



Papua New Guinea Extractives Industry Transparency Initiative

Terms of Reference (TOR)
for Independent Administrator (IA) for
preparation of FY2019 PNGEITI Report

Table of Contents

1. Background.....	1
2. Objectives and expectations of the assignment.....	3
3. Scope of services, tasks and expected deliverables.....	4
4. Qualification requirements for Independent Administrator.....	22
5. Reporting requirements and time schedule for deliverables.....	24
6. Client’s input and counterpart personnel.....	25
7. Annexes.....	26
Annex 1 – Statement of materiality.....	26
Annex 2 – Procurement process and timeline.....	44
Annex 3 – Evaluation criteria.....	44
Annex 4 – PNGETI validation corrective actions matrix (update).....	45
Annex 5 – NEC Decision # 91/2017 directives progress update.....	57

1. Background

The Extractive Industries Transparency Initiative (EITI) is a global standard that promotes transparency and accountability in the oil, gas and mining sectors.

EITI implementation has two core components:

- **Transparency:** oil, gas and mining companies disclose information about their operations, including payments to the government, and the government discloses its receipts and other relevant information on the industry. The figures are reconciled by an Independent Administrator (IA), and published annually alongside other contextual information about the extractive industries in accordance with the EITI Standard.
- **Accountability:** a multi-stakeholder group (MSG) with representatives from government, companies and civil society oversee the process and communicate the findings of the EITI reporting, and promote the integration of EITI into broader transparency efforts in that country.

The EITI Standard encourages MSGs to explore innovative approaches to extending EITI implementation to increase the comprehensiveness of EITI reporting and public understanding of revenues and encourage high standards of transparency and accountability in public life, government operations and in business. The requirements for implementing countries are set out in the EITI Standard. Additional information is available via www.eiti.org.

The MSG should approve the terms of reference for the Independent Administrator (IA), drawing on the objectives and agreed scope of the EITI as set out in the MSG's work plan. The MSG's deliberations on these matters should be in accordance with the MSG's internal governance rules and procedures (see Requirement 1.4.b). The EITI requires an inclusive decision-making process throughout implementation, with each constituency being treated as a partner.

The Independent Administrator should be perceived by the MSG to be credible, trustworthy and technically competent. The MSG and the Independent Administrator should address any concerns regarding conflicts of interest. The EITI Report and associated data files prepared by the Independent Administrator will be submitted to the MSG for approval and made publicly available in accordance with Requirement 7.1 and 7.2.

The International EITI Board has developed these procedures to promote greater consistency and reliability in EITI reporting.

The EITI process should be used to complement, assess, and improve existing reporting and auditing systems. The Board recommends that the process rely as much as possible on existing procedures and institutions, so that the EITI process draws on, complements and critically evaluates existing data collection and auditing systems. In this way, the EITI process has the potential to generate important recommendations to strengthen other oversight systems of government.

The EITI requires an assessment of whether the payments and revenues are subject to credible, independent audit, applying international auditing standards. The expectation is that government and company disclosures as per Requirement 4 are subject to credible, independent audit, applying international auditing standards. The expectation is that disclosures as per Requirement 4 will include an explanation of the underlying audit and assurance procedures that the data has been subject to, with public access to the supporting documentation.

EITI Implementation in Papua New Guinea

The PNG Government led by the Minister for Treasury applied for EITI candidacy in 2013. In 2014 PNG was accepted as a candidate country, with the government committing to work alongside civil society and extractive industry companies to implement EITI. The MSG was officially established in 2015 through a Memorandum of Understanding (MOU) to oversee the establishment and implementation of EITI in the country. In the same year the PNGEITI National

Secretariat office was established and operationalized. PNG published its first EITI Report for FY2013 in early 2016. The second EITI Report for FY2014 was published at the end of 2016 as required by the EITI Standard. These were followed by the publication of the financial years 2015, 2016, 2017 and 2018 Reports and so far PNG had published 6 EITI Reports.

Implementation of EITI in country was validated in 2018 against the 2016 EITI Standard and PNG scored “Meaningful Progress”. This was the second highest scoring and is a step closer to achieving a compliant status.

The objectives of implementing EITI in PNG are to:

- Ensure a well-established and fully functional National Secretariat Office and the Multi-Stake holder group (MSG);
- Show extractive industries’ contribution (both directly and indirectly) to the PNG economy;
- Improve public understanding of the governance of the extractive industries, including details of mining and petroleum licensing and approval process and any other prevailing licenses, reference to environmental and other regulatory processes and approvals;
- Strengthen revenue generation and collection, ensure consistency, transparency, accountability and accuracy of recorded payments or transfers by extractive industries to the government with receipts recorded by government (including sub-national government entities). Also, to ensure there is accountability by government in the utilization of these funds, including transfers to subnational levels of government and landowner groups;
- Engage stakeholders to effectively address issues affecting PNG’s extractive industries; and
- Monitor and evaluate EITI implementation in the country.

The above objectives are also included in the 2020 PNGEITI Work Plan and this can be accessed through the National Secretariat’s website at: www.pngeiti.org.pg

PNGEITI provides the citizens of PNG with better access to data and information necessary to improve public discourse around extractive sector revenues. It further ensures that benefits from the resource sector are fully accounted for, potentially facilitating in turn better utilization of the funds for the provision of public goods and services. The objective is also to promote good governance and thereby, encourage a transparent and conducive investment environment.

The MSG ensures that the PNGEITI framework is tailored to PNG laws and regulations and that the initiative is implementable by relevant government entities and industry companies. Also, to identify weaknesses or deficiencies in the current regulatory environment which may require actions by government to address them. The preparation of Financial Year 2019 PNGEITI Report will build on from the 2013 to 2018 PNGEITI Reports that have been published and address deficiencies and data gaps identified and recommendations made from these Reports. A matrix of the recommendations from past PNGEITI reports and the updated actions that have been taken is attached to this TOR as Annex 5. Other Annexes have also been attached, especially on various scoping studies (eg, beneficial ownership, sub-national payments and transfers, etc) and other reports and minutes of MSG meetings have been attached as background information for the Independent Administrator. Additional information about PNGEITI and its activities is available at www.pngeiti.org.pg

2. Objectives and expectations of the assignment

On behalf of the Government of Papua New Guinea, the MSG seeks a competent and credible firm with EITI reporting experience (but not necessary), free from conflicts of interest to provide Independent Administrator services (collection of financial data, reconciliation and verification and compilation of contextual information) in accordance with the EITI Standard. The objective of the assignment is to support the MSG in strengthening disclosures in accordance with the EITI

Standard, provide an assessment of the comprehensiveness and reliability of the disclosures, and support the MSG in agreeing to specific recommendations for strengthening government systems and natural resource governance.

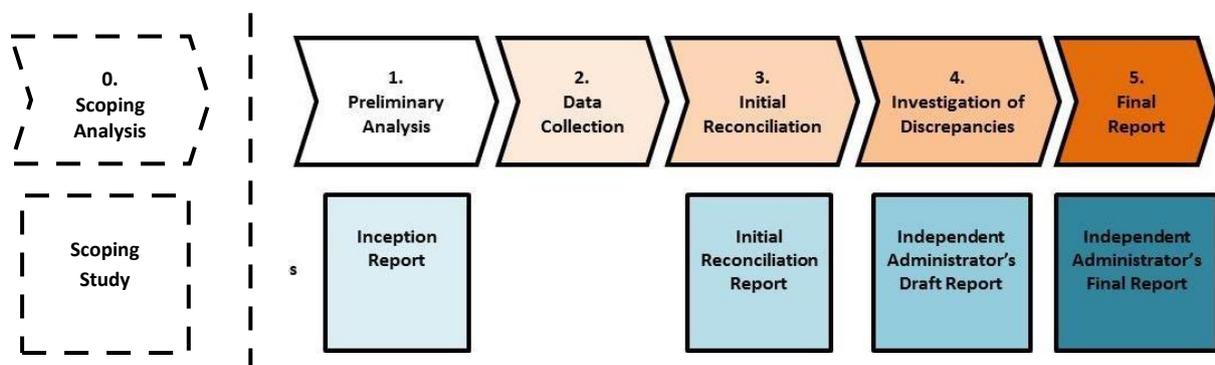
The Independent Administrator is expected to:

- Produce a scoping study to inform the MSG’s decision on the scope of the FY2019 PNG EITI Report. The scoping work should adequately take into account the outcome and recommendations from the financial years 2013 to 2018 PNGEITI Reports, the 2018 validation report outcome and its recommendations (corrective actions), and any other reports (previous scoping study reports, PNGEITI Annual Activity Reports, MSG meeting minutes, minutes of Technical Working Groups, Beneficial Ownership study report (pilot study), Sub-national payments and transfers study report and its recommendations, etc) and to recommend to the MSG on the scope of the FY2019 PNGEITI Report;
- Produce an EITI Report and associated data files for the financial year 2019 in accordance with the EITI Standard, and section 3, below;
- Summarise any additional objectives and work to be undertaken by the Independent Administrator; and
- Produce the full EITI Report (including the contextual information) for the financial year 2019 in accordance with the EITI Standard and section 3, below.

3. Scope of services, tasks and expected deliverables

The work of the Independent Administrator has six conceptual phases (see Figure 1). These phases may overlap and there may also be some iteration between the phases. EITI reporting is generally preceded by scoping work which is undertaken by the Independent Administrator (phase 0 in the figure below).

Figure 1 – Overview of the EITI Reporting process and deliverables



Phase 0 - Scoping Analysis and Scoping Study

Objective: Scoping work aims to identify what PNGEITI reporting should cover in order to meet the requirements of the EITI Standard, and especially the corrective actions as recommended in the 2018 Validation Report and any remaining recommendations from past PNGEITI reports that have not yet been actioned. Scoping sets the basis for producing timely, reliable and comprehensible EITI reporting. It commonly involves looking at issues for the fiscal year to be reported, the contextual information that should be part of the Report, reviewing the types of assurances that are needed for ensuring that the data submitted by reporting entities is credible, determining which revenue streams from oil, gas and mining are material and consequently, which companies and government entities should be required to report. It is also an opportunity for the MSG to consider the feasibility of extending the scope of EITI reporting beyond the minimum requirements in order to address the objectives outlined in the PNGEITI 2020 Work

Plan. Scoping may also investigate the likely gaps, especially the validation corrective actions and other issues that may be particularly challenging to include in this PNGEITI Report with a view to identifying options, solutions and recommendations for an appropriate reporting methodology for consideration by the MSG.

The Independent Administrator is expected to undertake the following tasks during the scoping phase:

1. Assess the challenges/gaps and recommendations from the previous PNGEITI reports (2013 – 2018) available at www.pngeiti.org.pg.
2. Continue to review and assess the challenges and recommendations from the 2018 validation report and the document the actions already taken or are being taken to resolve these matters before the second validation that has been deferred to July 2020 due to the corona virus outbreak. The validation corrective actions matrix has been attached to this TOR as annex 4 under sub-heading 'Annexes'.
3. Identify data and information gaps as reported in the FY 2013 to 2018 PNGEITI Reports and determine/document the actions already taken or are being taken to address these gaps. The Independent Administrator is also required to address any outstanding areas that the MSG may need to pursue in this report and how the Independent Administrator intends to address these challenges and fully address the gaps.
4. Review revenue streams and materiality thresholds for these revenue streams and industry companies to ensure that the information and data included meet the 2019 EITI Standard and can be achieved by relevant government entities and industry companies.
5. Assess the challenges and recommendations from the Beneficial Ownership (BO) Scoping Study Report, its pilot report and the BO Roadmap available on PNGEITI website at www.pngeiti.org.pg. The Independent Administrator will liaise closely work with the BO consultant to include details in the FY2019 PNGEITI Report.
6. The Independent Administrator is to consult the PNGEITI National Secretariat and the MSG on the sub-national payments scoping study recommendation and the Concept Note issued by the consultant and discuss ways forward on the subnational reporting mechanism in the FY 2019 PNGEITI Report.
7. Continue to liaise with JICA consultants working on Resources Related Revenue Management Project, and on areas that require reporting, particularly the corrective actions from the validation report that this project is undertaking with the Department of Petroleum and Energy (DPE) on petroleum licence registry, and disclosure of production volumes and values and such other challenges and gaps as identified.
8. The Independent Administrator is to continue to ensure that an increasing number of companies currently reporting to report by project basis (instead of reporting by single entity/operator/parent company), if they operate multiple projects.
9. Any additional contextual information that should be part of the FY2019 PNGEITI Report, reviewing the types of assurances required for ensuring that data submitted by reporting entities is credible.
10. Ensure that all industry companies that are at advanced stages of exploration report on all material payment streams (e.g., Corporate Income Tax).
11. For the purpose of project level reporting, propose a definition of the term "project" that is consistent with the definition provided in Requirement 4.7.

12. Produce an overview of the revenue streams that should be reported by project, classifying the revenue streams that are levied on a license/contract basis and should be reported as such as well as the revenue streams that are levied on a company basis and should be reported as such.
13. Draft corresponding reporting templates, drawing on the model reporting templates for project level reporting developed by International Secretariat in consultation with the PNGEITI MSG.

