



# DMPGM



**DEPARTMENT OF MINERAL POLICY & GEOHAZARDS MANAGEMENT**

## **PAPUA NEW GUINEA EITI CANDIDATE COUNTRY EXPERIENCE**

**13<sup>th</sup> - 16<sup>th</sup> May, 2014**

**The Rarotongan Beach Resort & Spa, Rarotonga, Cook Islands**

**HARRY KORE  
Deputy Secretary**

# 1. EITI CANDIDATE SIGN UP REQUIREMENTS

To become an **EITI Candidate** (5 Sign-up Requirements)

1. Govt. must issue an unequivocal public statement of its intention to implement the EITI
2. Govt. must commit to work with civil society and companies on the implementation
3. Govt. must appoint an EITI Champion
4. Govt. must establish a Multi-Stakeholder Group (MSG) to oversee the implementation of EITI
5. MSG must publish a fully costed work plan-
  - measurable targets
  - Timetable for implementation
  - Incorporate an assessment of capacity constraints

## 2. BACK GROUND

- PNG EITI discussions started in 2006
- This was followed by a Scoping Study funded by ADB.
- April 2011, NEC Decision No. 47/2011 establishes State Working Group (SWG).
- SWG organized workshops and consultations with stakeholders (Govt. + Industry + Civil Society).
- World Bank support

## BACKGROUND (cont...)

- Learning from the Timor Leste experience.
- March 2013, NEC Decision No. 90/2013 gave approval for PNG to sign up to EITI.
- Treasurer made the announcement on the 10<sup>th</sup> April 2013 stating PNG's intentions to sign up towards EITI Candidacy.
- Treasurer reiterated PNG's commitment to EITI at the 6<sup>th</sup> EITI Global Conference In Sydney, May 2013.



### 3. PNG Multi Stakeholder Group MOU

- PNG MSG MOU was signed on the 1<sup>st</sup> Nov 2013, Port Moresby.
- Parties to the MSG MOU include;
  - Government of PNG,
  - Mining & Petroleum Companies,
  - Civil Society Organizations (PNG).
- PNG MSG
  - Governing body of PNG's EITI
  - Chaired by Treasurer & Secretary of the Department of Treasury as his delegate.
  - Members of the PNG MSG are able to make decisions.
  - Oversee coordination and implementation of Global EITI standards in PNG.
  - Establishment of PNGEITI National Secretariat.

## 4. PNG EITI Candidacy

- PNG is now an EITI Candidate Country.
- EITI Board approved PNG's application on the 19 March 2014 in the Oslo.
- PNG MSG currently trying to conduct an updated assessment of the 2006 Scoping Study.
- A consultant being procured to produce a first PNG EITI Report.



## 5. NEXT STEPS

**Before the end of the Candidacy Period (17 Steps)**

### **PREPARATION REQUIREMENTS**

- Fully Independent Engagement with civil society and industry
- Govt. remove any obstacle to implementation
- MSG endorsed reporting templates
- Reconciliation must be credible, trustworthy and has technical competence
- Govt. must ensure Reporting compliance

## **NEXT STEPS... cont.**

### **Before the end of the Candidacy Period (17 Steps)**

#### **DISCLOSURE REQUIREMENTS**

- Government and Companies' comprehensive disclosure in agreed reporting template
- MSG endorsement of a satisfactory reconciliation
- MSG endorsed reporting templates
- The EITI Report must be comprehensive, identified all discrepancies, where possible explain the discrepancies, and where necessary make recommendation for remedial actions to be taken.



## **NEXT STEPS... cont.**

**Before the end of the Candidacy Period (17 Steps)**

### **DISEMMINATION REQUIREMENTS**

- Govt. and MSG must ensure that the Report is-
  - Comprehensible
  - Publicly Accessible
  - Findings must contribute to public debate

## **NEXT STEPS... cont.**

### **Before the end of the Candidacy Period (17 Steps)**

#### **REVIEW AND VALIDATION REQUIREMENTS**

- Oil, gas and mining companies must support EITI implementation
- Govt. and MSG must-
  - Take steps to act on lessons learnt
  - Address discrepancies
  - Ensure that EITI implementation is sustainable
  - Validation Reports submitted within deadline

