the group as an important stakeholder in our implementation of the EITI Standard in the country since 2012.

The PNG mainstream mass media includes radio, television and print, and has recently seen a convergence with the rapidly increasing usage of mobile social platforms such as Facebook et al. The rise in mobile communications has shifted the paradigm in 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 PNGEITI journalists, media practitioners and their audiences.

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 conducted media capacity building workshops and presentations to media groups and stakeholder forums to update them on the findings of the EITI Reports.

News Item	Date of Publication	Website link to News
PNGs DPM appointed to International Board	31/03/2019	http://www.looppng.com/business/pngs-dpm-appointed-international-board-83405
PNGEITI to Formulate Policy Frameworks	20/02/2019	https://www.thenational.com.pg/framework-extractive-industries-policy-adopted/
Garry Passionate about Alluvial Mining	15/01/2019	http://www.looppng.com/business/garry-passionate-about-alluvial-mining-81875
PNGEITI Release findings of 2014 Report	19/06/2018	https://postcourier.com.pg/pngeiti-releases-findings-for-2014-report/
80% Revenue from Mines in 2014	17/06/2018	http://www.looppng.com/business/80-revenue-mines-2014-61054
PNG sweats on meeting EITI Global Reporting standards	1/05/2018	https://postcourier.com.pg/png-sweats-meeting-eiti-global-reporting-standards/ Post Courier
PNGEITI Backs Government to review tax credit scheme	1/05/2018	https://postcourier.com.pg/pngeiti-backs-govt-review-tax-credit-scheme/ Post Courier
PNGEITI calls for transparency in industry revenue	30/04/2018	https://postcourier.com.pg/pngeiti-calls-transparency-industry-revenue/
Better data reporting sought to boost transparency	27/04/2018	https://www.thenational.com.pg/better-data-reporting-sought-boost-transparency/
PNGEITI thanks Samar for contribution	19/04/2018	https://postcourier.com.pg/pngeiti-thanks-samar-contribution/
Subnational payment scoping study update	9/03/2018	https://postcourier.com.pg/png-eiti-completes-first-study/
Initiative Ushering PNG Forward	1/03/2018	https://www.thenational.com.pg/initiative-ushering-png-forward/ The National
DPM to launch EITI Reports	28/02/2018	http://www.looppng.com/business/deputy-pm-launch-png-eiti-reports-73867
Extractive documents to be launched	26/02/2018	https://www.thenational.com.pg/extractive-documents-launched/
Abel to launch EITI Reports	25/02/2018	https://postcourier.com.pg/abel-launch-pngeiti-report/
Timing ripe for change	21/02/2018	https://postcourier.com.pg/timing-ripe-change/
Secretariat Head happy following amendment of MRA Act	21/02/2018	https://www.thenational.com.pg/secretariat-head-happy-following-amendment-mra-act/
PNGEITI to Formulate Policy Frameworks	20/02/2018	https://postcourier.com.pg/pngeiti-formulate-policy-framework-legislation/
Blog on the NEC Decision to improve EITI Reporting in Papua New Guinea	18/02/2018	https://www.thenational.com.pg/extractive-industry-boosted/ The National
Extractive Welcomes PM's Decision to halt tax credit scheme	6/02/2018	https://www.thenational.com.pg/extractive-sector-welcomes-pms-decision-stop-credit-scheme/

Peter Aitsi thanked for his contribution to EITI In PNG	6/02/2018	https://www.thenational.com.pg/aitsi-commended-work-extractive-industries-sector/
PNGEITI Welcomes Decision on Tax Credit Scheme	1/02/2018	https://ramumine.wordpress.com/2018/02/02/pngeiti-welcomes-decision-on-tax-credit-scheme/ Post Courier

Table 9 Summary of EITI Reports from 2018-19 PNGEITI National Secretariat (not exhaustive)

1.2.1. PNGEITI Communication materials

Summary list of PNGEITI Communications materials to date

Communications materials	Objective	Date(s) Produced
Annual Progress Reports	The objective of the APR is to communicate to the stakeholders on the operations of the PNGEITI administration	FY 2014 FY 2015 FY 2016 FY 2017
Summary EITI Report	The EITI report summary is intended for conferences and exhibitions where information is condensed for easier and quick referencing.	FY 2018 FY 2019
Newsletter	The PNGEITI Impact Quarterly Newsletters is intended to be distributed to stakeholders to inform them of PNGEITI activities.	2017
Facebook	The PNGEITI Facebook page was created in 2016 and so far has garnered over 600 followers. The content consists of snippets of information highlighting PNGEITI activities.	2016-2018
Website	The PNGEITI Website has been updated since 2015 and to date a refurbished website is under development. The website contains a list of documents as well data summaries and is consistent with the PNGEITI Open data Policy.	2015- 2018

Table 10 Summary list of PNGEITI communication materials

1.2.2. PNGEITI Website Performance July 2018 to June 2019

The PNGEITI website continues to generate significant interaction during the January and February 2019 period. The reason for the high hit rate during these period is credited to the timely production of the PNGEITI Country Report 2017. Similarly, progressive efforts to update and maintain website content will be enhanced following additional staff recruited by the National Secretariat staff in early 2019.

Progressive work is being carried out with an EITI website consultant engaged through contractual arrangements and is redesigning the website to include a data portal for presentation of EITI data.

The PNGEITI Website has been updated since 2015 and to date a refurbished website is under development. The website contains a list of documents as well data summaries and is consistent with the PNGEITI Open data Policy.



Figure 11 Summary of Website Performance contract July 2018 to June 2019

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 Practising Accountants. 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.

Membership	Membership Type	Active participant since
Transparency International PNG	Corporate Member	2017- Present
PNG Chamber of Mines and Petroleum	Corporate Member	2017- Present
PNG Chartered Practising Accountants	Corporate Sponsor	2017- 2018

Figure 12 Summary list of PNGEITI Professional Affiliations

Assessment of PNGEITI Communication Strategy goals aimed at institutionalising the PNGEITI

Goal	Objective	Progress in outputs
Short Term	Sensitisation through awareness Roadshows and workshops to targeted groups.	Conducted over 30 roadshows and regional and provincial outreaches and presentations since 2015 to promote the PNGEITI Reports
		Affiliated members and active partners of the PNG Chamber of Mines and Petroleum (PNGCMP), Transparency International (TIPNG), Chartered Practising Accountants of PNG (CPA PNG) as well as active participants in various political, academic presentations, development forums and workshops.
Medium Term	Consultation on Legislation, Policy,	Increased participation in the PNGEITI Multi-Stakeholder Group with a total of 36 meetings since signing of the PNGEITI MSG MoU in 2013. The current PNGEITI MSG representative, since 2013, is at 28 members and include voting members from Government, Industry, CSOs, SoEs and non-voting and observers such as Development Partners and other interest groups.
	Online services through website and social media platform.	Progressive work is being planned for improvements to the PNGEITI data portal and online database and reporting system for collection and for dissemination of EITI data.
	Media & Education	The National Secretariat has a positive relations with media stakeholders since 2014 and engage with the mainstream media on a weekly basis. The PNGEITI MSG through the National Secretariat have conducted media and outreach campaigns to promote the studies into including beneficial ownership and subnational payments reporting in future EITI reports. Additionally the National Secretariat continues to support journalism training in key areas of Beneficial Ownership.
Long Term	Implementation of Policy and Legislation integration into Government systems. Implementation of education curriculum in schools and Higher Institutions. Online web portal for streamlining EITI Reporting and dissemination of report findings	The MSG through the National Secretariat have successfully sought National Executive Council endorsement on National EITI Policy and administrative establishment. Progressive work is undertaken with development partners to mainstream education and online reporting systems.