In undertaking the above, the Independent Administrator is expected to consult the EITI International Secretariat's guidance note on project level reporting, and to make use of the template definitions in the guidance note.

Highlight opportunities for the MSG to consider the feasibility of extending the scope of EITI reporting beyond the minimum requirements to address the objectives outlined in the 2020 PNGEITI Work Plan. ***Specifically, systematic disclosure is the default expectation of the 2019 Standard and the MSG requires the Independent Administrator to map out information that is already systematically disclosed by government entities and companies during the scoping stage. This will be useful in providing a snapshot of the level of systematic disclosure in the final report.***

The PNGEITI FY2019 Report will cover those payments reported in the financial years 2013 to 2018 Reports that have been published plus any additional revenue streams agreed to by the MSG to be included. Further, the Independent Administrator is expected to refer to previous scoping studies from 2013 to 2017 PNGEITI Reports, the MSG meeting minutes, minutes of the Technical Working Group (TWG) meetings and data from other sources where applicable to scope the FY2019 PNGEITI Report.

During the preliminary analysis period, the Independent Administrator will confirm the scope of the FY2019 PNGEITI Report. Following the review of the Inception Report, the MSG may adjust the scope of the FY2019 PNGEITI Report, if necessary. While it is anticipated that the FY2019 PNGEITI Report will continue to focus primarily on national-level data, information on sub-national payments, landowner transfers and payments, beneficial ownership and other details are expected to be covered in the narrative or unilaterally disclosed as agreed by relevant parties and the MSG. The Independent Administrator is not allowed to release data in any other format beyond what is included in the reconciliation section of the FY2019 PNGEITI Report, even if it receives such data in this reconciliation exercises. The Independent Administrator will be required to conduct training sessions on the reporting templates and necessary contextual data and inputs with government entities and companies that will be required to report.

Phase 1 – Preliminary Analysis and Inception Report

Objective: The purpose of the inception phase is to confirm that the scope of the EITI reporting process has been clearly defined, including the reporting templates, data collection procedures, and the schedule for publishing the Report. In cases where the Independent Administrator is involved in scoping work, the inception phase will not be extensive. However, in cases where the Independent Administrator is not involved in scoping work, some work will still be required, mainly to review prior scoping decisions and considerations taken by the MSG (paragraphs 1.1-1.2 below). The inception thus ensures that there is mutual understanding between the MSG and the Independent Administrator of the scope of the PNGEITI Report and the work to be carried out.

It is imperative that the scope of PNGEITI reporting is clearly defined and is consistent with the EITI Standard and the MSG's agreed objectives and expectations for the PNGEITI reporting process. Findings from the first phase should be documented in an inception report. The Independent Administrator is expected to undertake the following key tasks during the inception phase:

1.1 Review relevant background information, including the governance arrangements, taxation policies and fiscal arrangements governing the extractive industries, the findings from past scoping study reports and the financial years 2013 to 2018 PNGEITI Reports to scope the 2019 Report based on the above information. A list of relevant documentation has been provided as Annexes and additional documents will be provided to the successful bidder to assist in this review process.

1.2 The Independent Administrator should review the scope proposed by the MSG in Annex 1 with particular focus on the following:

1.2.1 **Comprehensiveness of payments and revenues:** Reviewing the comprehensiveness of the payments and revenues to be covered in the PNGEITI Report as proposed by the MSG in Annex 1 and in accordance with EITI Requirement 4.

1.2.2 **Comprehensiveness of companies and government entities:** Reviewing the comprehensiveness of companies and government entities that are required to report as defined by the MSG in Annex 1 and *in accordance with Requirement 4.1 of the EITI Standard. It is expected (not a requirement per se) that implementing countries will systematically disclose the requisite information through routine government and corporate reporting (websites, annual reports etc.). As such, the MSG requires the Independent Administrator to adequately source (inform and provide links) to where revenue data are systematically disclosed by companies or government entities. For example, in audited annual financial statements. Where systematically disclosed revenue data (4.1) is reported in the EITI Report, there should be an adequate assessment of the data quality in line with Requirement 4.9.*

The Independent Administrator should ensure that the materiality threshold for selecting companies considers all payments that could affect the comprehensiveness of EITI reporting and this be included in the scope of reconciliation. Further, the Independent Administrator should ensure that the FY2019 PNGEITI Report includes its own assessment of the materiality of omissions from non-reporting entities, an assessment of the comprehensiveness of the PNGEITI Report and that full unilateral government disclosure of total revenues, including from non-material companies is provided for each of the material revenue streams.

1.2.3 **Identifying existing disclosures by companies and government entities:** Supporting the MSG with identifying existing disclosures by companies and government entities reporting, collecting and maintaining information in accordance with the EITI Standard.

1.2.4 **Audit and assurance procedures:** Supporting the MSG with examining the audit and assurance procedures in companies and government entities participating in the EITI reporting process. This includes examining the relevant laws and regulations, any reforms that are planned or underway, and whether these procedures are in line with internationally accepted standards and practice. It is recommended that the PNGEITI Report includes a summary of the findings, otherwise the MSG should make the results of the review of audit and assurance practices publicly available elsewhere.

1.2.5 **Reporting templates based on agreed benefit streams:** Providing advice to the MSG on the reporting templates based on agreed benefit streams to be reported and the reporting entities (1.1.1 – 1.1.2 above). Sample templates are available from the International Secretariat. The Independent Administrator in collaboration with the PNGEITI National Secretariat will draft the templates in PNG's context for MSG's approval. It is recommended that the templates include a provision requiring companies to report any other material payments to government and non-government entities (including landowner entities and exploration companies) above an agreed threshold.

1.2.5 **License allocations:** In accordance with EITI Requirement 2.2, the Independent Administrator is required to obtain and document information related to the award or transfer of mining tenements and oil and gas licenses pertaining to companies to be

covered in the PNGEITI Report. The Independent Administrator is to ensure that this information should include the number of mining tenements and oil and gas licenses awarded and transferred in the 2019 fiscal year, a description of the award and transfer procedures, including specific technical and financial criteria assessed, and any non-trivial deviations from statutory procedures in practice.

1.2.6 License register: In accordance with EITI Requirement 2.3, the Independent Administrator should explicitly document in the report the availability of publicly-accessible register or cadastre system(s), including comprehensive information on licenses for oil, gas and mining companies. The Independent Administrator is to ensure that the information set out under EITI Requirement 2.3.b is publicly accessible for all mining, oil and gas companies. Where such register is not available or disclosed by the Department of Petroleum and Energy (DPE), the Independent Administrator should provide a PDF or scanned version of the relevant information obtained on the PNGEITI website and provide a link in the Report.

1.2.7 State participation: In accordance with EITI Requirement 2.6, the Independent Administrator should recommend to the MSG to establish a definition of State-Owned Entities (SOEs) to delineate the SOEs within the scope of EITI reporting and ensure that a comprehensive list of State participation in the extractive industries, including terms associated with State equity and any changes in the fiscal year 2019 be publicly accessible. *The Independent Administrator must ensure that the FY2019 PNGEITI Report clarifies the rules and practices governing financial relations between all SOEs, including their subsidiaries, and joint ventures, and the State including the existence of any loans or loan guarantees extended by the State, or SOEs to extractive companies or projects. This information should document whether (including links) SOEs publicly disclose their audited financial statements, or the main financial items (i.e. balance sheet, profit/loss statement, cash flows)*

1.2.8 Production data: In accordance with EITI Requirement 3.2, the Independent Administrator should ensure that complete production volume for oil and gas, and production values for each of the extractive commodities produced during the fiscal year 2019 is reported and is publicly accessible, disaggregated by commodity.

1.2.9 Export data: In accordance with EITI Requirement 3.3, the Independent Administrator should ensure that export volumes and values are obtained from reporting companies and entities and publicly disclosed for each mineral commodity (including oil, condensate and gas) exported in the fiscal year 2019. Alternatively, for companies included in the FY2019 PNGEITI Report, the Independent Administrator should provide links to where all relevant data can be found in company reports.

1.2.10 SOEs transactions: In accordance with EITI Requirement 4.5, the Independent Administrator should undertake a comprehensive assessment of transactions between extractives SOEs (and their subsidiaries) and mining, oil and gas companies, as well as between the extractives SOEs (including their subsidiaries) and government in scoping for future PNGEITI Reports. All SOEs (including Trustees) collecting material revenues or making material payments to government should be included in future PNGEITI reporting.

If necessary, the Independent Administrator should recommend to the MSG in this report to implement recommendations from the proposed SOE scoping study to be undertaken to improve SOEs disclosures in future reports.

1.2.11 Direct sub-national payments: In accordance with EITI Requirement 4.6, the Independent Administrator should establish whether direct subnational payments (to government entities) by extractives companies are material. Where material, the

Independent Administrator is required to ensure that direct subnational payments are reconciled between company payments and subnational government entities' receipts. Given widespread confusion yet vivid interest among stakeholders from all constituencies over extractive revenue flows accruing to subnational governments, the Independent Administrator should consider mapping out subnational revenue flows associated with each individual extractive project, drawing on results from the scoping study on subnational revenue flows published in April, 2019.

Key deliverables for the Independent Administrator in this report are to identify communities where landowners have Memorandum of Agreements (MOAs) with the governments and flagging the terms and benefits of these MOAs. If necessary, the Independent Administrator should recommend to the MSG in this Report for an evaluation study to map out all MOAs between the landowners and government.

It is very important for the Independent Administrator to take note of the International Secretariat's comments on its gap analysis on the FY2018 PNGEITI Report. That is, there appears to be confusion and lack of a clear delineation between subnational payments, transfers and social expenditures. The Independent Administrator is required to clearly distinguish between these and report on them accordingly.

1.2.12 Data quality: In accordance with EITI Requirement 4.9, the EITI requires an assessment of whether the payments and revenues are subject to credible, independent audit, applying international auditing standards. In accordance with requirement 4.9.b.iii and the standard Terms of Reference for the Independent Administrator agreed by the EITI Board, the MSG and the Independent Administrator should:

Ensure that the Independent Administrator provides a clear and categorical assessment of the comprehensiveness and reliability of the (financial) data presented, including an informative summary of the work performed by the Independent Administrator and the limitations of the assessment provided.

Ensure that the Independent Administrator provides an assessment of whether all companies and government entities within the agreed scope of the EITI reporting process provided the requested information. Any gaps or weaknesses in reporting to the Independent Administrator must be disclosed in the Report, including naming any entities that failed to comply with the agreed procedures, and an assessment of whether this is likely to have had material impact on the comprehensiveness and reliability of the Report.

1.2.13 Distribution of extractive industry revenues: In accordance with EITI Requirement 5.1, the Independent Administrator should check with the Department of Treasury and clarify in the Report which extractive revenues are recorded in the national budget. Where revenues are not recorded in the national budget, the allocation of revenues should be explained, with links provided to other relevant financial reports.

1.2.14 Sub-national transfers: In accordance with EITI Requirement 5.2, the Independent Administrator is required to ensure that material subnational transfers of extractives revenues are publicly disclosed, when such transfers are mandated by a national constitution, statute or other revenue sharing mechanisms such as benefit-sharing agreements. The MSG should also disclose any discrepancies between the transfer amount calculated in accordance with the relevant revenue sharing formula and the actual amount transferred between the central government and each relevant subnational entity on an annual basis.

The Independent Administrator should follow up on implementing the recommendations from the subnational scoping study that was published in April, 2019. Where possible, the Independent Administrator should update the reporting templates to ensure that

companies report on subnational payments. The MRDC to be engaged to ensure that calculated amounts and actual amounts transferred are reconciled.

The Independent Administrator is required to refer to the comments by International Secretariat in the gap analysis regarding the lack of clarity on subnational transfers, payments and expenditures as outlined in the item 1.2.11 above.

1.2.15 Mandatory social expenditures: In accordance with EITI Requirement 6.1, the Independent Administrator should ensure that reporting of mandatory social expenditures be disaggregated by type of payment and beneficiary, clarifying the name and function of any non-government (third party) beneficiaries of mandatory social expenditures. The Independent Administrator is to revise the reporting templates to ensure disaggregation by type of payment and beneficiary. The Independent Administrator is to assist the MSG to agree on the categories of (beneficiaries of) mandatory social expenditures to be reported and adjust the deadline of submission of reporting templates to consider these new changes for the FY2019 PNGEITI Report.

The Independent Administrator is also required to take note of the comments by International Secretariat in the gap analysis regarding the lack of clarity on subnational transfers, payments and expenditures.

1.2.16 SOEs quasi-fiscal expenditures (QFEs): In accordance with EITI Requirement 6.2, PNG should undertake a comprehensive review of all expenditures undertaken by extractives SOEs (and their subsidiaries) that could be considered quasi-fiscal. PNG should develop a reporting process with a view to achieving a level of transparency commensurate with other payments and revenue streams and should include SOE subsidiaries and joint ventures. Reporting on SOE quasi-fiscal expenditures (QFEs) will require appropriate legislative amendments and the Independent Administrator is expected to identify this and document or recommend this in the Report.

