



TRANSPARENCY INITIATIVE PAPUA NEW GUINEA  
EXTRACTIVE INDUSTRIES



## PNGLNG Partners implored to disclose nature of transaction

An undertaking by state owned Kumul Petroleum Holdings Limited (KPHL) to increase its PNGLNG equity through a conditional arrangement between PNGLNG partner Santos has raised concerns over the lack of transparency surrounding the whole arrangement and the partial financial transaction that already took place between the parties involved, according to the PNG Extractive Industries Transparency Initiative, (PNGEITI).

KPHL has offered to acquire five percent (5 %) of Santos equity in the PNGLNG Project with asset valued at US\$ 1.4 billion. This includes a proportionate share of project finance debt of approximately US\$ 0.3 billion which is the condition upon which this commercial arrangement that has been made.

PNGEITI Head of National Secretariat Mr. Lucas Alkan said following publication of this

arrangement in the media during the quarter.

"While it is understood that the compromise between two major players in the PNGLNG project as purely commercial, the PNGEITI is concerned at the opaque nature of the environment in which such arrangements are being made, particularly when substantial amount of money belonging to the people of PNG entrusted under the stewardship of KPHL is involved.

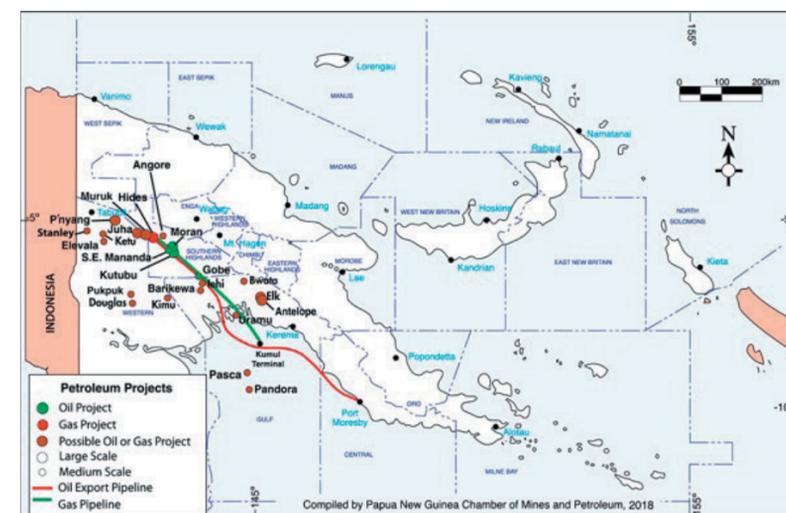
This deal can easily be likened to the controversial UBS transaction which recently ended up being investigated by a Royal Commission of Inquiry that cost the State millions of Kina in tax payers' money.

We understand KPHL had already made partial payment of US\$55 million and subsequent payments to finalise the transaction are expected to be made before the end of December this year.

KPHL has a moral and corporate reasonability to be transparent and accountable to Parliament and the people of this country when conducting its business in this sector" Mr Alkan said.

"The PNGEITI, a global best practice

Read more on page 3...



Petroleum Projects Map

IMAGE SOURCE: <https://pngchamberminpet.com.pg/our-resource-industry/petroleum> (extracted 29th September, 2022)

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## BENEFICIAL OWNERSHIP

### REVEALING WHO STANDS BEHIND THE COMPANIES



The identity of the real owners – the 'beneficial owners' of the companies that have obtained rights to extract oil, gas and minerals is often unknown, hidden by a chain of unaccountable corporate entities. This problem also affects other sectors and often helps to feed corruption and tax evasion. People who live in resource-rich countries are at particular risk of losing out as extractive wealth are too often misallocated for corrupt reasons.

#### What the EITI requires of its member countries:

Requirement 2.5 of the EITI Standard (2016) specifies what countries will do to uncover beneficial owners:

- By 2020, all implementing countries have to ensure that all oil, gas and mining companies that apply for, or hold a participating interest in an exploration or production oil, gas or mining license or contract in their countries publish the names of their real owners.
- This should include the identity of the owner, i.e. the name, nationality and country of residence. Companies are also encouraged to publish further details such as the date of birth, national identity number, residential address etc.
- Any politically exposed persons holding ownership in oil, gas and mining projects must be publicly identified.
- The EITI recommends that beneficial ownership information is made available through public registers. At a minimum, the information must be published in the country's EITI Report.



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## PNGEITI National Secretariat



Lucas Alkan- Head of National Secretariat

Greetings and welcome to all our readers of the IMPACT Newsletter on its Quarter 3 Publication of 2022.