Table 11 Qualitative assessment of perception trends against the PNGEITI Communications Strategy

PNGEITI Policy and Technical

The Papua New Guinea Extractive Industries Transparency Initiative (PNGEITI) Multi Stakeholder Group (MSG) has 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 consultation process was undertaken with key stakeholders, industry and development partners culminating in the formulation of a Draft National Policy Paper. This draft Policy document will proceed into a final round of consultations with other stakeholder and the general public to ensure greater coverage of feedback and input before the Policy Paper is finalized and presented to NEC for endorsement.



Figure 13 The PNGEITI National Secretariat with consultants Adam Smith International during the consultations sessions

This process is envisaged to align and compliment the currently endorsed NEC Decision on the Open Government Partnership (OGP) National Action Plan that incorporates Extractive Transparency as one of the four key clusters, with the main cluster activity being the development of the PNGEITI National Policy and Legislation.



Figure 14 Members of the PNGEITI Multi-Stakeholder Group during the Post Validation and Recommendations Review Workshop.

The PNGEITI also underwent Validation from April of this year. The Validation process is a key quality assurance mechanism undertaken by EITI International Secretariat on all EITI member countries to assess the implementation performance in becoming EITI compliant as per the EITI global best practice Standard. The International EITI Board determined that PNG has made 'meaningful progress' in its

implementation of the EITI Standard and commended

PNG's efforts in implementing reforms to address weaknesses in government systems and improving the level of transparency in the country's extractive industries. PNG was also acknowledged as making satisfactory progress on all requirements related to governance and oversight of the EITI process, attributing the progress to strong government commitment and meaningful engagement by stakeholders.

In 2019, PNGEITI MSG will continue to finalize work on the EITI National Policy and the subsequent legislation. It will also continue with the implementation of a number of projects including; Improving Extractive Resources Related Revenue Management under the JICA Technical Cooperation Program, implementation of activities related to Beneficial Ownership

Roadmap Disclosure, Scoping Study on Subnational Payments funded by the Government of Australia under the Pacific Governance Facility (PGF) and other outreach and general awareness programs in preparation to establish EITI desks at resources host provinces. The PNGEITI MSG will continue to engage in various development forums for new projects (and review of existing agreements) to ensure that transparency mechanisms are built into the MOAs for EITI reporting purposes.

The publication of the 2017 Financial Year EITI Report is expected to be released by December of 2018 ensuring that PNGEITI is now up to date with its reporting requirements as per the EITI Standard.

PNG EITI Policy and Legislation Projects

The MSG endorsed the establishment of PNG EITI National Secretariat by law in a meeting minute # 03/2017 and was again approved for a call for EOI through public tender for a consulting firm or individual with capacity, financially sound and experience to take up the legislation set up of the Secretariat in the country. An advertisement was out in May 2018 and bidders were received after. The MSG deliberate on the proposals received and Adam Smith International (ASI) won two separate contracts to execute the projects. (Development of an EITI National Policy and Establishment of an EITI Statutory Authority).



Table 12 Adam Smith International Project Team during the first policy consultation phase in 2018

Adam Smith International Contract 1

Contract Phases	Contract Fees	Actuals	Overruns	Total in PNG Kina
Phase 1 & 2	99, 432.32	100, 272.00	839.68	100, 272.00
Phase 3	99, 761.78	254, 074.00	4,669.55	254, 074.00
Phase 4	149, 642.67			
Phase 5 & 6	99, 761.78	Yet TBC		
Phase 7	49, 880.89	Yet TBC		
Total Contract Price			5,509.23	498, 808.90

Table 13 Contract Fees for Development of a National EITI Policy

Adam Smith International Contract 2

Contract Phases	Contract Fees	Actuals	Overruns	Total in PNG Kina
Phase 1 & 2	99, 432.32	99, 941.10	508.78	99, 941.10
Phase 3 & 4	149, 148.48	TBC		
Phase 5 & 6	149, 148.48	TBC		
Phase 7	99, 432.32	TBC		
Total Contract Price			508.78	498, 161.60

Table 14 Contract Fees for Establishment of an EITI Statutory Authority

The two contracts above for Adam Smith International (ASI) have included Goods and Services Tax (GST) and kept 10% of the total contract fee overruns and unforeseen cost in

the execution of the projects; the contract excluded Foreign Contractor Withholding Tax (FCWT). FCWT is the sole responsibility of the employer as indicated in the contracts (contract #s 2018-09 and 2018-10) and it is 15% of the total contract price.

Summary of NEC Decisions

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

Table 15 Summary of NEC Decisions relating to the implementation of EITI

1.2.3. 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 has been welcomed and utilised for the 2017 PNGEITI FY 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.

Year	Summary of Activities
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.
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.
2018	In 2018, the TWG formalised the Policy and Legal Consultant ToR 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.
2019	NEC endorsed the EITI Establishment Policy. The National Secretariat MSG are now progressing to the legislative process to formulate the Draft Legislative Bill.

Table 16 Summary Activity and milestones of the PNGEITI Policy and Technical Legislation

1.2.4. Policy and Legislation Technical Working Group

PNGEITI Policy activities had progressed significantly with the first PNGEITI National Policy and Legislation project, with the recently formed Technical Working Group establishing a National Policy Framework and the MSG approving the successful bidder Adam Smith International to undertake this assignment

Summary Activity and milestones of the PNGEITI Policy and Technical Legislation TWG

1.2.5. Open Government Partnership (OGP)

NEC Decision 15/2014 – Circular dated 10th April 2018 directed PNGEITI to implement the alignment of Open Government Partnership (OGP) cluster commitments to similar existing Government Projects and programs. PNG became a member to the Global EITI Initiative in 2014, coincidentally the year PNG’s entry into the OGP was announced, and subsequently accepted as a member in October of 2015.

In implementing its OGP National Action Plan, PNG identified four Cluster Commitments of which Extractive Industries Transparency was one of these commitments. Under the Extractives Industries Transparency commitment, the key cluster activities involved;

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

The Government Department aligned to this commitment was the Department of Treasury, and the PNGEITI Multi Stakeholder Group (MSG) took custodianship to coordinate and action this commitment. In aligning with this Cluster commitment activity and as part of the PNGEITI MSG’s continued implementation of EITI in PNG, the MSG in October of 2016 announced the formulation of a Technical Working Group to develop and establish the PNGEITI National Policy and Legislation. Since October 2016, progress has been made in the execution of this activity. With the exception of certain delays due to 2017 National General Elections and the inability to effectively mobilize resources to process quickly, the TWG under the guidance of the PNGEITI MSG still managed to progress on this agenda.