The Independent Administrator is to assist the MSG by recommending appropriate actions to build the capacity of companies to report on such QFEs in future reports. In the interim, the Independent Administrator should consider including, where possible, QFEs by SOEs in the FY2019 PNGEITI Report.

1.2.17 Contracts disclosure: In accordance with EITI Requirement 2.4, the Independent Administrator is required to disclose any contracts and licences that have been granted, entered into or amended from 1 January 2021. PNG as a implementing country is encouraged to publicly disclose any contracts and licences that provide the terms attached to the exploitation of oil, gas and minerals. The Independent Administrator is required to refer to the detailed guidance on this requirement in (<https://eiti.org/guide/contracts>) the 2019 EITI Standard.

1.2.18 Beneficial ownership (BO): In accordance with EITI Requirement 2.5, the Independent Administrator is required to include BO details as part of this Report. PNG as an implementing country is required to maintain a publicly available register of beneficial owners of the corporate entity (ies) that apply for or hold a participating interest in an exploration or production of oil, gas or mining licence or contract, including the identity(ies) of their beneficial owner(s), the level of ownership and details about how ownership or control is exerted. The Independent Administrator is required to refer to the detailed guidance on this requirement in (<https://eiti.org/beneficial-ownership#eiti-guidance-and-publications-on-beneficial-ownership>) in the 2019 EITI Standard.

1.3 On the basis of 1.1 and 1.2 as applicable, produce an inception report that:

1.3.1 Includes a statement of materiality (Annex 1) confirming MSG's decision on the payments and revenues to be covered in the PNGEITI Report, including:

- The definition of materiality and thresholds, and the resulting revenue streams to be included in accordance with EITI Requirement 4.1(c);
- The sale of State's share of production or other revenues collected in-kind in accordance with EITI Requirement 4.2;
- The coverage of infrastructure provisions and barter arrangements in accordance with EITI Requirement 4.3;
- The coverage of transportation revenues in accordance with Requirement 4.4;
- The disclosure and reconciliation of payments to and from State owned enterprises (SOEs) in accordance with Requirement 4.5;
- The materiality and inclusion of direct sub-national payments in accordance with Requirement 4.6;
- The materiality and inclusion of sub-national payments and transfers in accordance with EITI Requirement 5.2;
- The level and type of disaggregation of the PNGEITI Report, by individual project, company, government entity and revenue stream, in accordance with Requirement 4.7;
- The coverage of social expenditure and environmental payments in accordance with requirement 6.1;
- All other data and information covering points 1.2.1 to 1.2.18 as outlined above; and
- Any other aspects (eg, additional benefits streams) as agreed by the MSG.

1.3.2 Includes a statement of materiality (Annex 1) confirming the MSG's decision on the companies and government entities that are required to report, including:

- The companies, (including SOEs) that make material payments to the State and will be required to report in accordance with EITI Requirement 4.1(d);
- The Government entities, including SOEs (trustees included) and sub-national government entities and landowner companies/associations that receive material payments spent on infrastructure projects or provision of goods and services, as well as invested on behalf of landowners and future generations by Trustees like MRDC will be required to report in accordance with EITI Requirement 4.1(d), 4.5 and 4.6;
- The companies that are at advanced stages of development that are required to report on any material payments made in the financial year being reported.

- Any barriers to full government disclosure of total revenues received from each of the benefit streams agreed in the scope of the PNGEITI Report, including revenues that fall below agreed materiality thresholds (Requirement 4.1(d));

1.3.3 Based on the examination of the audit and assurance procedures in companies and government entities participating in the PNGEITI reporting process (1.2.3 above), a confirmation of what information participating companies and government entities are required to provide to the Independent Administrator in order to assure the credibility of the data in accordance with EITI Requirement 4.9; and

1.3.4 *Consistent with the 2019 EITI Standard, the Independent Administrator is required to work with the MSG during the scoping phase of this Report to agree on a definition of the term ‘project’ and an overview of the revenue streams to be reported by project, confirming the MSG’s decision that the financial data should be disaggregated by project where levied by project. To assist the MSG in determining what constitutes a ‘project’, the Independent Administrator should use [Guidance Note 29](#) provided by the International Secretariat as a guide.*

The Independent Administrator should exercise judgement and apply appropriate international professional standards¹ in developing a procedure that provide a sufficient basis for a comprehensive and reliable PNGEITI Report. The Independent Administrator should employ professional judgement to determine the extent to which reliance can be placed on the existing controls and audit frameworks of the companies and governments. Where deemed necessary by the Independent Administrator and the MSG, assurances may include:

- Requesting sign-off from a senior company or government official from each reporting entity attesting that the reporting template containing the company or government financial data and contextual information are complete and accurate record;
- Requesting a confirmation letter from the companies’ external auditor that confirms that the information that have been submitted is comprehensive and consistent with their audited financial statements. The MSG may decide to phase in any such procedure so that the confirmation letter may be integrated into the usual work programme of the company’s auditor. Where some companies are not required by law to have an external auditor and therefore cannot provide such assurance, this should be clearly identified, and any reforms that are planned or underway should be noted; and
- Where relevant and practicable, request that government reporting entities obtain a certification of the accuracy of government’s disclosures from their external auditor or equivalent (or seek this directly from the auditor, notably the Auditor General).

The inception report should document the options considered and the rationale for the assurances to be provided.

1.3.5 Confirms the procedures for integrating and analysing non-revenue information in the PNGEITI Report. The inception report should incorporate table 1 below, confirming the division of labour between the Independent Administrator, the MSG or other actors in compiling this data, and how the information should be sourced and attributed. The MSG has agreed that the Independent Administrator will be required to prepare the entire PNGEITI Report (inclusive of contextual information and financial data compilation and reconciliation). In certain areas, the MSG may decide to task another party to compile all

¹ For example, ISA 505 relative to external confirmations; ISA 530 relative to audit sampling; ISA 500 relative to audit evidence; ISRS 4400 relative to the engagement to perform agreed-upon procedures regarding financial information and ISRS 4410 relative to compilation engagements.

or parts of the contextual information. If so, the MSG and the Independent Administrator will agree to the procedures for how this would be incorporated in the PNGEITI Report.

Table 1 – Non-revenue information to be provided in the PNGEITI Report

The MSG has agreed to the contents of the table below for the Independent Administrator to commence report preparation. It has outlined the scope of work required from the Independent Administrator in collating contextual information, including likely sources of data. In completing this table, the MSG strongly recommends the Independent Administrator to refer to the detailed EITI Requirements set out in the 2019 EITI Standard [here](#).

It is critically important that “the Independent Administrator is required to adequately address in the 2019 Report the ongoing actions that have been taken and are being taken on the 2018 Validation Report outcome, especially scoping out how it intends to address the corrective actions as recommended in the Validation Report. The Validation Report is provided via <http://www.pngeiti.org.pg/pngeiti-validation-report/>. The Independent Administrator is expected to work closely with PNGEITI Project Consultants, the Validation Technical Working Group and relevant government entities to properly document in the Report the actions already been taken, work in progress or currently being undertaken to address the gaps identified in the Validation Report, and also the progress being made in implementing the previous report recommendations.

Table 1: Non-revenue information to be provided in the FY2019 PNGEITI Report

Non-revenue information to be provided in the EITI Report ²	Data collection, quality assurances and analysis to be undertaken by the MSG/others	Data collection, quality assurances and analysis to be undertaken by the Independent Administrator
Legal framework and fiscal regime in accordance with EITI Requirement 2.1.	No work will be required from MSG, TWG, National Secretariat and others	Summary of PNG’s fiscal and taxation regime covering the mining, oil and gas sector and a general overview of the relevant laws and regulations governing these sectors. <i>The Independent Administrator should include a description of the different types of contracts and licenses that govern the exploration and exploitation of oil, gas and minerals, and information on the roles and responsibilities of the relevant government agencies.</i> The Independent Administrator will be required to liaise with the Departments of; Treasury, Petroleum and Energy, Mineral Policy and Geohazards Management, the IRC, MRA and other relevant entities in providing this description. Refer to the PNGEITI Reports (2013 – 2018) for reference, the Validation Report recommendations, especially the corrective measures that are being acted

² In preparing this information, the MSG may wish to use Part 2 of the EITI Summary data template, which contains a disclosure checklist for publicly accessible non-revenue information in line with the EITI Standard.

		upon before the second validation in July 2020. <i>In addition, the Independent Administrator should refer to the detailed gap analysis provided by the International Secretariat on what needs to be addressed through EITI Reporting and systematic disclosure.</i> The documents are available at PNGEITI website: www.pngeiti.org.pg .
Information about procedures and practice of allocating licenses in accordance with EITI Requirement 2.2. ³ , and license holders in accordance with EITI Requirement 2.3. ⁴	Technical Working Group, National Secretariat, MSG members and government entities are required to assist with respect to reviewing information collected by the Independent Administrator to ensure these are factually correct and consistent	The Independent Administrator is expected to use the information in the scoping report and the PNGEITI financial years 2013 to 2018 Reports to address Requirements 2.2 and 2.3. Where such information gap exists, the Independent Administrator is expected to consult with MRA, Environment and Conservation Protection Authority (CEPA) and DPE or the project consultants (JICA) to address the gaps or document actions being undertaken to meet these requirements. Where there is need for improvement, the Independent Administrator should make recommendations to the MSG.
Any information requested by the MSG on contracts in accordance with EITI Requirement 2.4 ⁵	No work will be required from the TWG, National Secretariat, MSG and others	The Independent Administrator should assess the possibility of contract disclosure in this report and highlight impediments and options to address these impediments. <i>In addition to the above, the report should cover a description of the government's policy on disclosure and what contracts are currently disclosed. Where disclosure practice deviates from legislative or government policy requirements concerning the disclosure of contracts and licenses, an explanation for the deviation should be provided.</i> For mining companies, MRA is expected to work with the Independent Administrator to disclose project agreements and contracts and, if not possible links should be provided in the report for public access to these contracts and agreements. For petroleum companies, DPE is expected to work with the Independent Administrator to disclose contracts (including project agreements) and if possible, provide links in the report for public access to these agreements and contracts. However, if for some reason the entire agreements or parts of these agreements cannot be disclosed, the Independent Administrator is expected to

³ Guidance Note 4: Licence Allocations, <https://eiti.org/guide/license-allocations>

⁴ Guidance Note 3: Licence Registers, <https://eiti.org/guide/license-registers>

⁵ Guidance Note 7: Contract Transparency, <https://eiti.org/guide/contracts>

		<p>provide explanations as to why this cannot be done and possible actions to address this in future reports.</p> <p>The contracts and project agreements include; UBSA, LBBSAs or any other MoUs relating to petroleum projects and mining development contracts or MOAs as well as compensation agreements relating to water access, environmental disturbances, etc.</p>
<p>Any information requested by the MSG on beneficial ownership in accordance with EITI Requirement 2.5⁶</p>	<p>For the purpose of the 2019 Report, the MSG (through the TWG and the National Secretariat) will:</p> <p>Consider and agree on the recommendations by the Independent Administrator with regards to the definition of BO, the details to be disclosed about the identity of the BO, and the approach for BO data assurance.</p> <p>☑ The Independent Administrator is to consult the BO Roadmap Implementation Manager (KPMG), or the consultant who is engaged to undertake BO reporting with current EITI reporting companies.</p>	<p>For the purpose of this report, the Independent Administrator should work with the BO Roadmap Implementation Manager (KPMG) or the consultant engaged to undertake BO reporting to:</p> <ul style="list-style-type: none"> • Propose a definition of BO for adoption by the MSG. • Propose the disclosure of details on the identity of the beneficial owners. • Propose an approach for assuring the BO assurance for adoption by the MSG. • Reflect the MSG's decision on the definition of BO, the details to be disclosed about the identity of the assurance process in the EITI's model BO template. <p>Develop guidelines to reporting companies on how to identify their beneficial owners and complete the reporting template.</p> <ul style="list-style-type: none"> • Distribute the BO template to the companies included in the scope of the EITI Report, collect data and follow up on any missing or incomplete submissions. • Compile the data in an open data format (xlsx or cvs) • Present the findings in the PNGEITI Report, noting for each of the companies in the scope of the report: the name of the BOs of each company, details about their identity, and information about how ownership is exerted. Where legal owners have been disclosed, this should be distinguished from beneficial ownership. • Provide comments on the comprehensiveness and reliability of the BO information, and present

⁶ Template beneficial ownership declaration, <https://eiti.org/document/tools-to-include-beneficial-ownership-information-in-eiti-reporting>