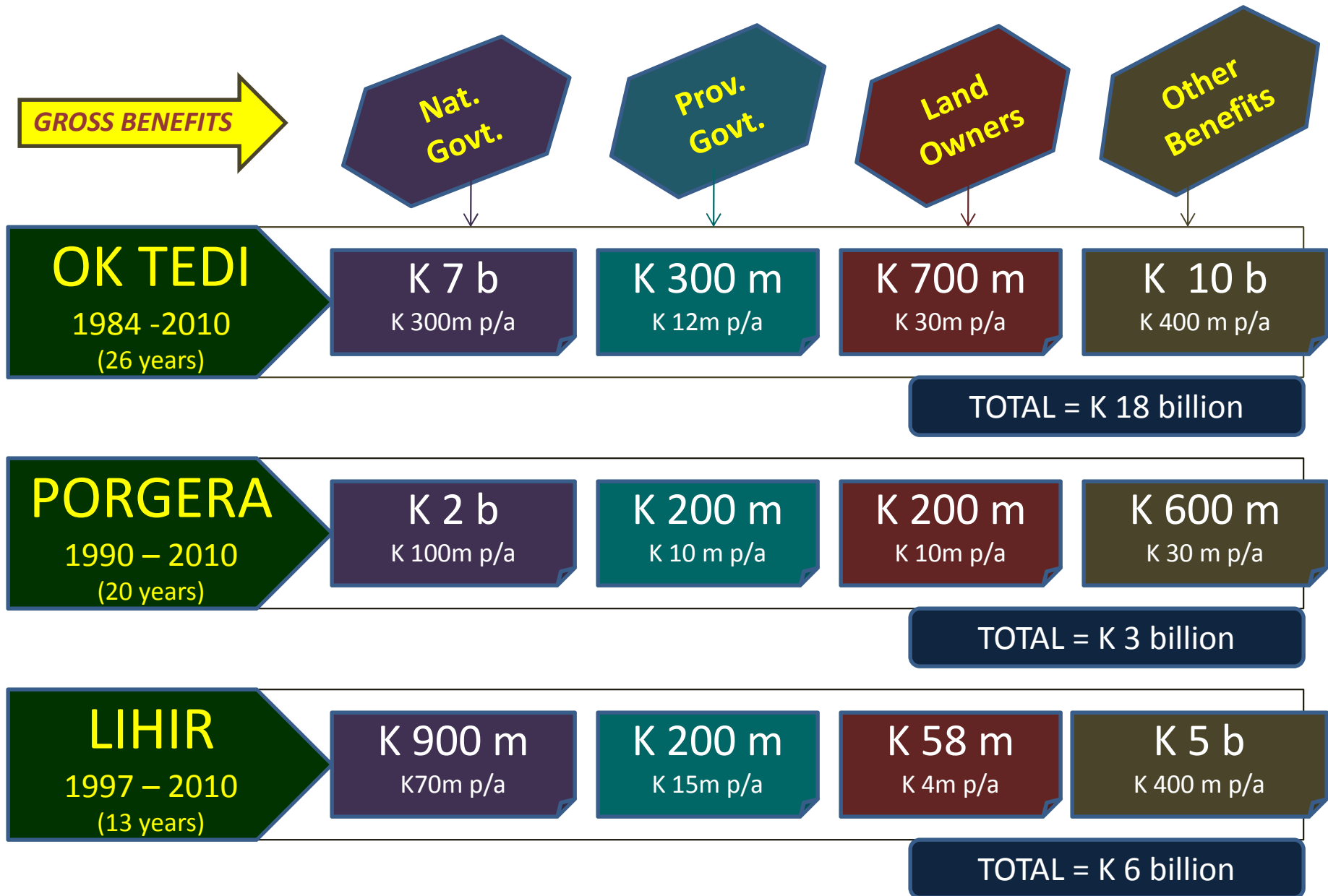
## 6. RELATED ACTIVITIES

- PNG Govt. has set up the Task Force Sweep Team.
- Task Force Sweep Team is tasked to investigate and prosecute any questionable deals that involves Government and the private or public.
- Recent referral of a Member of Parliament for prosecution resulted in imprisonment and the MP's removal from Parliament.

## **7. INCLUSION OF EITI IN THE REVISED MINING POLICY & LAW**

- PNG Mining Policy and law requires all stakeholders to furnish reports and declare receipt of proceeds from mining projects.
- Recipients are the Mineral Resources Authority, Provincial Govts, Mining Companies and Landowner Associations.
- Quarterly Reports to be submitted to MRA and DMPPGM.
- All Recipients must publish the information in print media, on internet websites and respective offices for public consumption.
- Failure renders the Chief Executive Officer liable

# Case-study of Benefits Derived from Existing Mines at Dec 2010





**EM TASOL ...TENK YU TRU**

# THE EITI PRINCIPLES

- 1** We share a belief that the prudent use of natural resource wealth should be an important engine for sustainable economic growth that contributes to sustainable development and poverty reduction, but if not managed properly, can create negative economic and social impacts.
- 2** We affirm that management of natural resource wealth for the benefit of a country's citizens is in the domain of sovereign governments to be exercised in the interests of their national development.
- 3** We recognise that the benefits of resource extraction occur as revenue streams over many years and can be highly price dependent.
- 4** We recognise that a public understanding of government revenues and expenditure over time could help public debate and inform choice of appropriate and realistic options for sustainable development.
- 5** We underline the importance of transparency by governments and companies in the extractive industries and the need to enhance public financial management and accountability.
- 6** We recognise that achievement of greater transparency must be set in the context of respect for contracts and laws.
- 7** We recognise the enhanced environment for domestic and foreign direct investment that financial transparency may bring.
- 8** We believe in the principle and practice of accountability by government to all citizens for the stewardship of revenue streams and public expenditure.
- 9** We are committed to encouraging high standards of transparency and accountability in public life, government operations and in business.
- 10** We believe that a broadly consistent and workable approach to the disclosure of payments and revenues is required, which is simple to undertake and to use.
- 11** We believe that payments' disclosure in a given country should involve all extractive industry companies operating in that country.
- 12** In seeking solutions, we believe that all stakeholders have important and relevant contributions to make - including governments and their agencies, extractive industry companies, service companies, multilateral organisations, financial organisations, investors and non-governmental organisations.

# THE EITI CRITERIA

- 1 Regular publication of all material oil, gas and mining payments by companies to governments (“payments”) and all material revenues received by governments from oil, gas and mining companies (“revenues”) to a wide audience in a publicly accessible, comprehensive and comprehensible manner.
- 2 Where such audits do not already exist, payments and revenues are the subject of a credible, independent audit, applying international auditing standards.
- 3 Payments and revenues are reconciled by a credible, independent administrator, applying international auditing standards and with publication of the administrator’s opinion regarding that reconciliation including discrepancies, should any be identified.
- 4 This approach is extended to all companies including state-owned enterprises.
- 5 Civil society is actively engaged as a participant in the design, monitoring and evaluation of this process and contributes towards public debate.
- 6 A public, financially sustainable work plan for all the above is developed by the host government, with assistance from the international financial institutions where required, including measurable targets, a timetable for implementation, and an assessment of potential capacity constraints.