In October of 2017, a Term of Reference (TOR) was formulated under the direction of the MSG, to secure an external consultant to undertake the development of the policy and legislation, sighting capacity constraints within existing MSG realm. Expressions of Interest were sought in January of 2018 for this project. A wide array of EOIs were received both from local and international firms. The procurement process concluded in late May, with the selection and engagement of a renowned and reputable international institution (Adam Smith International) that will undertake the development of the PNGEITI Policy and Legislation.

The initial desk review is set to commence in July 2018 for the policy framework. Concurrently the legislative review and drafting will commence, initially on the 1st phase of the project which is the establishment of PNGEITI Statutory Entity. The Policy and Legislation development project is scheduled to be undertaken within a period of 8 to 10 months. Depending on the scope of work and the level of consultations, it is envisaged that the PNGEITI Policy framework and initial legislative phase would be completed and reported within the 1st Quarter of 2019.

Report Recommendations Summary

PNG EITI Report	Progress Summary on report recommendations
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.
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 21 st 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.
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.
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.

Table 17 PNGEITI Report Recommendations Summary

Subnational Payments Scoping Study

This scoping study on subnational payments in PNG's mining, oil and gas sector was commissioned by Papua New Guinea Extractive Industries Transparency Initiative (PNGEITI). Pacific Leadership and Governance Precinct (PLGP) successfully delivered the report in Q1 2019 through consultant Dr Tim Grice. The purpose of the study was to:

- Identify and map the subnational payments and transfers in PNG's extractives sector;
- Document stakeholder views on enhanced subnational reporting through PNGEITI; and
- Develop a reporting framework and roadmap for PNGEITI subnational reporting.

The study was implemented as a partnership between the PNGEITI Secretariat and the Precinct (PLGP) with support from Newcrest Mining Limited. The PLGP is a partnership between the governments of Papua New Guinea and Australia to support the development of ethical and capable public sector leaders in PNG.

The PNG EITI and the PLGP, conducted a two-day workshop on 'Subnational governance and reporting in the extractive sector' on the 3- 4 June 2019 at the Grand Papua Hotel in Port Moresby. The workshop discussed challenges and opportunities in the governance and reporting of PNG's extractive projects. The workshop was attended by Provincial Administrators, Provincial Treasurers and Directors / Officers working in the extractive sector from PNG's extractive, oil and gas provinces.



Figure 15 Participants of the PNGEITI PLGP Workshop comprising of Provincial Mining Directors, Provincial Administrators and Provincial Treasury Managers in June 2019

The PNGEITI Subnational Payments Scoping Study was commissioned by PNGEITI with the support of the Pacific Leadership and Governance Precinct. The report was authored by Dr Tim Grice from Square Circle. The author wishes to thank the PNGEITI Multi- Stakeholder Group (PNGEITI MSG) for their support of the project, as well as the PNGEITI Secretariat, who provided significant input into the coordination of project field visits. Gratitude is also extended to the provincial and local-level governments, extractive companies, landowner associations, landowner businesses, and civil society representatives who participated in the case studies for this project.

Summary of Subnational Scoping Study consultations completed in May 2019

Stream	Activity	Start Date	End Date	Status
Studies	Ok Tedi Western Province	18/02/2018	25/02/2018	Complete
	New Ireland Study	14/05/2018	20/05/2018	Complete
	Woodlark Island	2/07/2018	9/07/2018	Complete
Workshops	New Ireland Workshop	16/05/2018	18/05/2018	Complete
	West Sepik Workshop	12/07/2018	19/07/2018	Progressing
Outputs	PNG Update	14/06/2018	16/06/2018	Complete
	Chamber Conference	TBA	TBA	Complete
	First Draft Report to MSG	19/08/2018	2/09/2018	Completed
	Second Draft Report to MSG	15/09/2018	29/09/2018	Completed
	Final Report to MSG	14/10/2018	-	Completed

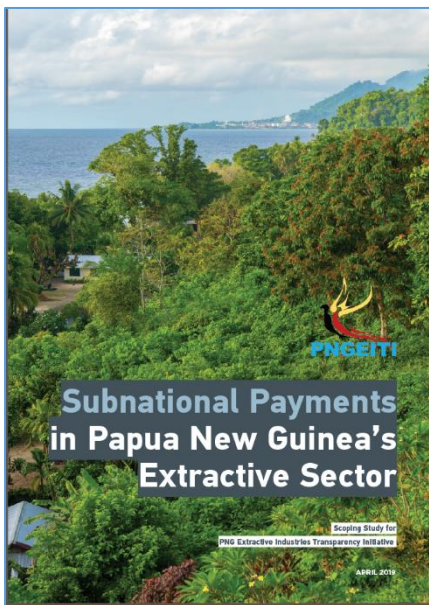
Table 18 Summary of Subnational Scoping Study consultations conducted in Q1 2018

The 2016 EITI Standard requires that EITI implementing countries report material subnational payments and transfers. This includes the reporting of material payments from extractive companies to subnational government entities (EITI Requirement 4.6 of what?), as well as the reporting of material transfers of extractive revenues between national and subnational levels of government (Requirement 5.2). In the same way that the implementation of EITI at the national level aims to promote revenue transparency at the national level, subnational reporting has the same objective: to ensure that local stakeholders have access to relevant information on extractive payments.



Figure 16 Dr Tim Grice presenting the findings of the PNGEITI Subnational Scoping Study

The issue of subnational payments is particularly important in PNG: local



landowners, affected communities and provincial and local governments receive a broad range of payments and transfers including royalties, land rentals, community development and investment funds Special Support Grants, to name a few. Systematic reporting of material subnational payments through PNGEITI is an important step to further improve transparency and accountability for the PNG extractive sector.

However, there are a few reasons why EITI implementation at the subnational level in PNG may prove challenging. First, there are different agreements and obligations in place for PNG's extractive projects, each of which have different revenue streams and payment structures. Second, there are differing levels of capacity in place for subnational reporting in provinces where extractive activities take place.

Accordingly, the framework for EITI subnational implementation in PNG must be adaptable enough to accommodate different projects and provincial contexts. The agreed-upon framework for subnational reporting must also take into account key issues such as confidentiality and the practicalities of data collection and reporting.

1.2.6. Development Partner Coordination

The PNGEITI has had increased partnerships with various development partners in implementing the EITI Standard in the country in the year 2017.