		<p>recommendations for improving beneficial ownership reporting in the future, apart from the list of activities identified in the BO Roadmap.</p> <ul style="list-style-type: none"> • <i>It is important that the Independent Administrator provides an independent assessment of the level of completeness (comprehensive) and credibility (reliability) of the data disclosed on the BO.</i> <p><i>Note that PNG’s first BO reporting may be undertaken separately and in parallel to the FY2019 PNGEITI Report. If this may be the case, the Independent Administrator is required to provide a link to the BO Standalone Report and include its recommendations as part of this Report.</i></p>
<p>Information regarding state participation in the extractive industries, state-owned enterprises and any quasi-fiscal expenditures in accordance with EITI Requirement 2.6 and 6.2.⁷</p> <p><i>(The Independent Administrator should also refer to the details contained in the TOR for the SOE scoping study which are applicable here).</i></p>	<p>Technical Working Group, National Secretariat, MSG members and government agencies to</p>	<p>The Independent Administrator is expected to liaise with Ok Tedi, Kumul Petroleum Holdings, Kumul Mineral Holdings and Mineral Resources Development Company (MRDC) to provide an explanation on their roles and practices regarding the financial relationship between the Government (e.g., transfer of funds between the State and SOEs), retained earnings, State equity participation and reinvestment. Further background information can be obtained from PNGEITI Reports (Fiscal years 2013 – 2018).</p> <p><i>In line with the changes to the EITI Standard, the Independent Administrator should document whether (and provide links to) SOEs publicly disclose their audited financial statements, or the main financial items (i.e. balance sheet, profit/loss statement, cash flows) where financial statements are not available (#2.6b). Please refer to #2.6 for more details.</i></p> <p>The Independent Administrator is also expected to liaise with the Department of Treasury on the third-party funding arrangements for mining, oil and gas projects including the PNG LNG project. The Independent Administrator is expected to assess the level of disclosure and provide options to the MSG in the preliminary report.</p>

⁷ Guidance Note 18: SOE participation in EITI Reporting, <https://eiti.org/GN18>

		<p>The Independent Administrator is expected to liaise with Ok Tedi, Kumul Petroleum Holdings, Kumul Mineral Holdings, MRDC and other relevant State entities to provide their quasi-fiscal expenditures such as payments for social services, public infrastructure, fuel subsidies, third party financing and national debt servicing for the year 2019.</p> <p>The Independent Administrator is expected to liaise with Ok Tedi, Kumul Petroleum Holdings, Kumul Consolidated Holdings, Kumul Mineral Holdings, MRDC and other relevant State agencies including Treasury, MRA, and DPE on level of beneficial ownership (BO) in mining, oil and gas companies operating within the country's oil, gas and mining sector, including those held by SOEs (trustees included), subsidiaries and joint ventures and any change of ownership during the 2019 fiscal year.</p>
An overview of the extractive industries, including any significant exploration activities in accordance with EITI Requirement 3.1.	No work will be required by MSG, the National Secretariat, the TWG and others	<p>The Independent Administrator will be required to use the 2013 to 2018 scoping study reports, the fiscal years 2013 to 2018 PNGEITI Reports (Refer to www.pngeiti.org.pg), the Beneficial Ownership Study Report, the pilot BO study and the BO Roadmap, the Sub-national Payments Scoping Study Report, the Tax Review Report for this purpose.</p> <p>Further, the Independent Administrator is to liaise with the Departments of Petroleum and Energy, Mineral Policy and Geohazards Management and Mineral Resources Authority and other relevant entities to obtain information and provide an overview on the extractive industries, including an update on exploration activities in PNG.</p>
Production and export data in accordance with EITI Requirement 3.2 and 3.3.	<p>MSG members and government agencies including SOEs are to assist in reviewing, verifying data and confirming information collected by the Independent Administrator in the reporting template are correct and consistent.</p> <p>Assurance is highly required from respective constituencies.</p>	<p>The Independent Administrator is expected to use the information from the 2013 to 2018 scoping study reports and the 2013 – 2018 PNGEITI Reports to disclose production data for 2019 in the PNGEITI Report. The production data should include:</p> <ul style="list-style-type: none"> Total production volumes and the value of production. <i>The data could be further disaggregated by region, company or project, and include sources and the methods</i>

		<p>for calculating production volumes and values.</p> <ul style="list-style-type: none"> Total export volumes and the value of exports. The data could be further disaggregated by region, company or project, and include sources and the methods for calculating production volumes and values. <p>Where there is gap in the information, the Independent Administrator is expected to liaise with MRA, DPE and other relevant entities to verify the information.</p>
Information about the distribution of revenues from the extractive industries in accordance with EITI Requirement 5.1.	MSG members and government entities are required to assist in reviewing information collected by the Independent Administrator to ensure they are factually correct and consistent	The Independent Administrator is expected to use the 2013 – 2017 scoping study reports and the PNGEITI Reports (2013 – 2018) and where there are still information gaps, liaise with the Department of Treasury to identify revenues (cash or in-kind) that are recorded in the National Budget.
Any further information requested by the MSG on revenue management and expenditures in accordance with EITI Requirement 5.3.	MSG members and government entities are required to assist in reviewing information collected by the Independent Administrator to ensure these are factually correct and consistent	The Independent Administrator is expected to use the information in the PNGEITI financial years 2013 to 2018 Reports to address Requirement 5.3 and where there are information gaps, liaise with relevant government entities and SOEs to verify them.
Information about the contribution of the extractive industries to the economy in accordance with EITI Requirement 6.3.	MSG members and government agencies to help with respect to reviewing information collected by the Independent Administrator	<p>Where there are information gaps in the scoping study report on the points listed below and agreed to by the MSG, the Independent Administrator is expected to fill these in by liaising with the Department of Treasury, Bank of PNG and industry companies to determine the contribution made to the PNG economy in the reporting period. Such information to include:</p> <ul style="list-style-type: none"> the size of extractive industries and as a percentage of GDP, including an estimate of the informal sector Total government revenues generated by the extractive industries (taxes, royalties, bonuses, fees and other payments) in absolute terms and as a percentage of total government revenues. Exports from extractive industries in absolute terms and as a percentage of total exports. Employment in the extractive industries in absolute terms and as

		<p>a percentage of total employment. <i>In line with the 2019 Standard, the information should be disaggregated by gender and, when available, further disaggregated by company and occupational level.</i></p> <p>Regions/provinces where production is concentrated.</p>
Any further information requested by the MSG on environmental impact of extractive activities in accordance with EITI Requirement 6.4.	MSG members and others will assist in reviewing information collected by the Independent Administrator	<i>This is especially the 2019 EITI Standard that requires information relating to environmental impact of extractive activities in accordance with EITI Requirement 6.4.</i>
Add any other contextual information that the MSG has agreed to include in the EITI Report	MSG members, TWG and others will review information put together by the Independent Administrator.	In addition to the above the MSG may require other contextual information to be included in the Report.

1.3.6 Confirms the reporting templates based on the agreed benefit streams to be reported, the reporting entities, and the definition of project (1.2.1 – 1.2.2 and 1.3.3 above). The Independent Administrator in collaboration with the National Secretariat will draft the templates for the MSG's approval. It is recommended that the templates include a provision requiring companies to report "any other material payments to government entities" and payments to non-government entities (including landowner entities) other than for the provision of goods and services (including employment) listed above an agreed threshold. **The Independent Administrator should confirm the key stages of its work as well as any procedures or provisions relating to safeguarding confidential information.** The Independent Administrator should also develop guidance to the reporting entities on how to complete the reporting templates, and provide training to reporting entities as well as any procedures or provisions relating to safeguarding confidential information. The Independent Administrator should also develop guidance and training for the reporting entities on how to complete the templates.

Phase 2 – Data Collection

Objective: The objective of the second phase of work is to collect data for the EITI Report in accordance with the scope confirmed in the Inception Report. The MSG and the National Secretariat will provide contact details for the reporting entities and assist the Independent Administrator in ensuring that all reporting entities participate fully and provide the required data in a timely manner.

The Independent Administrator is expected to undertake the following tasks during the data collection (beneficial ownership data collection will not form part of this work as the report will be undertaken separately) phase:

- 2.1** Distribute the reporting templates and collect completed forms and associated supporting documentation directly from the reporting entities, as well as any contextual or other information that the MSG has approved for the Independent Administrator to collect in accordance with 1.3.4 above. Where an alternative approach is proposed - e.g. where the National Secretariat assists with data collection, or where the data is collected

through an existing reporting mechanism, there should be consultations with the Independent Administrator to ensure the integrity of the information transmitted to the Independent Administrator.

- 2.2 Contact the reporting entities directly to clarify any information gaps or discrepancies that may exist.
- 2.3 Where necessary for non-revenue information, the Independent Administrator is to request, obtain and provide documentation on the processes relating to issuance of relevant approvals, endorsements and licenses.
- 2.4 Where data is kept at sub-national levels, the Independent Administrator is expected to travel to the sites where these entities or companies are located to obtain such data and information, if necessary to complete the report on time.

Phase 3 – Initial Reconciliation Report

Objective: The objective of this phase is to complete an initial compilation and reconciliation of the contextual information and revenue data with a view to identifying any gaps or discrepancies to be further investigated. The Independent Administrator should:

- 3.1 Compile a database with the payments and revenue data provided by the reporting entities, disaggregated by each individual project, company, government entity and revenue streams in accordance with Requirement 4.7.
- 3.2 Comprehensively verify and reconcile the financial data disclosed by the reporting entities, identify any discrepancies (including offsetting discrepancies) in accordance with the agreed scope and any other gaps in the contextual information provided.
- 3.3 Identify any discrepancies above the agreed margin of error established in agreement with the MSG. The MSG and the Independent Administrator may decide to agree on an acceptable margin of error in determining the discrepancies that may require further investigation.

Phase 4 – Investigation of Discrepancies and Draft PNGEITI Report

Objective: The purpose of this phase is to investigate any discrepancies identified in the initial reconciliation, and to produce a draft PNGEITI Report that contains the contextual information, reconciled financial data and an explanation on any discrepancies above the margin of error as determined by the MSG. Where applicable, the Independent Administrator should:

- 4.1 Contact the reporting entities to clarify the causes of any significant discrepancies or other gaps in the reported data, and to collect additional data or an explanation from the reporting entities concerned.
- 4.2 Submit a draft PNGEITI Report to the MSG for comments that comprehensively reconciles the information disclosed by the reporting entities, identify any discrepancies and reports on contextual and other information requested by the MSG. The financial data should be disaggregated by each individual project, company, government entity and revenue stream in accordance with EITI Requirement 4.7. The draft PNGEITI Report should:
 - a) describe the methodology adopted for the reconciliation of company payments and government revenues, and demonstrate the application of international professional standards.
 - b) include a description of all revenue streams, related materiality definitions and thresholds (EITI Requirement 4.1).

- c) include an assessment from the Independent Administrator on the comprehensiveness and reliability of the financial data presented, including an informative summary of the work performed by the Independent Administrator and the limitations of the assessment provided.
- d) indicate the coverage of the reconciliation exercise, based on the government's disclosure of total revenues as per EITI Requirement 4.1(d).
- e) include an assessment of whether all companies and government entities within the agreed scope of the EITI reporting process provided the requested information. Any gaps or weaknesses in reporting to the Independent Administrator must be disclosed in the PNGEITI Report, including naming any entities that failed to comply with the agreed procedures, and an assessment of whether this is likely to have had material impact on the comprehensiveness of the reports (EITI Requirement 5.3(d)).
- f) document whether participating companies and government entities had their financial statements audited in the financial year covered by the EITI Report. Any gaps or weaknesses must be disclosed. Where audited financial statements are publicly available, it is recommended that the PNGEITI Report specifies how these statements could be accessed (EITI Requirement 5.3(e)).
- g) include non-revenue information as per EITI Requirement 2, 3, 5 and 6 and other information requested by the MSG. The contextual information should be clearly sourced in accordance with the procedures agreed by the Independent Administrator should clearly state where the information is publicly available.

Where previous PNGEITI Reports have recommended corrective actions and reforms, the Independent Administrator should comment on the progress made in implementing those measures [EITI Requirement 5.3(e)]. The Independent Administrator should make recommendations for strengthening the reporting process in the future, including any recommendations regarding audit practices and reforms needed to bring them in line with international standards, and where appropriate, recommendations for other extractive sector reforms related to strengthening the impact of implementation of the EITI on natural resource governance. The Independent Administrator is required to collaborate with the MSG in formulating such recommendations.

4.3 Where previous EITI Reports have recommended corrective actions and reforms, the Independent Administrator should comment on the progress in implementing those measures. The Independent Administrator should make recommendations for strengthening regular, timely and comprehensive disclosures by government entities and companies in the future, including any recommendations regarding audit practices and reforms needed to bring them in line with international standards, and where appropriate, recommendations for other extractive sector reforms related to strengthening the impact of implementation of the EITI on natural resource governance. The Independent Administrator is encouraged to collaborate with the MSG in formulating such recommendations.

Phase 5 – Final PNGEITI Report

Objective: The objective of this phase is to ensure that any comments by the MSG on the draft report have been considered and incorporated in the final PNGEITI Report.

- 5.1 The Independent Administrator will submit the Report upon approval by the MSG. The MSG will endorse the report in principle prior to its publication and will oversee its publication. Where stakeholders other than the Independent Administrator decide to include additional comments, the authorship should be clearly indicated.