At this time when business operations and other activities are slowly picking up and returning to pre-Covid days, the combined efforts by the public sector, private sector and the development partners continue to respond to pertinent challenges posed by this pandemic for socio-economic advancement. We are starting to see good progress being made on that front here in country and abroad and are confident that continued progress will be made in the coming years. The PNGEITI National Secretariat with support and oversight from the PNGEITI MSG continues to work on improving the EITI Reporting process to shed light on the contributions made by the extractive industry to the national economy. Our acknowledgement and word of thanks to the unwavering and continued support from the MSG.

The third quarter of this year has seen good progress being made to deliver key activities listed in the 2022 Work Plan. One of the key activities in the list was the on-going work on the stakeholder

consultations and preparation of the proposed PNG Extractive Industries Transparency Commission Bill to transition the PNGEITI National Secretariat office into a Statutory Commission.

The draft Bill is currently undergoing minor refinements and other administrative requirements that needed to be met before it is progressed to the National Executive Council (NEC) and subsequently to Parliament for enactment. It is anticipated the Bill will be brought to Parliament in the first half of next year.

Papua New Guinea's Second Validation on EITI implementation in country was another important activity scheduled in the Work Plan for this year. Preparations were made early in the year and Validation commenced in April.

This assessment is scheduled to conclude in October this year. The PNGEITI National Secretariat has been playing a coordinating role with the International Secretariat office, the independent validators and the PNGEITI MSG in this country assessment exercise. I am positive of an improved ranking as we have certainly made progress in many of the action areas as recommended from the first Validation in 2018.

A very important activity included in the 2022 PNGEITI Work Plan is the MSG's reporting obligation to the International Secretariat through the regular EITI Annual Reports publication. This year the MSG had procured to publish two reports concurrently that cover the financial years 2020 and 2021 Reports. Due to the disruptions to work flows caused by the Covid 19, the EITI International had allowed flexibility in the preparation and publication of the EITI reports. Therefore, the financial year 2019 PNGEITI Report

was published in July last year and the 2020 and 2021 reports are scheduled to be published by the end of this year to bring the annual reporting obligation up to date.

There has been on-going collaboration between development partners namely; the World Bank, APEP and JICA to continue to engage in the EITI implementation activities going forward. The refinements to some of the existing Requirements of the EITI Standard and had made it mandatory for the MSGs of EITI implementing countries to undertake critical policy and legislative reforms (such as amending existing laws and institutional strengthening for sub-national reporting, contracts transparency and disclosure of beneficial ownership details) for greater transparency and good governance in the extractive sector.

Further, the recommendations that have been made through the EITI reporting process, the PNGEITI Scoping Studies and the corrective actions recommended from the two country validations require additional resources to be mobilized to implement these activities. This has now necessitated greater involvement by the development partners which we intend to have closer engagement next year going forward. We anticipate to provide some further highlights in the IMPACT Newsletter in Quarter 4 publication.

Many thanks to all our readers for your support and we welcome any feedback you may have on this issue of the IMPACT Newsletter or on any EITI implementation matters via the PNGEITI communication platforms.

Lucas Alkan,

## Philippines withdraws from Global Initiative On Extractives Transparency

By Philippine Resources

The Philippines has withdrawn from the Extractive Industries Transparency Initiative (EITI) on the back of questionable metrics and procedures for assessing the compliance of implementing-countries with the international organization's transparency requirements.

In a June 20, 2022 letter addressed to EITI chairman and former New Zealand prime minister Helen Clark, Finance Secretary Carlos Dominguez III called EITI's Validation –a quality assurance assessment process– “subjective, biased and unfair.”

“We find that the manner by which the EITI Board undertakes its validation is unduly subjective, biased and unfair. The Philippines has no confidence in the ability of the EITI to undertake an impartial, transparent, and evidence-based validation process,” Dominguez said.

The Department of Finance (DOF) chairs the Philippine Extractive Industries Transparency Initiative (PH-EITI), a multi-stakeholder body that governs the implementation of the EITI in the Philippines.

EITI prescribes a standard for transparency and accountability in the mining, oil and gas industries. Extractive companies in implementing-countries are engaged to publicly disclose data on taxes, royalties and other payments they make to the government and their host-communities.

In his letter, Dominguez said the country has been treated unfairly by the EITI Board by using irrelevant metrics and relying on unvalidated reports in assessing the status of civic space in the extractives sector.