Summary of 2017 Development Assistance

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	Progressing
World Bank	Outreach and Roadshows and PNGEITI Capacity Building	2017	Progressing

Table 19 Summary of 2017 Development Assistance

1.2.6.1. Pacific Leadership and Governance Precinct (PLGP)

The PNGEITI National Secretariat commissioned a scoping study on subnational payments in PNG's mining, oil and gas sector using a combination of stakeholder interviews, data requests and case studies. The purpose of the study was to:

- Identify and map the subnational payments and transfers in PNG's extractives sector;
- Document stakeholder views on enhanced subnational reporting through PNGEITI; and
- Develop a reporting framework and roadmap for PNGEITI subnational reporting.

The study was implemented as a partnership between the PNGEITI Secretariat and the Pacific Leadership and Governance Precinct with support from Newcrest Mining Limited. The Pacific Leadership and Governance Precinct is a partnership between the governments of Papua New Guinea and Australia to support the development of ethical and capable public sector leaders in PNG.

1.2.6.2. Japanese International Cooperation Agency (JICA)

The Japanese International Cooperation Agency has come on board to assist the PNGEITI National Secretariat. The purpose of the project is to promote revenue data management and reporting in accordance with EITI international standards. The project is expected to firstly; improve the management of registry data and information at the Department of Petroleum and Energy (DPE), secondly; enhance the reporting mechanism from extractive sector companies and government agencies for EITI reporting and lastly; to enhance the awareness and implementation structure for the EITI. Similarly, JICA provided preliminary funding, in March, to support the PNGEITI National Secretariat to attend a weeklong study tour with the Philippines EITI in preparation for the PNG Validation in April 2017.



The objectives of the Philippine training was to build the PNGEITI National Secretariats capacity in preparing for country validation; learning better ways of communicating the PNGEITI reports and engaging meaningfully with various stakeholders. The training and exposure was invaluable and enabled the PNGEITI teams to conduct a successful pre-validation consultation with the International Secretariat.

1.1.1.1. World Bank (WB)

The World Bank assistance in the 2018 was on the financial grant Year was on assistance to the PNGEITI National Secretariat PNGEITI National Secretariat to sponsor.

1.1.2. Validation of PNGEITI

The EITI Board confirmed at its meeting in October 2016 that PNG would undergo Validation under the EITI Standard beginning on 1 April 2018. This included a visit to PNG in April-May 2018 by the EITI International Secretariat.

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 Validation report will, in addition, address the impact of the EITI in the country being validated, the implementation of activities encouraged by the EITI Standard, lessons learned in the EITI implementation, as well as any concerns stakeholders have expressed and recommendations for future implementation of the EITI.

PNG has made progress in implementing the EITI Standard in all categories, as assessed by the independent validator assigned by the EITI International Secretariat. This progress ranges from inadequate to satisfactory. MSG oversight was assessed as satisfactory for all requirements, while there were several aspects of revenue collection and revenue allocation that remained with inadequate progress, as seen in Table 1 Overall, PNG was assessed as having made meaningful progress in implementing the EITI Standard.

Categories	EITI requirements	No Progress	Inadequate	Meaningful	Satisfactory	Beyond	Report chapter	Updates for this report
MSG oversight	1.1 Government engagement						1	
	1.2 Industry engagement						1	
	1.3 Civil society engagement						1	
	1.4 MSG governance						1	
	1.5 Work plan						1	
Licenses and contracts	2.1 Legal framework						4	
	2.2 License allocations						7, 8	The non-financial data request templates for MRA and DPE were updated to specifically 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.

							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.
Revenue allocation	5.1	Distribution of revenues					5, 10 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.
	5.2	Subnational transfers					5.5 A scoping study of sub-national payments and transfers is being undertaken. EY has met with this consultant to compare approach and confirm timeframes.
	5.3	Revenue management and expenditures*	n/a				5
Socio-economic contribution	6.1	Mandatory social expenditures					6 The IA requested that companies include the name of any contract that defines social payments so that a better understanding of what is a mandatory social expenditure could be included in this report. At the time this report was finalised, no entities had included this information in their reporting template.
	6.2	SOE quasi-fiscal expenditures					9 We requested contextual and financial information from each SOE subsidiary (including Ok Tedi Power and Ok Tedi Foundation) and KPH to assist with addressing this requirement in this report. At the time this report was finalised, we have not yet received this information.
	6.3	Economic contribution					3
Outcomes and	7.1	Public debate					
	7.2	Data accessibility*	n/a				
	7.3	Follow up on recommendations					1.5
	7.4	Outcomes and impact of implementation					

* These requirements are only encouraged or recommended and are not currently taken into account in assessing compliance with the EITI Standard.

^During the validation process, the MSG was able to demonstrate that these requirements of

PNGEITI Office Administration

The PNGEITI MSG, the PNG EITI National Secretariat, through consultants BHCL, have completed the remuneration benchmarking review of the PNG EITI National Secretariat remuneration levels and structure and also assessed these in the context of a wider view of the employment market in which it competes. The objective of this assignment are to:

- Review the existing and current PNG EITI National Secretariat Remuneration level and structure, and;
- Produce a Report on the findings and recommendations of the assignment for the PNG EITI MSG's deliberations.

Summary of PNGEITI remuneration benchmarking Contract Milestones

Milestones	Deliverables	Status
1.	Review of PNG EITI National Secretariat organizational structure, job description, individual resume, review of existing packages paid to individual officers	Completed
2.	Conduct a one-on-one interview with Secretariat Officers	Completed
3.	Stakeholder consultation and data collection	Completed
4.	Desk review	Completed
5.	Draft Report	Completed
6.	Final Report	Completed

Table 20 Summary of PNGEITI remuneration benchmarking Contract Milestones

The report found that

PNGEITI Staff on strength in 2017 and Q1 2018

Title	Name	Date employed
Head of National Secretariat	Mr Lucas Alkan	2015- Present
Deputy Head of National Secretariat	Mr Christopher Tabel	Acting D/HoS
Policy Technical	Mr Vaieke Vani	2017 - Present
Procurement	Mr Francis Diakon	2016 - Present
Finance	Mrs Delka Rinny	2016 - Present
Stakeholder Engagement Coordinator	Mr Oliver Maingu	2019- Present
Media Content Writer	Mrs Sonia Kenu - Becks	2019- Present
Communications Specialist	Mr Christopher Tabel	2016 - Present
Administration	Ms Liyasi Taligatus	2016 - Present
Driver	Mr Steven Tai	2018