- 5.2 The Independent Administrator should produce electronic data files that can be published together with the final Report. The final Report should be delivered in both soft and hard copy formats (Word and Pdf versions) for distribution as agreed by the MSG. The Independent Administrator may also be required to develop a set of power point briefing slides for MSG's use in external communications.
- 5.3 The Independent Administrator provide files for all data in a searchable, sortable and machine-readable formats. These files shall be accompanied by comprehensive documentation that would allow any third party to easily understand and use these data files. This should include a description of data types, the meaning of data categories and available values. The final product of the files and data will be the property of the PNGEITI National Secretariat.
- 5.4 Following approval by the MSG, the Independent Administrator is mandated to submit a summary data (in excel data formats) from the PNGEITI Report electronically to the International Secretariat according to the standardized reporting format (EITI Requirement 7.2. ***The Independent Administrator is to note that the summary data 2.0 that came into force on 1 July 2019 would mean that the FY2019 PNGEITI Report should use the new template. The Independent Administrator should refer to this link <https://eiti.org/event/eiti-summary-data-20-anglophone-webinar> to see more guidance on this requirement. The International Secretariat can provide training and support to the Independent Administrator and the PNGEITI National Secretariat in using the new summary data template, if required.*** ***As a recommendation, the Independent Administrator and the MSG may choose to use the "part 2 - disclosure checklist" of the summary data" as a basis to provide a summary of the scope and level of systematic disclosure. A specific section in the report can be dedicated to providing a summary on systematic disclosure.***
- 5.5 The Independent Administrator shall take appropriate measures to ensure that the Report is accurate and comprehensive. This includes ensuring that the Report have high levels of readability, legality and usability. The MSG may also request for the Report to be edited by a professional copy-editor and/or be designed by a professional graphical designer.
- 5.6 The MSG may request the Independent Administrator to submit to the National Secretariat all data gathered during reconciliation, including the contact information of all institutions contacted during the reporting period.
- 5.7 The Independent Administrator should endeavour to include information graphics into the Report for better illustration and understanding.

4. Qualification requirements for Independent Administrator

The reconciliation of company payments and government revenues must be undertaken by an Independent Administrator applying international professional standards. It is a requirement that the Independent Administrator is perceived by the MSG to be credible, trustworthy and technically competent. Bidders must follow (and show how they will apply) the appropriate professional standards for the reconciliation and agreed-upon-procedures in preparing the report. The Independent Administrator must be able to meet all relevant criteria and due diligence requirements and must have some experience working on similar financial budget /

revenue issues and extensive experience in accounting, auditing, financial analysis and reconciliation.

The Independent Administrator must demonstrate some experience in the oil, gas and mining sectors, preferably in PNG. Preference may be given to bidders that have had prior experience in undertaking similar EITI reporting and financial data reconciliation in other jurisdictions but not necessary.

In order to ensure the quality and independence of the exercise, the Independent Administrator is required, in its proposal, to disclose any actual or potential conflicts of interest, together with commentary on how any such conflict can be avoided.

The Independent Administrator is also required to specifically demonstrate experiences in the following:

4.1 Data management and communication

- Managing, analysing, and translating complex and often 'dry' financial data into easily understandable and usable formats for public users. The public may include; the general public, non-profit organizations, community groups, provincial and local level governments, State entities, educational and research institutions, companies, donors, development partners and others.
- Using state of the art data processing tools to ensure that the financial reconciliation is performed in the most efficient and effective manner (e.g., good properties of distributed systems: reliability, scalability, availability, etc.) and the data and source documents remain safeguarded.
- Developing, implementing and maintaining quality assurance, project and system processing procedures

4.2 Open government initiatives

- Using applied research and experience working directly with regional, national and local institutions to leverage existing and relevant publicly sourced narrative pertaining to the extractives sector.
- Working with multi-stakeholder groups or multi-sector bodies or committees with diverse interests who will be integral to conducting PNGEITI work.
- Applying methods and theory of public involvement and consultation.

4.3 Accounting

- Complying with national accounting standards, where national standards exist, or international standards where this is non-existent.
- Reconciling differences in financial reporting from different sources, ideally involving large scale databases and extractive industries financial reporting of revenue obligations or payments within the PNG legal and regulatory environment and policy framework relevant to PNGEITI requirements.

4.4 Natural resource governance and legal framework

- Documenting government policy specific to oil, gas and minerals, or similar experience documenting the laws, regulations and policies that govern government operations in PNG and internationally.
- Analysing and interpreting mineral, oil and gas leasing, royalty contracts, and the legal and regulatory interpretations of those agreements.
- Managing and interpreting policies with respect to leasing, production and revenue reporting for use of the natural resource attributes of the national government's assets, as well as taxation of the extractive industries.
- Documenting the government's policy on contracts and licenses that govern the exploration and exploitation of oil, gas and minerals. This would include identifying relevant laws, regulations, fiscal and taxation regime and financial systems that govern the extractive sector and access to lease terms for past lease sales.

4.5 Relevant disciplines and areas of expertise

- PNG governance of natural resources and transparency issues.
- Regional development, domestic natural resource markets and energy production and use.
- Planning and public administration specializing in taxes, revenue and natural resource policy.
- Accounting and legal expertise in natural resource governance.
- Sustainable development, democratic natural resource governance and public involvement.
- Public and private organizations specializing in oil, mining, gas, non-renewable resources, etc.
- Professional certifications in enterprise database design, implementation, and maintenance.

In order to ensure the quality and independence of the exercise, the Independent Administrator is required, in its proposal, to disclose any actual or potential conflicts of interest, together with a commentary on how any such conflict can be avoided. Where required by government or industry, the Independent Administrator is expected to sign confidentiality agreements to ensure sensitive commercial and technical data is protected and that any conflicts of interest situations are effectively mitigated.

5. Reporting requirements and time schedule for deliverables

The assignment is expected to commence on the 15th of May, culminating in the finalisation and publication of the PNGEITI Report by 10th November, 2020. The proposed schedule is set out below.

Signing of contract	15 May, 2020
Scoping Study	18 - 22 May
Submission of draft Scoping Study Report	25 May
MSG Reviews and provides feedback	26-29 May

Submission of Final Scoping Study Report	05 June
Preliminary analysis	09 – 12 June
Submission of draft Inception report	15 June
MSG Reviews and comments	16 – 22 June
Final Submission of Inception report	23 June
Data collection	24 June – 24 August
Initial reconciliation	25 August - 01 September
Investigation of discrepancies	02 September – 30 September
Submission of draft PNGEITI Report	01 October
MSG Reviews and provides Inputs	02 – 09 October
Submission of revised Draft PNGEITI Report	12 October
Final review and comments by MSG	13 – 21 October
Submission of final report	22 October
MSG approves final report	23 October
PNGEITI FY2019 Report published	10 November
Submission of summary data excel sheets	20 November
Submission of Evaluation Report	30 November

Payments will be made progressively based on delivery of the following outputs:

- 10% following delivery of the scoping study report
- 20% following delivery of the inception report
- 30% following delivery of the draft PNGEITI report
- 30% following MSG approval and publication of the PNGEITI FY2019 Report
- 10% following submission of Evaluation Report, excel summary data sheets and the reporting templates it used to collect data to compile the report

6. Client's input and counterpart personnel

The PNGEITI National Secretariat will support the work of the Independent Administrator by providing counterpart staff, facilitate meetings, trainings and workshops with reporting entities and other tasks as and when required.

The Technical Working Group (TWG) on 2019 PNGEITI Report Preparation, on behalf of the MSG will provide overall oversight and direction to the Independent Administrator in the preparation of the Report.

7. Annexes

Annex 1. Statement of materiality

The purpose of this statement of materiality is for the Independent Administrator to understand the scoping work and associated decisions that have already been made by the multi-stakeholder group. The Independent Administrator confirms the joint understanding of the scope of the services in the inception report. Annex 2 lists relevant attachments, including any scoping studies undertaken in the past. The scoping work is to be undertaken by the Independent Administrator and forms part of the inception report.

1. **Taxes and revenues to be covered in the PNGEITI Report (EITI Requirement 4.1)**⁸

With regards to the revenue streams set out in EITI Requirements 4.1-4.2 and 4.6, the multi-stakeholder group has agreed that the following revenue streams from the extractive sector are **material** and should be reconciled in the Report. However, if there are any additions or exclusions, these will be determined by the MSG based on the scoping report to be done by the Independent Administrator.

Table 1 – Material revenues to be reconciled

Revenue stream	Estimated value and share of total extractive industry revenue	Government recipient	Additional commentary on work to be undertaken by the Independent Administrator as necessary.
(The MSG should list the names of the extractive industry revenue stream that it has identified as material and should be included for reconciliation)	(The MSG should indicate the estimated share of each revenue stream relative to total	(The MSG should list the name of the government entity, including any subnational government entity that collects the revenue stream).	(For each revenue stream, the MSG should indicate additional work to be undertaken by the Independent Administrator, if any).

	revenues from the sector)		
1. Mining and Petroleum Tax (Corporate Income Tax)		Internal Revenue Commission (IRC)	The Independent Administrator is to determine the quantum of mining and petroleum tax paid to IRC in 2019. This amount is to be verified by the data collected from the IRC.

⁸ Guidance Note 13: on defining materiality, reporting thresholds and reporting entities, https://eiti.org/files/Guidance%20note%20on%20defining%20materiality_0.pdf

2. Royalties		Department of Petroleum and Energy (DPE) and Mineral Resource Authority (MRA)	<p>The Independent Administrator is expected to reconcile payments of royalties made by petroleum companies to DPE for petroleum sector.</p> <p>For the mining sector, payments are not made to MRA but directly to the relevant beneficiaries such as individual landowners, their associations, future generation trust funds and provincial and local governments. MRA only issued receipts of payments made to these beneficiaries. The distribution of royalty payments is made in accordance with the benefits sharing agreements of each project. Therefore, in order to make it more relevant to PNG context and to stimulate discussion of how royalties are distributed, the Independent Administrator should include information regarding royalty payment process and relevant information from the various benefits sharing agreements.</p> <p>In terms of verification and reconciliation of royalty payments, the Independent Administrator may ask the companies to provide bank receipts of transactions made to</p>
			nominated bank accounts.

3. Equity Distributions		Mineral Resources Development Company (MRDC), Kumul Minerals Holdings Limited, and Kumul Petroleum Holdings Limited (KPHL), (formerly Petromin)	The Independent Administrator is expected to liaise with MRDC and Kumul Petroleum Holdings to determine equity/sales proceeds/distributions.
4. Production Levy		Mineral Resources Authority (MRA)	The Independent Administrator is expected to verify production levy paid by mining companies to MRA.
5. Dividends		Department of Treasury and Department of Mineral Policy and Geo-hazards Management and Kumul Consolidated Holdings (formerly IPBC)	<p>The Independent Administrator is expected to liaise with Ok Tedi, Kumul Petroleum Holdings (Previously Petromin) to identify dividends that were paid to the State in 2018. Furthermore, the Independent Administrator is expected to liaise with Department of Mineral Policy and Geohazard Management on dividend payments made by Ok Tedi to Western Province Peoples Dividend Trust Fund.</p> <p>The Independent Administrator is also expected to liaise with Highlands Pacific and Oil Search to identify dividends paid to Kumul Consolidated Holdings Limited (KCHL) in 2019.</p>
6. Development Levy	Southern Highlands and Hela Provincial Governments		The Independent Administrator is expected to determine and quantify development levies paid by the companies and

			verify these with provincial government on
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			receipts of these payments.
7. Infrastructure Tax Credits (ITC)		Department of National Planning and Monitoring and IRC	The Independent Administrator will need to liaise with resource companies that participated in undertaking ITC-related projects in 2019 and verify this with the Department of National Planning and Monitoring and the IRC to quantify ITC expenditure. The Independent Administrator need to assess the process of ICT expenditure and do the reporting template accordingly in consultation with DNPM and IRC. The Independent Administrator will also work with DNPM to explain the process of ITC expenditure, the guidelines and criteria used in approving ITC projects, and how these expenditures would be filled in the reporting templates.

8. Group Tax (Taxes withheld on employees' salaries)		IRC	The Independent Administrator is expected to liaise with the IRC to disclose Group Tax. The MSG expects that this revenue/payment stream will be unilaterally declared by the IRC, including for all companies in advanced stages of exploration and development stages.
9. Mandatory Social Expenditure		Reporting Companies	Mandatory social spending is mandated by legislation or contractual obligations that requires the developer to fund or provide in-kind support for community development programs that are above and beyond those payments
			or other support required to construct and manage producing mine, oil or gas operations. (The payments streams identified in the scoping studies will be reported as Mandatory Social Expenditure for the PNGEITI Report. The MSG expect that the payments will be unilaterally declared by the companies when applicable. The MSG expects that the companies provide a short narrative or description of how voluntary and mandatory payments are distinguished.

10. Foreign Company/Contractor Withholding Tax		Internal Revenue Commission (IRC)	The Independent Administrator is expected to liaise with the IRC and provide background information for inclusion in a related annex; where data is available it will be provided as a unilateral disclosure (i.e. not for reconciliation) by sector. The 2013 to 2018 reporting years may pose some challenges for this reporting, but it is anticipated that related data availability will improve in later years.
11. Additional Profits Tax (APT)		Internal Revenue Commission	APT is a component of the tax application to PNG LNG project. It is part of the revenue stream to the government and will be reported by the IRC, if there were any payments made in the 2019 reporting year.

The multi-stakeholder group has agreed that revenue streams from the extractive sector listed in Table 2 should be unilaterally disclosed by the government in the PNG EITI Report rather than reconciled with company figures. The reasons for unilateral disclosure rather than reconciliation should be documented by the MSG.

Table 2 – Material revenues to be unilaterally disclosed by the government

Revenue stream	Estimated value and share of total extractive industry revenue	Government recipient	Additional commentary on data sources and the work to be undertaken by the Independent Administrator as necessary.
(The MSG should list the names of the extractive industry revenue streams that have been identified as material and should be included for reconciliation)	(The MSG should indicate the estimated share of each revenue stream relative to total revenues from the sector)	(The MSG should list the name of the government agency, including any subnational government agency that collects the revenue stream).	(For each revenue stream, the MSG should indicate additional work to be undertaken by the Independent Administrator, if any).

License fees		DPE; MRA and CEPA	
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Table 3 – Immaterial revenue streams from the extractive sector to be unilaterally disclosed and excluded from the scope of reconciliation

Revenue stream (The MSG should list the names of the extractive industry revenue streams that have been identified as immaterial and should be excluded from reconciliation)	Estimated value and share (%) of total extractive industry revenue (The MSG should indicate the estimated share of each immaterial revenue stream to be excluded relative to total revenues from the sector)	Government recipient (The MSG should list the name of the government agency, including any subnational government agency that collects this immaterial revenue stream).	Additional commentary on data sources and rationale for concluding that the revenue stream is immaterial (For each revenue stream, the MSG should indicate additional work to be undertaken by the Independent Administrator, if any).
	<value> <percentage>

2. Approach to project level reporting

The MSG should set out its agreed definition of the term “project” and the revenue streams to be reported by project⁹:

In the PNG context, a project is defined as the operational activities that are governed by a single contract, agreement, concession, license, lease, permit, title, etc, and form the basis for payment liabilities with a government.

Where payments are attributed to a specific project, the payment types levied by project should be listed and the total amounts per type of payments shall be disaggregated by project. Where payments are levied at an entity level rather than at a project level then the payment types levied (refer to the list of revenue streams in tables 1 and 2 above) by company should be listed. These payments should be disclosed at an entity level rather than at a project level.

3. Additional benefit streams

With regards to the benefit streams set out in Requirement 4, the MSG has agreed to the following:

⁹ In doing so, the MSG is advised to consult Guidance note 29 on project-level reporting: <https://eiti.org/document/guidance-note-29-on-projectlevel-reporting>

Table 4 – Additional benefit streams

Benefit stream (The MSG should list the names of the extractive industry additional revenue streams that it has identified as material and should be included for reconciliation)	Applicable/material? (The MSG should indicate the estimated share of each applicable/material revenue stream to be included relative to total revenues from the sector)	Estimated value and share (%) of total extractive industry revenue	Government recipient (The MSG should list the name of the government agency, including any sub-national government entity that collects this applicable/material revenue stream).	Additional commentary on data sources and the work to be undertaken by the Independent Administrator as necessary. (For each revenue stream, the MSG should indicate additional work to be undertaken by the Independent Administrator, if any).
The materiality and inclusion of infrastructure and barter arrangements (EITI Requirement 4.3) ¹⁰	Not applicable			
The materiality and inclusion of <u>mandatory</u> social payments (EITI Requirement 6.1(a)) ¹¹	Not applicable			
The materiality and inclusion of <u>voluntary</u> social payments (EITI	Applicable – the voluntary social payments are done by companies and reported in their various website or through their	The IA is required to quantify the share of value from the report	Voluntary social payments are paid to any stakeholders including the government,	

¹⁰ Guidance note 15: Infrastructure and barter provisions: <https://eiti.org/guidance-notes-and-standard-termsreference#GN14>

¹¹ Guidance note 17: Social expenditures: <https://eiti.org/guidance-notes-and-standard-terms-reference#GN17>

Requirement 6.1(b)) ¹²	monthly/quarterly bulletins publications.	provided by companies	landowners, NGOs and others	
The materiality and inclusion of transportation revenues (EITI Requirement 4.4) ¹¹	Not applicable			

4. Reporting entities - companies and government entities (EITI Requirement 4.1d)

The MSG has agreed that any company or government entity making payments [equal to or above the agreed threshold of 5% against the material revenue streams identified in table 1 are required to be included in the PNGEITI Report:

Table 5: Mining Companies

Projects	Operator/Owner	MSG's Decision
Ok Tedi Mining	<ul style="list-style-type: none"> Ok Tedi Mining Limited (operator) Mineral Resources OK Tedi Star No. 2 Limited 	<p>☑ The MSG has agreed that the operator for each mining project will report by project (project by project reporting). A reporting template will have to be filled in with information available to it (excluding any information that is confidential and/or privileged for which the operator will seek approval) and submitted to the Independent Administrator. Subject to compliance with applicable contractual or statutory approval processes, the</p>
Porgera Joint Venture	<ul style="list-style-type: none"> Barrick (Niugini) Limited (Operator) Mineral Resources Enga Limited 	
Lihir	<p>☑ Newcrest Mining Limited (Operator)</p>	

¹² Guidance note 17: Social expenditures: <https://eiti.org/guidance-notes-and-standard-terms-reference#GN17>

¹¹ Guidance note 16: Revenues from transportation of oil, gas and minerals: <https://eiti.org/guidance-notesand-standard-terms-reference#GN16>

Hidden Valley	<ul style="list-style-type: none"> • New Crest Mining Limited (operator) • Harmony Gold Limited 	<p>operator will report on the payments derived from the operations plus equity distributions to State partners, while the partners are independently accountable for reporting their tax payments to IRC separately. To enable the IRC to disclose tax receipts from the operator for the purpose of reconciliation, IRC will use the amended law in the PNG Income Tax Act to disclose the tax information. The secrecy provision In the Income Tax Act was removed and this came into effect in 2018.</p>
Ramu	☒ MCC RamuNiCo Limited (operator)	
	☒ Ramu Nickel Limited ☒ Mineral Resources Ramu Limited ☒ Mineral Resources Madang Limited	
Tolukuma	☒ Petromin Holdings Limited (operator)	
Simberi	☒ St Barbara Limited (operator)	
Sinivit	☒ New Guinea Gold Limited (operator)	

Table 6. Oil Companies

With oil companies, the operator will report on royalty, levy and social payments on behalf of the consortium members, however it is now required to be reported in the 2019 Report that all EITI implementing countries should move towards project level reporting and this should be undertaken where possible. Each consortium member will report their own corporate tax and any ITC related deductions.

<p><u>Operator</u> Oil Search Limited</p> <p><u>JV Partners</u></p> <p><u>PDL1 Owners:</u></p> <ul style="list-style-type: none"> ▪ ExxonMobil PNG Limited ▪ Lavana Limited ▪ Santos Hides Limited ▪ Oil Search (Tumbudu) Limited ▪ National Petroleum Company of PNG (Kroton) Limited ▪ Gas Resources Gigira Limited <p><u>PDL1 – Hides GTE Project Owners:</u></p> <ul style="list-style-type: none"> ▪ Oil Search (Tumbudu) Limited <p><u>PDL2 Owners:</u></p> <ul style="list-style-type: none"> ▪ Oil Search (PNG) Limited ▪ Ampolex (PNG Petroleum), Inc. ▪ Merlin Pacific Oil Company Limited ▪ Merlin Petroleum Company 	<p>The MSG has agreed that the operator will fill in the template with information available to it (excluding any information that is confidential and/or privileged and sent to the Independent Administrator. Subject to compliance with applicable contractual or statutory approval processes, the operator will report on the payments derived from the operations plus equity distributions to State partners, while the partners are independently accountable for reporting their tax payments to IRC. To enable the IRC to disclose tax receipts from the operator for the purpose of reconciliation, IRC will use the amended law in the PNG Income Tax Act to disclose tax information. The secrecy provision in the Income Tax Act was amended and came into effect in January 2018.</p> <p>Again, it is strongly encouraged that project by project level reporting is required for the 2019 PNGEITI Report and this should be undertaken where feasible.</p>
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- Petroleum Resources
Kutubu
Limited

SE Mananda JV in PDL2 Owners:

- Oil Search (PNG) Limited
- Merlin Petroleum Company
- Petroleum Resources
Kutubu
Limited

PDL3 Owners:

- Barracuda Limited
- Southern Highlands Petroleum Co.,
Ltd
- NPCP Oil Company Pty Limited
- Oil Search (PNG) Limited
- Petroleum Resources Gobe Limited

PDL4 Gobe Main Owners:

- Oil Search (PNG) Limited
- Ampolex (Highlands) Limited
- Merlin Petroleum Company
- Petroleum Resources Gobe Limited

SE Gobe Unit PDL3 / PDL4 Owners:

- Oil Search (PNG) Limited
- Barracuda Limited
- Southern Highlands Petroleum Co.,
Ltd
- NPCP Oil Company Pty Limited
- Petroleum Resources Gobe Limited
- Ampolex (Highlands) Limited
- Merlin Petroleum Company

PDL5 Owners:

- Esso PNG Moran Limited
- Oil Search (PNG) Limited
- Eda Oil Limited
- Petroleum Resources
Moran
Limited

Moran Unit PDL2 / PDL5 Owners:

- | | |
|---|--|
| <ul style="list-style-type: none">▪ Oil Search (PNG) Limited▪ Ampolex (PNG Petroleum), Inc.▪ Merlin Pacific Oil Company Limited▪ Merlin Petroleum Company▪ Petroleum Resources
Kutubu
Limited | |
|---|--|

- Esso PNG Moran Limited
- Eda Oil Limited
- Petroleum Resources Moran Limited

PDL 6 Owners:

- Oil Search (PNG) Limited
- Ampolex (Highlands) Limited
- Merlin Petroleum Company
- Petroleum Resources North West Moran Limited

Greater Moran Field PDL2 / PDL5 / PDL6
New Tract Participation:

PDL2 (44%)

- Oil Search (PNG) Limited
- Ampolex (PNG Petroleum), Inc.
- Merlin Pacific Oil Company Limited
1.278750%
- Merlin Petroleum Company
- Petroleum Resources Kutubu Limited

PDL5 (55%)

- Esso PNG Moran Limited
- Oil Search (PNG) Limited
- Eda Oil Limited
- Petroleum Resources Moran Limited

PDL6 (1%)

- Oil Search (PNG) Limited
- Ampolex (Highlands) Limited
- Merlin Petroleum Company
- Petroleum Resources North West Moran Limited

Table 7. Gas Companies

<p><u>Operator</u> <u>ExxonMobil</u></p>	<p>ExxonMobil PNG Limited is the operator of the PNG LNG gas operations. MSG has agreed that the operator will complete the template with information available to it (excluding any</p>
<p><i>PDL7 (Ex PRL12) Owners:</i></p> <ul style="list-style-type: none"> ▪ ExxonMobil PNG Limited ▪ Oil Search (Tumbudu) Limited ▪ National Petroleum Company of PNG ▪ (Kroton) Limited ▪ Kumul Petroleum Holdings Limited ▪ Gas Resources Hides No.4 Limited <p><i>PDL8 (Ex PRL11) Owners:</i></p> <ul style="list-style-type: none"> ▪ ExxonMobil PNG Limited ▪ Oil Search (Tumbudu) Limited ▪ National Petroleum Company of PNG ▪ (Kroton) Limited ▪ Kumul Petroleum Holdings Limited ▪ Gas Resources Angore Limited <p><i>PDL9 (Ex PRL2) Owners:</i></p> <ul style="list-style-type: none"> ▪ Esso PNG Juha Limited ▪ Oil Search (Tumbudu) Limited ▪ Ampolex (Papua New Guinea) Limited ▪ Kumul Petroleum Holdings Limited ▪ National Petroleum Company of PNG (Kroton) Limited ▪ Nippon Papua New Guinea LNG LLC <p>Gas Resources Juha No.1 Limited</p>	<p>information that is confidential and/or privileged and sent to the Independent Administrator. Subject to compliance with applicable contractual or statutory approval processes, the operator will report on the payments derived from the operations plus equity distributions to State partners, while the partners are independently accountable for reporting their tax payments to IRC. To enable the IRC to disclose tax receipts from the operator for the purpose of reconciliation, IRC will use the amended law in the PNG Income Tax Act to disclose the tax information. The secrecy provision in the Income Tax Act was amended and came into effect in 2018.</p> <p>Again, it is strongly encouraged that project by project level reporting is required for the 2019 Report and this should be undertaken where feasible.</p>

5. Additional benefit streams

With regards to the benefit streams set out in Requirements 4, the MSG had agreed to the following:

6. Government to government transactions (Requirement 4)

Table 6 – Government to government transactions included in the scope of the PNGEITI Report

Transactions	Applicable/ material?	Financial flow	State-owned company	Government agency
The disclosure and reconciliation of payments to and from state-owned				

Transactions	Applicable/ material?	Financial flow	State owned company	Government agency	Additional commentary on work
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					To be undertaken by the IA as necessary.
The disclosure and reconciliation of payments to and from state-owned enterprises (EITI Requirement 4.6) ¹²	Not applicable				
enterprises (Requirement 4.5) ¹³					
Transactions	Applicable/ material?	Financial flow and revenue sharing formula	Government agency executing the transfer	Government agency receiving the transfer	

7. Additional commentary on scope

The Independent Administrator is required to refer to the Inception Report for suggested materiality in the PNGEITI financial years 2013 to 2018 Reports.