Table 21 PNGEITI Staff on strength in 2018 and Q2 2019

2. ASSESSMENT OF PERFORMANCE AGAINST TARGETS AND ACTIVITIES SET OUT IN THE WORK PLAN

Requirements	Progress Against 2018 Work plan
<p>Ensuring a well-established and fully functional national secretariat office and the multi-stakeholder group (MSG)</p>	<p>Progressive work has been ongoing to build staff capacity by engaging with development partners such as PGF, World Bank and JICA to provide training and skills development for National Secretariat staff and MSG members.</p> <p>The website maintenance, upgrade and modernisation is complete. Progressive work is ongoing to maintain the data portal.</p> <p>Work is still progressing for the External Consultant for MSG and National Secretariat capacity building.</p> <p>The EITI National Policy and Legislation Consultant Adam Smith International have successfully delivered the PNGEITI Establishment Policy which has been endorsed by the National Executive council.</p> <p>The Beneficial Ownership Roadmap is progressing and has achieved 18 out of its 33 milestones covered by the Roadmap Implementation Manager (RIM), KPMG.</p> <p>PNGEITI National Secretariat and MSG to attend relevant International Meetings including the EITI International Meeting in the Manilla Philippines and the Beneficial Ownership conference in Jakarta, Indonesia and Manila .</p> <p>PNGEITI National Secretariat conducted four MSG meetings, a joint workshop on data collection with reporting entities, a post validation workshop as well as various engagements and information sessions.</p> <p>The PNGEITI is up to date with its payment of annual membership subscription fee to EITI International Secretariat.</p> <p>PNGEITI National Secretariat fully maintains its operational and administrative activities and office and administrative assets. With budgetary funding from the PNG Government through the Department of Treasury it administers staff salaries and wages, taxes, superannuation contributions, bank charges and fees, amongst others.</p>

<p>Show extractive industries contribution (both direct and indirect) to the PNG economy</p>	<p><u>2017 PNGEITI Reports</u></p> <p>Publications of 2017 PNGEITI Reports milestone are as follows;</p> <table border="0"> <thead> <tr> <th>Contract Phases</th> <th>Fees</th> </tr> </thead> <tbody> <tr> <td>Phase 1 (10%)</td> <td>48,000.00</td> </tr> <tr> <td>Phase 2 (10%)</td> <td>48, 000.00</td> </tr> <tr> <td>Phase 3 (30%)</td> <td>144, 000.00</td> </tr> <tr> <td>Phase 4 (20%)</td> <td>96, 000.00</td> </tr> <tr> <td>Phase 5 (20%)</td> <td>96, 000.00</td> </tr> <tr> <td>Phase 6 (10%)</td> <td>48, 000.00</td> </tr> <tr> <td>Total</td> <td>K480, 000.00</td> </tr> </tbody> </table> <p><u>Validation</u></p> <p>PNG was Validation by EITI International and the EITI Board decided that Papua New Guinea (PNG) has made <i>Meaningful Progress</i> in implementing the EITI Standard at its meeting in Dakar on 30 October 2018.</p>	Contract Phases	Fees	Phase 1 (10%)	48,000.00	Phase 2 (10%)	48, 000.00	Phase 3 (30%)	144, 000.00	Phase 4 (20%)	96, 000.00	Phase 5 (20%)	96, 000.00	Phase 6 (10%)	48, 000.00	Total	K480, 000.00
Contract Phases	Fees																
Phase 1 (10%)	48,000.00																
Phase 2 (10%)	48, 000.00																
Phase 3 (30%)	144, 000.00																
Phase 4 (20%)	96, 000.00																
Phase 5 (20%)	96, 000.00																
Phase 6 (10%)	48, 000.00																
Total	K480, 000.00																
<p>Improve public understanding in the management of extractive industries</p>	<p>The PNGEITI and CSO conducted over 30 roadshows as well as various regional and provincial workshops since 2015 with our MSG members to promote the PNGEITI Reports. Participated at numerous domestic and international conferences as highlighted in this report.</p> <p>The PNGEITI is affiliated with the PNG Chamber of Mines and Petroleum and the Transparency International PNG, as well as active participants with the PNG Chartered Practising Accountants. It also participates in various political, academic and development forums.</p> <p>Capacity constraints has limited the Secretariat from producing the timely PNGEITI Impact Quarterly Newsletter in 2018 and reconciliation summary factsheets, brochures and EITI Summary reports for 2016 EITI reports.</p> <p>The PNGEITI Website has been in operation since 2015 and the PNGEITI has a Facebook page with over 700 followers as of 2018.</p> <p>There is increased participation in the PNGEITI Multi-Stakeholder Group with a total of 36 meetings since signing of the PNGEITI MSG MoU in 2013. Our current MSG membership stands</p>																

	at over 28 MSG representatives in 2018 and includes voting members from Government, Industry, CSOs, SoEs and non-voting observers such as Development Partners and other interest groups.
Strengthen revenue generation and collection that is consistent with policy setting	<p>The PNG Government has taken action on recommendation from the third & fourth 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 the EITI Reports.</p> <p>The PNGEITI National Secretariat and the Pacific Governance Leadership Precinct have completed the Subnational Payments Scoping in preparation for revenue and expenditure reporting in future EITI reports</p> <p>PNGEITI National Policy and Legislative subgroup have developed a Policy and Legislative Framework and consultants Adam Smith International have completed the EITI Establishment Policy. Work is underway to draft a legislative bill for parliament at the time of writing this report.</p> <p>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 through the World Bank.</p>
Engagement of stakeholders to effectively address issues affecting PNG's extractive industries	<p>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.</p> <p>The Secretariat had attended in-country conferences, seminars and workshops and conducted regular contact with the PNG media.</p>
Endeavour to fully implement PNGEITI report recommendations as directed by cabinet	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.

Table 22 Assessment of Performance against targets and activities set out in the work plan

3. ASSESSMENT OF PERFORMANCE AGAINST EITI REQUIREMENTS

Requirements			Updates for this report
MSG oversight	1.1	Government engagement	
	1.2	Industry engagement	
	1.3	Civil society engagement	
	1.4	MSG governance	
	1.5	Work plan	
Licenses and contracts	2.1	Legal framework	
	2.2	License allocations	The non-financial data request templates for MRA and DPE were updated to specifically 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 to the time this report was finalised will be made available on the PNG EITI website.]
	2.3	License register	
	2.4	Policy on contract disclosure	
	2.5	Beneficial ownership (BO)*	BO reporting becomes mandatory under the Standard in 2020. The MSG has completed a BO roadmap and has begun the implementation phase of addressing this requirement.
	2.6	State participation	
Monitoring production	3.1	Exploration data	
	3.2	Production data	We have again requested this information in the reporting templates. Estimates of these values based on available information have been included in this report where actual values were not supplied by the reporting entities.
	3.3	Export data	

Revenue collection	4.1	Comprehensiveness	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, with regard to the revenue streams from projects that are not yet producing.
	4.2	In-kind revenues^	Engagement undertaken through the validation process found there was consensus among stakeholders consulted that this requirement was not applicable to PNG under the current fiscal regime.
	4.3	Barter agreements^	Validation process consultation found that extractives companies are not required to undertake expenditures that could be categorised as barter agreements.
	4.4	Transportation revenues^	Treasury has confirmed that transport revenues do not exist in PNG except for pipeline fees, which are not material.
	4.5	SOE transactions	
	4.6	Direct subnational payments	A scoping study of sub-national payments and transfers is being undertaken. EY has met with this consultant to compare approach and confirm timeframes.
	4.7	Disaggregation	
	4.8	Data timeliness	
	4.9	Data quality	Engagement with the PNG Auditor General's Office was undertaken to establish the current status of the audit of Government and SOE accounts. This information has been incorporated into the assessment of data quality in the reconciliation chapter of this report.