¹³ Guidance Note 18: SOE participation in EITI Reporting, <https://eiti.org/GN18>

<p>The materiality and inclusion of subnational payments (EITI Requirement 5.2)¹³</p>	<p>Oil and Gas – development levy and royalties are paid by the oil and gas companies to DPE. These payments are then distributed to provincial governments and landowners by the MRDC.</p> <p>Mining – in certain instances royalties are paid by the companies directly to the landowners (landowner associations, LLGs) and provincial governments on behalf of the government and then send proof of payments to MRA. Ok Tedi pays direct to the provincial and local level governments, and into individual beneficiary accounts (accounts of individuals or families) on behalf of the government. MRA keeps records of payments made to the groups as stated above.</p> <p>For the PNGEITI 2019 report, it is envisioned that sub-national payments will not be included in the data for reconciliation, but will be covered in relevant narrative sections following recommendations made from the Sub-national Payments and Transfers Scoping Study Report that was released in April, 2019.</p>
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EITI Requirements

- WWW.EITI.ORG
- [THE INTERNATIONAL 2019 EITI STANDARD](#)

¹² Guidance Note 18: SOE participation in EITI Reporting, https://eiti.org/files/GN/Guidance_note_18_SOEs_EN.pdf

¹³Guidance Note 10: Sub-national reporting, <https://eiti.org/files/Guidance-note-10-Subnationalreporting.pdf>

Resource documents:

- PNGEITI 2019 Annual Work Plan
- 2019 Quarterly MSG Meeting Minutes
- PNGEITI Scoping Study Reports
- 2019 PNGEITI Annual Progress Reports
- PNGEITI Beneficial Ownership (BO) Roadmap and Scoping Study Report
- PNGEITI Open Data Policy and Framework
- PNGEITI Sub-national payments and transfers scoping study report
- [PNGEITI 2018 Validation Report recommendations.](#)

Annex 2. Procurement process and timeline

PNGEITI National Secretariat calls for expression of interest (EOI)	11-15 April
PNGEITI, National Secretariat receives responses from interested vendors (closing date for all submissions)	24 April
PNGEITI National Secretariat with MSG Technical Working Group (TWG) undertake screening process to select the successful bidder	27 - 30 April
National Secretariat and MSG TWG submit final assessment and recommendation to MSG for approval and selection of successful bidder	10 May
PNGEITI National Secretariat informs the successful bidder	14 May
Contract Awarded/signed	15 May

Annex 3. Evaluation criteria

1. **Technical Approach** –Vendors must demonstrate a thorough understanding of the tasks and effort required to produce a PNGEITI report. Bidders should address their unique approach to accomplishing the work set forth in the solicitation and include innovative methods to completing the report within the required period. Bidders shall provide a detailed management plan explaining schedules, project-management, quality assurance procedures, and assurances for on time completion within the required budget. A quality and assurance control plan should also be included.
2. **Qualifications/Experience** – Bidders should address the qualifications of the firm. In addition, bidders should provide a one-page containing resumes displaying the qualifications, experience, operational knowledge, and skills of key personnel who will work on the project.
3. **Past Performance** –Bidders shall provide past performance information for similar work including a list of clients with contact information for current projects and projects completed within the past two years.
4. **Financial proposal** – Bidders shall provide a complete, detailed breakdown of all labour hours and travel expense estimates within the proposal.

Annex 4. PNGEITI validation corrective actions matrix (update)

Requirement	Validations results and Technical Gaps/Corrective Actions	Next steps	Authority responsible and Timeframe (before 30 July 2020)
<p>License allocations (#2.2)</p>	<p>Inadequate PNG is required to publicly disclose information related to the award or transfer of mining tenements and oil and gas licenses pertaining to companies covered in the EITI Report. This information should include the number of mining tenements and oil and gas licenses awarded and transferred in the year under review, a description of the award and transfer procedures, including specific technical and financial criteria assessed, and any nontrivial deviations from statutory procedures in practice.</p>	<p>Provide PDF or scanned version of relevant information on the PNG EITI website if this information is not publicly disclosed by the DPE yet</p>	<p>MSG – Short term (next report) JICA project- Long term</p>

<p>License register (#2.3)</p>	<p>PNG should maintain a publicly-accessible register or cadastre system(s), including comprehensive information on licenses for all oil, gas and mining companies. In the interim PNG should</p>	<p>Provide PDF or scanned version of relevant information on the PNG EITI website if this information is not publicly disclosed by the DPE yet</p>	<p>MSG – Short term (next report) JICA project - Long term</p>
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	<p>ensure that information set out under EITI Requirement 2.3.b is publicly accessible for all mining, oil and gas companies.</p>		
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<p>State participation (#2.6)</p>	<p>PNG should clearly establish its definition of SOEs to delineate the SOEs within the scope of EITI reporting and ensure that a comprehensive list of state participation in the extractive industries, including terms associated with state equity and any changes in the year under review, be publicly accessible. PNG must also clarify the rules and practices governing financial relations between all SOEs, including their subsidiaries, and the state, including the existence of any loans or guarantees extended by the state, or SOEs, to extractives companies or projects.</p>	<p>Kumul Consolidated Holdings (KCHL) should provide technical support and advise the MSG in developing a definition of SOEs, including the rules and practices governing financial relations between all SOEs.</p> <p>Improve disclosures in next report.</p>	<p>Kumul Consolidated Holdings (KCHL) MSG (short term- next report)</p>
<p>Product ion data (#3.2)</p>	<p>PNG should ensure that the complete production volume for oil and gas, and production values for each of the extractive commodities produced during the year under</p>	<p>Valuation method to be discussed by the MSG</p>	<p>MSG – short term (next report)</p>

	review be publicly accessible, disaggregated by commodity.		
Export data (#3.3)	PNG should ensure that export volumes and values are publicly disclosed for each mineral commodity (including oil, condensate and gas) exported in the year under review.	In progress to include data on export volumes and values in the FY2019 PNGEITI report Alternatively, for company included in the FY2019 PNGEITI report, MSG should provide links to where all relevant data can be found in company reports	MSG- short term (next report)
Comprehensiveness (#4.1)	PNG should ensure that the materiality threshold for selecting companies ensures that all payments that could affect the comprehensiveness of EITI reporting be included in the scope of reconciliation. The MSG should ensure that PNG's next EITI Report includes the IA's assessment of the materiality of omissions from non-reporting entities, an assessment of the comprehensiveness of the EITI Report and that full unilateral government disclosure of total	JICA to provide technical assistance to the MSG regarding materiality thresholds MSG to decide and ensure comprehensiveness of the FY2019 PNGEITI Report	JICA – Short term MSG- short term (next report)

	revenues, including from nonmaterial companies, is provided for each of the material revenue streams. In accordance		
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	with requirement 8.3.c.i, the MSG should develop and disclose an action plan for addressing the deficiencies in comprehensiveness of reporting documented in the initial assessment.		
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SOE transactions (#4.5)	PNG should undertake a comprehensive assessment of transactions between extractives SOEs (and their subsidiaries) and mining, oil and gas companies, as well as between the extractives SOEs (including their subsidiaries) and government in its scoping for future EITI Reports. All SOEs collecting material revenues or making material	MSG to conduct a scoping study on SOE transaction Improve SOE disclosures in next EITI Report	MSG – Mid term (find funding. JICA?) MSG – short term (next report)
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	payments to government should be included in future EITI reporting.		
Direct sub-national payments (#4.6)	PNG should establish whether direct subnational payments (to government entities) by extractives companies are material. Where material, PNG is required to ensure that direct subnational payments are reconciled between company payments and	<p>MSG to discuss a possible evaluation study to map all Memorandum of Agreements between the government and landowners.</p> <p>Key deliverables for IA will include identifying communities where landowners have MOAs with the governments and flagging the terms and benefits of the MOAs.</p>	MSG – IA – Short term (next report)

	<p>subnational government entities' receipts. Given widespread confusion yet vivid interest among stakeholders from all constituencies over extractives revenue flows accruing to subnational governments, PNG should consider mapping out subnational revenue flows associated with each individual extractive project, drawing on results from the scoping study on subnational revenue flows being prepared in 2019.</p>		
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<p>Data quality (#4.9)</p>	<p>The EITI requires an assessment of whether the payments and revenues are subject to credible, independent audit, applying international auditing standards. In accordance with requirement 4.9.b.iii and the standard Terms of Reference for the Independent Administrator agreed by the EITI Board, the MSG and Independent Administrator should:</p> <p>Ensure that the Independent Administrator provides a clear and categorical</p>	<p>MSG to monitor TOR compliance to data quality checklist</p>	<p>MSG – Short term (next report)</p>
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	<p>assessment of comprehensiveness and reliability of the (financial) data presented, including an informative summary of the work performed by the Independent Administrator and the limitations of the assessment provided.</p> <p>Ensure that the Independent Administrator provides an assessment of whether all companies and government entities within the agreed scope of the EITI reporting process provided the requested information. Any gaps or weaknesses in reporting to the Independent Administrator must be disclosed in the EITI Report, including naming any entities that failed to comply with the agreed procedures, and an assessment of whether this is likely to have had material impact on the comprehensiveness and reliability of the report.</p> <p>In accordance with requirement 8.3.c.i, the MSG should develop and disclose an action plan for addressing the deficiencies in the</p>		
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	reliability of reporting documented in the initial assessment.		
Distribution of extractive industry revenues (#5.1)	PNG should clarify which extractive revenues are recorded in the national budget. Where revenues are not recorded in the national budget, the allocation of revenues should be explained, with links provided to relevant financial reports.	IA to check which extractive revenues are recorded in the national budget. MSG to further consult with the treasury to check and record as necessary.	MSG – Short term (next report) Independent Administrator – Short term
Sub-national transfers (#5.2)	PNG is required to ensure that material subnational transfers of extractives revenues are publicly disclosed, when such transfers are mandated by a national constitution, statute or other revenue sharing mechanism such as benefit-sharing agreements. The MSG should also disclose any discrepancies between the transfer amount calculated in accordance with the relevant revenue sharing formula and the	Follow up on implementing the recommendations from the subnational scoping study Update the reporting template to ensure that companies report on subnational payments MRDC to be engaged to ensure that calculated amounts and actual amounts transferred are reconciled	Short term- next report MSG MRDC Companies

	actual amount transferred between the central government and each relevant subnational entity on an annual basis.		
Mandatory social expenditures (#6.1)	PNG should ensure that reporting of mandatory social expenditures be disaggregated by type of payment and	Revise reporting template to ensure disaggregation by type of payment and beneficiary.	Short term – next report MSG
	beneficiary, clarifying the name and function of any non-government (third-party) beneficiaries of mandatory social expenditures.	MSG to agree on the categories of (beneficiaries of) mandatory social expenditures. Adjust deadline of submission of reporting templates to consider these new changes	

<p>SOE Quasi-fiscal expenditures (#6.2)</p>	<p>PNG should undertake a comprehensive review of all expenditures undertaken by extractives SOEs (and their subsidiaries) that could be considered quasi-fiscal. PNG should develop a reporting process with a view to achieving a level of transparency commensurate with other payments and revenue streams and should include SOE subsidiaries and joint ventures.</p>	<p>Reporting on SOE quasi-fiscal expenditures (QFEs) will require appropriate legislative amendment.</p> <p>MSG to build the capacity of companies to report such QFEs</p> <p>In the interim, the IA should consider including, where possible, QFEs by SOEs in the FY2019 PNGEITI Report.</p>	<p>MSG -mid term</p> <p>Independent Administrator – short term – next report</p>
<p>Outcomes and impact of implementation (#7.4)</p>	<p>MSG is required to review the outcomes and impact of EITI implementation on natural resource governance in PNG by ensuring that all the prescribed details of the annual progress report are mentioned in the next report. The MSG should ensure that all stakeholders, including those outside of the MSG, are given an opportunity to participate in the production of, and have their view reflected in,</p>	<p>MSG to conduct an impact assessment</p>	<p>Short term</p>

	the annual progress report.		
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Annex 5. Progressive update on implementation of NEC Decision # 91/2017 directives

NEC Directives	Agency/Dept responsible	Progress made/actions taken to date	Next steps
<i>Minister for Petroleum and Energy to immediately implement a reliable electronic registry system to supersede the current paper ledger system</i>	DPE	<ul style="list-style-type: none"> The Acting Secretary of DPE, responded in a letter dated 8th August, 2017 regarding this directive. The Acting Secretary reiterated the importance for the Electronic Registry System (ERS) to be established as soon as possible, and acknowledged and appreciated this NEC Policy directive. Acting Secretary also indicated for noting, that DPE had provided the information required by the PNGEITI National Secretariat for Ernst & Young in the compilation of the 2015 and 2016 reporting periods. DPE considered that for immediate implementation of this directive, it requested the Secretariat through the Department of Treasury to assist DPE meet the cost of recruiting a consultant to assist in the establishment of an ERS. DPE believes that, with the assistance of the 	<ul style="list-style-type: none"> The PNGEITI National Secretariat presented this to the MSG members at a meeting held in August 2019 for their consideration and resolution. The PNGEITI National Secretariat will continue to liaise with DPE, Treasury and JICA to ascertain the scope of work and resources required through engagement of a consultant and implement the ERS and have it operational for the medium term for EITI reporting purposes. The PNGEITI National Secretariat will also work in consultation with DPE and Treasury through the EITI reporting

			process and engage with development partners such as
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NEC Directives	Agency/Dept responsible	Progress made/actions taken to date	Next steps
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		<p>consultant, most of the records and information on revenue, production and related details kept on the paper ledger system will be recovered and registered to significantly improve the record keeping and reporting process.</p> <p>☑ The PNGEITI National Secretariat has relayed DPE's request to JICA to be considered under the forthcoming technical assistance (TA) project on Strengthening Resource Related Revenue Management agencies including DPE. The project commenced in February 2018.</p> <p>☑ The PNGEITI National Secretariat also brought DPE capacity issues and the proposed Petroleum Authority to the attention of the World Bank through the PNGEITI MSG Chair and Treasurer in October, seeking Bank's possible assistance to strengthen capacity at DPE. Discussions are on-going on the World Bank's engagement.</p>	<p>the World Bank to explore possible assistance towards the proposed establishment of a petroleum authority.</p>
<p><i>Minister responsible for MRDC to ensure that the MRDC engages fully with the PNGEITI MSG</i></p>	<p>DPE/MRDC</p>	<p>☑ The formal letter to MRDC was sent early this year in relation to this directive. This NEC</p>	<p>☑ However, there are still some areas that both the MRDC and</p>

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<p><i>and reports through the EITI process on the equity distribution and all other funds it holds in trust and invests for the landowners and for future generation</i></p>		<p>Directive was actioned because MRDC is now engaged at the MSG level and has been participating in the EITI reporting process.</p>	<p>the Secretariat will continue to work through to enhance MRDC's effectiveness and efficiency in all aspects of EITI reporting and to sustain MRDC's engagement in this EITI process.</p>
<p><i>Minister responsible for Kumul Consolidated Holdings Limited to ensure KCH participates in the EITI process an regularly reports through the EITI process the State's share/interest in the mining and petroleum sectors that it manages under the General Business Trust (GBT)</i></p>	<p>KCH</p>	<ul style="list-style-type: none"> • KCH does not necessarily engage directly in the PNGEITI reporting process after its organizational restructure in August 2015. There are subsidiary entities under KCH that deal directly as a trustee of the GBT with State's interest in the Mining and Petroleum Sectors. The remaining project that KCH is now responsible for the extractive sector as of 2016 is that it holds 3.2% shareholding in Highlands Pacific. • This NEC directive has been actioned because KCH is now fully engaged at the MSG level and has been participating in the EITI reporting process. 	<p>☐ The continued engagement and participation in the EITI process by KCH may not be necessary in the future because KCH will not be responsible for the extractive sector. As part of Kumul restructure, the GBT investment in Highlands Pacific will be transferred to Kumul Mineral Trust as soon as all legal processes are completed.</p>

<i>Minister responsible for Kumul Mineral Holdings Limited and Kumul Petroleum Holdings Limited to ensure these enterprises are fully engaged in the EITI process and to</i>	KMHL/KPHL	<ul style="list-style-type: none"> • These two entities, now coordinate the government's interest in the Mining, Oil and Gas sectors. • Preliminary engagement has been 	☑ Secretariat to continue its consultation with both KMHL & KPHL to identify areas which both entities can be
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<i>report as required under the EITI Standard</i>		<p>sought by the Secretariat with these entities to ensure that they too are aligned to the reporting processes and requirements of PNGEITI.</p> <p>☑ This NEC directive has been actioned. Both KMHL and KPHL have engaged in the EITI process and have participated in the EITI reporting process.</p>	<p>able to engage effectively in the reporting process.</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, hence not much can be reported from their end thus far.</p>

<p><i>Minister for Treasury to ensure the National Economic and Fiscal Commission (NEFC) amend its Budget and Fiscal Reports to collect information on subnational payments and transfers consistent with the EITI Requirements</i></p>	<p>Treasury/NEFC</p>	<ul style="list-style-type: none"> • National Secretariat has consulted with NEFC on this issue. A meeting between the Head of Secretariat, and the CEO of NEFC along with relevant officers was convened on the 20th of September, 2017. • This meeting outlined NEFC's current information collection and reporting procedures, and also discussed avenues in which this process could also incorporate and/align to the EITI process, particularly in the area of subnational payments and transfers information. • It was ascertained that the NEFC's current reporting on subnational payments and transfers is 	<p>☑ NEFC and the Secretariat will engage more frequently and consult with each other to ensure that reporting mechanisms are aligned in regard to not only subnational payments and transfers but all other payments for the various levels of governments.</p>
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NEC Directives	Agency/Dept responsible	Progress made/actions taken to date	Next steps
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		<p>provisioned under the Inter Government Relations (Functions & Funding) Act, which governs the mandate of NEFC's operations.</p> <p>☐ 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><i>Minister responsible for Mineral Resources Authority (MRA) and the Minister responsible for the State Solicitor to ensure these entities make publicly available Memorandum of Agreements (MOAs) for EITI purposes and for the benefit of the general public</i></p>	<p>Mining/MRA/ State Solicitor</p>	<ul style="list-style-type: none"> • 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 was 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>☐ The Secretariat will work with relevant agencies early next year to check if there are any progress being made in implementing this Directive.</p>
<p><i>Minister for Treasury to implement the recommendation of the</i></p>	<p>Treasury</p>	<p>☐ The Secretariat has sent an official letter early this year</p>	<p>☐ National Secretariat will continue to liaise</p>

NEC Directives	Agency/Dept responsible	Progress made/actions taken to date	Next steps
<p><i>EITI report in relation to:</i></p> <ol style="list-style-type: none"> 1) <i>Publication of budget preparation process on its website;</i> 2) <i>Comprehensively list relevant assumptions and basis for calculation for budget document tables; and</i> 3) <i>Ensure units of measurement are standardized between government departments, particularly with respect to production data in budget documents</i> 		<p>outlining these directives to the Secretary for Treasury for attention and implementation. The directives were also conveyed by the National Secretariat through a submission in May this year to Treasury's call for pre-budget submission for the 2018 National Budget.</p> <p>☐ The submission was received and reviewed by the relevant divisions within the Treasury Department and the outcome of this analysis is as follows:</p> <p>1) <i>Publication of budget preparation process on the website.</i> Treasury has already been issuing budget circulars to all government departments and spending agencies informing of the budget preparation process well before the government signed up to implementing the EITI. Also, it has been a practice for Treasury to advertise in the social media (local newspapers) outline the key dates for preparation of the national budget and calling for policy submission from the public in the first quarter of every year.</p> <p>However, this has been done through the government's internal process and needed to be made transparent by way of publishing on the Treasury website. Treasury has a</p>	<p>with Treasury to understand if there has been any actions taken to implement these directives and if not, whether these directives have been included in its work plan. This is to ensure the directives are included as part of Treasury's budget review/process and considered for implementation in the coming budget.</p> <p>☐ National Secretariat will also closely liaise with Treasury to properly document its current activities and practice on budget transparency that may directly address some of the Cabinet Directives outlined in this section.</p>

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		<p>reliable website (www.Treasury.gov.pg) that needs to be constantly updated and maintained.</p> <p>Also, Treasury regularly publishes its quarterly warrant release in the local newspapers and other social media. This has been a practice well before the EITI implementation in the country.</p> <p>☐ The other two directives (#s 2 and #3) are outstanding and Treasury has yet to advise if there were any actions taken or will be taken to address them.</p>	

<p><i>Minister for Treasury to legislate the EITI reporting requirements into the Government reporting process (in lieu of current practice of using waiver letter) and report back with draft legislation for NEC's consideration before the FY 2015 EITI Report</i></p>	<p>Treasury/IRC</p>	<p>☑ National Secretariat has been in consultation with the legal team from the IRC to get clarification on this issue. Advice from IRC indicated that there needs to be a legislative amendment to cater for the proposed changes. Specific and relevant provision within the Income Tax Act was identified, and it was ascertained that this would require a minor technical amendment to remove secrecy provisions in the Income Tax Act to allow IRC to disclose tax revenue information. IRC considered that this was a policy matter that required direction</p>	<p>☑ To build on the progress made, PNGEITI National Secretariat Policy and Legislative Technical Working Group will continue to progress with the current work on the EITI Policy and Legislative Framework. Background work by the TWG was completed in October this year and the Secretariat will soon call for an expression of interest to engage a legal and policy</p>
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NEC Directives	Agency/Dept responsible	Progress made/actions taken to date	Next steps
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		<p>from Treasury before it can draft and consolidate the amendment to be included as part of the 2018 Budget Amendments.</p> <p>☐ National Secretariat had also included this issue in its pre-budget submission to Treasury in May this year and has been awaiting Treasury to provide advice on this.</p> <p>This Directive has now been implemented by Treasury as part of the tax amendments in the 2018 National Budget. Amendments effective 1 January 2017 will allow tax information to be provided to:</p> <ul style="list-style-type: none"> - the Extractive Industries Transparency Initiative Secretariat or equivalent body for the purposes of reporting in accordance with the Initiative - the Financial Analysis and Supervision Unit for purposes of the Anti-Money Laundering and Counter Terrorism Financing Act 2015. 	<p>expert to commence drafting of the EITI Bill.</p>
<p><i>Minister for Finance to undertake assessment of all monies received from mining and petroleum projects that are held in trust accounts, which include future generation trust and set up data base to</i></p>	<p>Finance</p>	<p>☐ This Directive has been actioned. The Department of Finance has incorporated this as part of its work on the Financial Framework Review (FFR) this year. This has triggered current</p>	<p>☐ National Secretariat will continue its consultation with the Department of Finance to ensure that through review</p>

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<p><i>effectively monitor the trust accounts in accordance with Section 15 of the Public Finance (Management) Act 1995</i></p>		<p>amendments to the Public Finance (Management) Act (PFMA) 1995 to review all government Trust Accounts (inclusive of extractives trust accounts). Part of the reforms to the new PFMA 2016 included financial instructions to review all Trust Accounts and migrate them onto the Integrated Financial Management System (IFMS) for effective monitoring, compliance and transparency purposes.</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. Department of Finance is continuing with this work to ensure it is achieved.</p>	<p>of trust accounts, monies sitting in mining, oil and gas trust accounts are reviewed to bring about transparency for EITI reporting purposes.</p> <p>☐ National Secretariat will continue to engage and work closely with Department of Finance to ensure that this electronic payment system is implemented successfully.</p>
<p><i>Minister for Finance to take action to ensure payments currently being done manually via cash or cheque by some government agencies are improved and modernized to electronic systems such as the use of EFTPOS because the absence of a robust system for managing resource</i></p>	<p>Finance</p>	<p>☐ National Secretariat's consultation with the Department of Finance recently reveals that this particular Cabinet Direction has been actioned. Part of the amendments to the PFMA also directed government entities to transition from cash and cheque based payments to electronic</p>	

<i>payments leaves the system vulnerable to</i>		transactions. There were specific financial	
NEC Directives	Agency/Dept responsible	Progress made/actions taken to date	Next steps
<i>fraud, corruption and human error</i>		instructions from the Finance Minister for government agencies to heed this change and transition into electronic payments system where possible. Currently, all previous cash-based transactions have now been converted in electronic transactions as per the financial instructions.	
<i>That Government Agencies ensure to submit their books to the Auditor General's Office in a timely manner for audit purposes; that the capacity at the Auditor General's Office be improved to undertake audits as highlighted under the heading of "Way Forward" of the submission; and that this would be one of the Government's key agendas to improve transparency and accountability in the public service.</i>	Auditor General	☑ The formal letter of notification on this directive was conveyed to the AG's office in September this year. To date no formal response has been received on their implementation progress.	☑ National Secretariat to continue following up with the AG's office to gauge an update and ensure progress is been made to implement this directive.