Revenue allocation	5.1	Distribution of revenues	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.
	5.2	Subnational transfers	A scoping study of sub-national payments. EY has met with this consultant to compare approach and confirm timeframes. Progressive work will entail integration of subnational payment streams with the IA templates in future reporting.
	5.3	Revenue management and expenditures*	
Socio-economic contribution	6.1	Mandatory social expenditures	The IA requested that companies include the name of any contract that defines social payments so that a better understanding of what is a mandatory social expenditure could be included in this report. At the time this report was finalised, no entities had included this information in their reporting template.
	6.2	SOE quasi-fiscal expenditures	We requested contextual and financial information from each SOE subsidiary (including Ok Tedi Power and Ok Tedi Foundation) and KPH to assist with addressing this requirement in this report. At the time of the 2917 report was finalised, EY have not yet received this information.
	6.3	Economic contribution	
Outcomes and impact	7.1	Public debate	
	7.2	Data accessibility*	
	7.3	Follow up on recommendations	
	7.4	Outcomes and impact of implementation	

Table 23 Assessment of performance against EITI requirements

4. OVERVIEW OF THE MULTI-STAKEHOLDER GROUP'S RESPONSES TO THE RECOMMENDATIONS FROM RECONCILIATION AND VALIDATION, IF APPLICABLE

Recommendation (NEC Directive)	Status/ Progress
Minister for Petroleum and Energy to immediately implement a reliable electronic registry system to supersede the current paper ledger system	<p>DPE has undertaken to transition from its current paper ledger registry to an electronic registry system. This project will be done with technical assistance from JICA under its support program to the PNGEITI National Secretariat.</p> <p>The technical assistance program will commence in 2018.</p> <p>The Secretariat will liaise with DPE on implementation process of this project.</p>
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	<p>The formal letter to MRDC was sent in relation to this directive. MRDC is now engaged within the EITI reporting process.</p> <p>There are still some areas that both the MRDC and the Secretariat will work through to sustain MRDC's engagement in this EITI process.</p> <p>The Secretariat will work with MRDC to iron out any issues, to ensure MRDC continues its engagement in the EITI process.</p>
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)	<p>KCH doesn't necessary engage directly in the PNGEITI reporting process due to its organizational structure and mandate. There are subsidiary entities under KCH that deal directly with its interest in the Mining and Petroleum Sectors.</p>
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	<p>These two entities, now coordinate the government's interest in the Mining, Oil and Gas sectors. 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.</p> <p>At this stage, it still needs to be ascertained as what type of reporting, information collection and areas of engagement of KMHL & KPHL in the EITI process.</p> <p>The secretariat will continue its consultation with both KMHL & KPHL to identify areas which both entities can be able to engage effectively in the reporting process.</p>

Recommendation (NEC Directive)	Status/ Progress
<p>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</p>	<p>The National Secretariat has consulted with NEFC on this issue. This consultation outlined NEFC's current information collection and reporting procedures, and also discussed avenues in which this process can also incorporate and/align to the EITI process, particularly in the area of sub-national payments information. It was ascertained that the NEFC's current reporting on sub-national payments and transfers is provisioned under the Inter Government Relations (Functions & Funding) Act, which governs the mandate of NEFC's operations. 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.</p> <p>The NEFC and the Secretariat will engage in more frequent consultation to ensure that reporting mechanisms are aligned in regard to not only sub-national payments but all other payments for the various levels of governments.</p>
<p>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.</p>	<p>The Secretariat has conveyed the official letter to the two concerned agencies outlining this directive. A follow up via official email correspondence has been sent to the relevant contacts within MRA to gauge the progress of this directive but are yet to receive any further feedback. It is the Secretariat's understanding that MRA will to consult and clarify from State Solicitor the legality of making public the MOAs, however feedback on this consultation is yet to be received and cannot be reported on at this stage.</p> <p>The Secretariat to work with the relevant agencies to ensure that the directive is implemented.</p>
<p>The Minister for Treasury to implement the recommendation of the EITI report in relation to: Publication of budget preparation process on its website; Clearly and comprehensively list relevant assumptions and basis for calculation for budget document tables; and Ensure units of measurement are standardized between government departments, particularly with respect to production data in budget documents</p>	<p>The Secretariat has sent the official letter outlining the said directives to Treasury, for its noting and implementation. The directives were also conveyed in the This has been reviewed by the relevant team within Treasury and the outcome of its analysis yet to be received.</p> <p>The Secretariat will communicate with Treasury in ensuring the directives are included as part of Treasury's budget review/process and considered for implementation in coming budgets.</p>
<p>Minister for Treasury to legislate the EITI reporting requirements into the Government reporting</p>	<p>The Secretariat has been in consultation with the legal team from the IRC to get clarification on this issue. The advice from the IRC indicated that there needs to be a legislative amendment to</p>

Recommendation (NEC Directive)	Status/ Progress
<p>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</p>	<p>cater the proposed changes. The specific and relevant provision within the Income Tax Act was identified, and it was ascertained that this would require a minor technical amendment. The relevant Secrecy provisions were amended and incorporated as part of the 2018 Budget Amendments.</p> <p>The Secretariat will follow up to obtain the certified copy of the amendment.</p>
<p>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</p>	<p>This directive has been incorporated as part of the Department's work with the Financial Framework Review (FFR) which triggered current amendments to the PFMA 1995 to review Trust Accounts. Part of the reforms to the new PFMA 2016 included financial instructions to review all Trust Accounts and incorporate onto the IFMS for effective monitoring and compliance purposes.</p> <p>There are still areas which need to be clarified especially with regard to monies held in mining and petroleum trust accounts and others, but the relevant team within Finance Department is continuing work to ensure this is achieved.</p> <p>The Secretariat will continue its consultation with the Department of Finance to ensure any issues relating to these directives are ironed out, hence the full implementation of the said directives.</p>
<p>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, corruption and human error</p>	<p>The Department of Finance provided feedback that, part of the amendments to the PFMA also directed to the transition from cash based payments into electronic transactions. There were specific financial instructions from the Finance Minister for government agencies to heed this change and transition into electronic payments system. Currently, all previous cash based transactions have now been converted in electronic transactions as per the financial instructions.</p> <p>The Secretariat will continue its consultation with the Department of Finance to ensure any issues relating to these directives are ironed out, hence the full implementation of the said directives.</p>

Recommendation (NEC Directive)	Status/ Progress
<p>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.</p>	<p>The formal letter of notification on this directive had been conveyed to the AG's office. To date no formal response has been received on their implementation progress and/or strategy. The Auditor General has undertaken active audit program on relevant government agencies. Recently the AG has come out in the media identifying and outlining issues surrounding the non-reporting of agencies or the deficiencies and the reports submitted to the AG.</p> <p>The Secretariat to continue its follow with the AG's office to gauge an update and ensure progress is been made to implement this directive.</p>

5. SPECIFIC STRENGTHS OR WEAKNESSES IDENTIFIED IN THE EITI PROCESS

Multi-Stakeholder Group oversight			
2016 EITI Standard	EITI Provision	Strengths	Weaknesses
Government oversight of the EITI process	1.1	Government oversight in the EITI process has been satisfactory with the Department of Treasury along with core government entities and SoEs taking the lead in facilitating the EITI program.	Certain Government entity participation has been challenging due to staffing capacity and political or administrative constraints.
Company engagement	1.2	Industry participation in the EITI process has been satisfactory with the all material companies supportive of the EITI program.	Industry is reluctant to report on certain aspects of the EITI value chain such as contracts and agreements since these are bound by confidentiality clauses. Companies have also made their position explicit in terms of providing commercially sensitive information in the EITI process through full or partial disclosure
Civil society engagement	1.3	CSO participation is very high in the EITI process has seen key National CSOs activities integrated into the PNGEITI National Work plan.	CSO capacity audit, resourcing and capacity building activities 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 three National Work plans	More Coordination must be considered for donor partner funding to avoid duplication of activities.
Award of contracts and licenses			
2016 EITI Standard	EITI Provision	Strengths	Weaknesses
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.
Exploration and production			
2016 EITI Standard	EITI Provision	Strengths	Weaknesses

Production data	3.2	The IA succeeded in gathering Production data	
Export Data	3.3	The IA succeeded in gathering Export data	
Revenue Collection			
2016 EITI Standard	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).</p> <p>There is no assessment of the impact of omissions by company and government</p> <ul style="list-style-type: none"> 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.
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 IA TOR	There is a discussion on comprehensiveness and reliability. However, there was not a categorical assessment of whether the disclosures are comprehensive and reliable or not. Instead, it explains that only 58% of reporting entities provided signatures to comply with the agreed data quality assurance mechanism (p. 9).	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 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.
Revenue management and distribution			
2016 EITI Standard	EITI Provision	Strengths	Weaknesses
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.
Social and economic spending			
2016 EITI Standard	EITI Provision	Strengths	Weaknesses

SOE quasi fiscal expenditures	6.2		<p>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).</p> <p>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).</p>
Outcomes and impact			
2016 EITI Standard	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 www.jubileeaustralia.org/LiteratureRetrieve.aspx?ID=162634
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 24 Specific strengths or weakness indicated in the EITI process

6. TOTAL COST OF IMPLEMENTATION

PNGEITI NATIONAL SECRETARIAT Statement of Financial Performance as at 30th September 2018

Revenue	Quarter 4	Quarter 3	Quarter 2	Quarter 1
Balance Brought Forward	3,021,395.67	3,107,265.03	2,412,208.83	3,442,399.18
GoPNG (DoT) - Budget allocation	675,000.00	675,000.00	1,350,000.00	-
ExxonMobil PNG Funding Support				
Rounded off toeas	5.92	0.14	0.01	0.03
Deposits - Cash/Cheques	8,840.51	7,064.58	4,580.00	4,607.59
Dishonoured Cheques	254,074.00			9,504.00
Total Income	3,959,316.10	3,789,329.75	3,766,788.84	3,456,510.80
Cost of Goods Sold				
Beginning inventory	-	-	-	-
Goods purchased or manufactured	-	-	-	-
Total Goods Available	-	-	-	-
(Less ending inventory)				
Cost of Goods Sold	-	-	-	-
Gross Profit (Loss)	3,959,316.10	3,789,329.75	3,766,788.84	3,456,510.80
Expenses				
Wages/Salary	86,450.81	86,061.40	68,717.92	83,798.14
Sundry Expenses	5,277.00	4,948.07	17,665.15	72,549.72
Administrative Costs	46,430.00	14,250.35	357,412.07	176,985.26
ITC Equipment'	-	32,090.20	25,000.00	12,240.80
Conference/meeting Hire and Expenses	12,381.86	18,972.50	28,039.92	78,510.45
Printing & Stationery	23,757.45	48,419.33	10,203.50	121,056.17
Advertisement	16,534.21	6,163.37	9,027.04	44,971.25
Vehicle expenses	2,000.00	2,500.00	4,500.00	11,256.15
Consultancy Services	707,748.00	408,497.32	74,210.53	368,771.63
Office Furniture	-	-	-	-
Travel	72,594.41	70,645.30	21,981.68	26,006.40
Group Tax (Payroll taxes)	40,115.13	60,166.72	25,987.41	32,041.25
Employee superannuation	15,534.42	15,024.42	16,608.69	15,326.65
Bank charges	507.10	195.10	169.90	788.10
Total Operating Expenses	1,029,330.39	767,934.08	659,523.81	1,044,301.97
Operating Income (Loss)	2,929,985.71	3,021,395.67	3,107,265.03	2,412,208.83
Non-operating revenues, expenses, gains, losses				
(Less interest expense)				
Income Before Taxes	2,929,985.71	3,021,395.67	3,107,265.03	2,412,208.83
(Less income tax expense)	-			
Income From Continuing Operations	2,929,985.71	3,021,395.67	3,107,265.03	2,412,208.83

Below-the-Line Items				
Income from discontinued operations				
Extraordinary items				
Cumulative effect of accounting changes				
Net Income	2,929,985.71	3,021,395.67	3,107,265.03	2,412,208.83
NOTE:				

Table 25 PNGEITI 2018 Financial Report

7. 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.

8. 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).

9. MULTI-STAKEHOLDER GROUP 2018 MEETING RECORDS

Meeting	Meeting 01/2018	Meeting 02/2018	Meeting 03/2018	Meeting 04/2018
Date	Thursday 29 April 2018	Friday 29 June 2018	Friday 29 September 2018	Friday 21 st December 2018
Meeting Duration	10:50 AM-2:20 PM	10:00 AM- 12:30 PM	10:00 AM- 12:30 PM	10:00 AM- 12:30 PM
Location	Lamana Hotel Conference Room	Lamana Hotel Conference Room	Lamana Hotel Conference Room	Laguna Hotel Conference Room
Chair	Co-Chairs- Mr Richard E Kassman OBE (Total E&P PNG Ltd) & Mr Ismael Sunga (Department of Treasury)	Hon Charles Abel, Treasurer and Chairman of the PNGETI National Secretariat	Mr Arnold Lakamanga- Manager GIS Mineral Resources Authority	Mr Manu Momo- Deputy Secretary Economic Policy Division- Department of Treasury
Government	Mr Stannis Halaiou & Mr Jeffery Murley (Department of Prime Minister and NEC) Mr Ismael Sunga (Department of Treasury) Jennifer Nathan (Internal Revenue Commission) Mr Arnold Lakamanga- Mineral Resources Authority Mr Asavi Kendua- (DMPGM) Esther Yuyuge (Kumul Petroleum Holdings Limited)	Hon Win Bakri Daki, MP (Vice Minister for Treasury) Mr Nathan Mosusu and Mr Arnold Lakamanga- Mineral Resources Authority Mr Langa Kopio- Department of National Planning Ms Ketty Masu & Albert Kenny & Abhumanyu Daou- Internal Revenue Commission Mr Steven Evekone- (MRDC) Mr Asavi Kendua- (DMPGM)	Mr Langa Kopio- Department of National Planning Mr Maku Kiap – Auditor General Mr Philip Samar, Mr Arnold Lakamanga & Dianne Aikung- Mineral Resources Authority Ms Ketty Masu & Ms Maggy Buf- Internal Revenue Commission	Mr Manu Momo- Deputy Secretary Economic Policy Division- Department of Treasury Ms Ketty Masu & Ms Maggy Buf (IRC) Mr Langa Kopio-Department of National Planning Mr Ronald Maru (Investment Promotion Authority) Ms Vicky Coleman – Department of Petroleum Ms Sonia Augustine – Department of Petroleum

Industry	<p>Mr Richard E Kassman OBE (Total E&P PNG Ltd) Prof Albert Mellam & Mr Mackhenly Kaiok Leah Morlin-PNG Chamber of Mines and Petroleum Mr Stanley Yarka- Exxon Mobil PNG</p>	<p>Prof Albert Mellam & Ms Leah Morlin-PNG Chamber of Mines and Petroleum Mr Cornelius Soagai- Oil Search Limited, Mr Nick McLean- Oil Search Limited, Anthony Smare- Barrick Niugini Limited Mr Robert Aisi- Exxon Mobil PNG</p>	<p>Prof Albert Mellam -PNG Chamber of Mines and Petroleum Mr Kepas Wali- Harmony Gold Ltd, Anthony Smare- Barrick Niugini Limited Mrs Susil Nelson- Kongoi- Exxon Mobil PNG. Ms Fiona Pagla Total E&P PNG Ltd</p>	<p>Mr Richard Kassman- Total E&P Limited, Mr Kepas Wali- Harmony Gold, Mr Cornelius Soagai- Oil Search Limited, Mrs Susil Nelson- Kongoi- Exxon Mobil PNG. Mrs Sally Dawkins- Newcrest Mr Robert Aisi- Exxon Mobil PNG</p>
CSO	<p>Mr Paul Barker- Institute of National Affairs Mr Lawrence Stephen Transparency International PNG Mr Yuambari Haihuie Transparency International PNG Ms Elizabeth Avaisa CIMC Mr Martyn Namorong- PNGRGC</p>	<p>Mr Paul Barker- Institute of National Affairs Ms Yvonne Ngutlick- CIMC Mr Henry Yamo (TIPNG) Mr Patrick Lombaiya- (PNG Mine Watch Group)</p>	<p>Ms Mayambo Peipul- CIMC Mr Patrick Lombaiya- PNG Mine Watch Group Mr Paul Barker- Institute of National Affairs Mr Arianne Kassman Transparency International PNG Mr Martyn Namorong- PNGRGC</p>	<p>Mr Arianne Kassman Transparency International PNG Mr Paul Barker- Institute of National Affairs Mr Patrick Lombaiya- PNG Mine Watch Group Mr Martyn Namorong- PNGRGC Ms Wallis Yakam- CIMC Mr Yuambari Haihuie- Transparency International PNG Ms Mellissa Wokasup- Transparency International PNG Isu Aluvule- PNG Council of churches Lahuui Lovai- PNG Council of churches</p>

SOE	Esther Yuyuge (Kumul Petroleum Holdings Limited)	Esther Yuyuge (Kumul Petroleum Holdings Limited)		KPHL, MRDC
National Secretariat	Mr Lucas Alkan- Head of PNGEITI National Secretariat Mr Christopher Tabel- Communications Specialist Mr Vaieke Vani – Policy and Technical officer Mr Francis Diakon – Procurement Officer Ms Delka Kemba – Finance officer Mr Gedion Timothy- Contract Writer Ms Liyasi Numaralai – Administration officer	Mr Lucas Alkan- Head of PNGEITI National Secretariat Mr Christopher Tabel- Communications Specialist Mr Vaieke Vani – Policy and Technical officer Mr Francis Diakon – Procurement Officer Ms Delka Kemba – Finance officer Mr Gedion Timothy- Contract Writer	Mr Lucas Alkan- Head of PNGEITI National Secretariat Mr Christopher Tabel- Communications Specialist Mr Vaieke Vani – Policy and Technical officer Ms Liyasi Numaralai – Administration officer Gedion Timothy- Contract Writer	Mr Lucas Alkan- Head of PNGEITI National Secretariat Mr Christopher Tabel- Communications Specialist Mr Francis Diakon – Procurement Officer Mr Gedion Timothy- Contract Writer
Observer	Ms Margaret George (JICA), Mr Nakasone Tetsuj (JICA PNG Office) John Moore (Exxon Mobile Alaska)	Dr Wilfred Lus (World Bank Mine Specialist) Bill Powel (ABT Associates) Deborah Knight (ABT Associates) Beatrice Kapigeno (US Embassy) Dr Tim Grice (PGF Consultant on Subnational Payments) Nakasone Tetsuj (JICA PNG Office) Margaret George (JICA),	Ms Nellie James (Adam Smith International) Margaret George (JICA), Ryusuke Watanabe (JICA) Mr Shimar Saxena (KPMG) Mr Cayllan Boeha (KPMG) Mr Leonard Catalon (EY) Mr Chester Argus (EY) Mr Julian Storm (Australian High Commission)	Mr James Gore (IA), Mr Leonard Catalon (IA), Ms Margaret George (JICA), Mr Shiro Otomo (JICA) Ms Margaret George (JICA),, Mr Ryusuke Watanabe (JICA) Mr Shimar Saxena (KPMG) Ms Stephanie Injia (KPMG) Mr Kenji Saito (JICA) Mr Kenji Otsuka (JICA)

Apologies	<p>Mr Manu Momo- Department of Treasury Mr Donald Hehona- Department of Treasury Mr Cornelius Soagai- Oil Search Limited Mr Philip Blanchard- Total E&P Limited, Mr Robert Aisi- Exxon Mobil PNG Ms Wallis Yakam- CIMC Ms Ketty Masu- Internal Revenue Commission Dr Tim Grice (PGF Consultant on Subnational Payments) Mr Shimar Saxena (KPMG)</p>	<p>Mr Manu Momo- Department of Treasury Mr Donald Hehona- Department of Treasury Mr Shimar Saxena (KPMG) Mr Madhur Nair (EY) Mr Leonard Catalon (EY)</p>	<p>Hon Charles Abel, Treasurer and Chairman of the PNGEITI National Secretariat Mr Manu Momo- Department of Treasury Mr Nathan Mosusu</p>	<p>Hon Charles Abel, Treasurer and Chairman of the PNGEITI National Secretariat Ms Nellie James (Adam Smith International) Dr Tim Grice (PGF Consultant on Subnational Payments)</p>
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Table 26 PNGEITI MSG attendance summary

Provisional Version Approved by MSG

Date: Friday 28 June 2019 during MSG 02/2018 in Port Moresby Papua New Guinea.