The DOF repeatedly sought the details of alleged issues on civic space to enable the government to address the same. The EITI, however, has not supplied the requested details. Dominguez called out EITI for its lack of due process and for imposing actions on the Philippines that violate the country's sovereignty.

“We refuse to be taken hostage by unverified allegations from foreigners and people who have no mandate from the electorate,” he said.

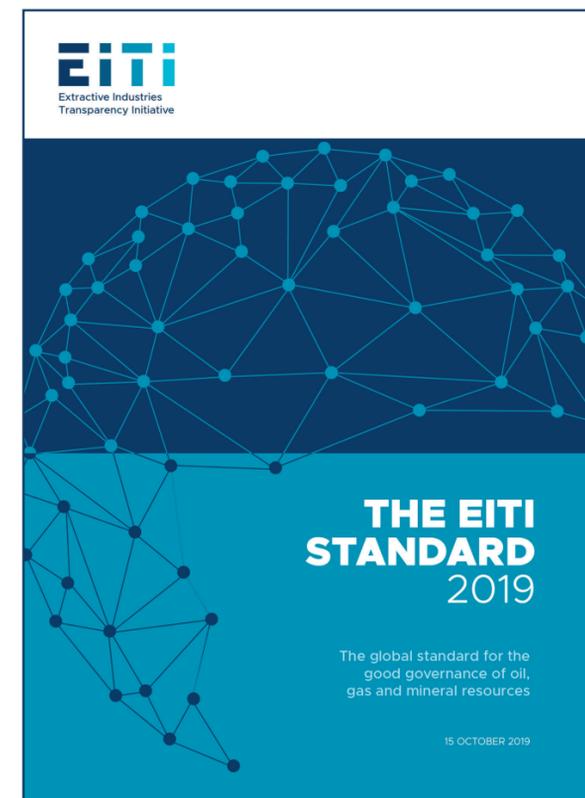
The Philippines has been implementing the EITI since 2013. In 2016, the EITI recognized the country for its impactful implementation. EITI implementing-countries undergo validation every three years.

In 2017, the Philippines was declared the first among more than 50 countries in the world to have achieved satisfactory progress in meeting the EITI requirements. Over the years, the country has demonstrated innovation and best practices in the areas of contract and beneficial ownership transparency, and social, environmental, employment, and gender data disclosures.

The Philippines has also sustained and broadened stakeholder engagement amid extreme situations, such as the coronavirus disease 2019 pandemic.

Despite the withdrawal from the EITI, Dominguez said the Philippines has the process, systems and manpower to ensure transparency in the extractives sector.

“The government will continue to champion better resource and revenue management, and ensure that resource utilization remains open, accountable, and responsive to the needs and aspirations of Filipinos,” he added.



## Sierra Leone puts spotlight on how Mining benefits communities



Photo: Shutterstock

Sierra Leone achieved a high overall score in EITI implementation, and has used the EITI to engage with host communities and drive reforms in the extractive sector despite challenges related to COVID-19.

Local stakes: Despite a decrease in recent years, Sierra Leone's

mineral exports are economically significant, and many regional and local communities depend on revenues from the sector. Sierra Leone has strengthened its reporting on how revenues are shared with regional and local authorities, and mining companies are increasingly reporting their social

expenditures. Sierra Leone also conducted a study on the socioeconomic benefits of mining and the impact of the EITI, which is informing debate and policymaking.

Going further: Artisanal and small-scale mining (ASM) represents an important source of income for many communities, however information on the sector remains limited. While new regulations introduced in the Mines and Minerals Development Act are a welcome step, better disclosures could support formalisation efforts and strengthen governance to ensure that ASM's economic potential is realised.

## The Path to inclusive Governance in Chad



Photo: Shutterstock

Chad achieved a fairly low overall score in EITI implementation, and stronger engagement from government, civil society and industry is needed to ensure multi-stakeholder oversight of the sector and that the EITI contributes to public debate.

Follow the money: Chad's economy is heavily reliant on oil, which accounted for 87% of

exports and 43% of government revenues in 2019. Nearly half of the government's total extractive revenues were managed outside of the budgetary process to repay loans and fund electricity subsidies. EITI reporting has helped to shed some light on these revenue flows, as well as oil revenue transfers owed to regional authorities.

Public oversight: ITIE-Tchad is taking

steps to consider broader constraints on civil society engagement in public debate on natural resource governance, including proposals to revise provisions of Ordonnance 23 of 2018. However, tangible reforms will be key to improving public debate in a sector of vital economic importance.

## PNGLNG Partners implored to disclose nature of transaction

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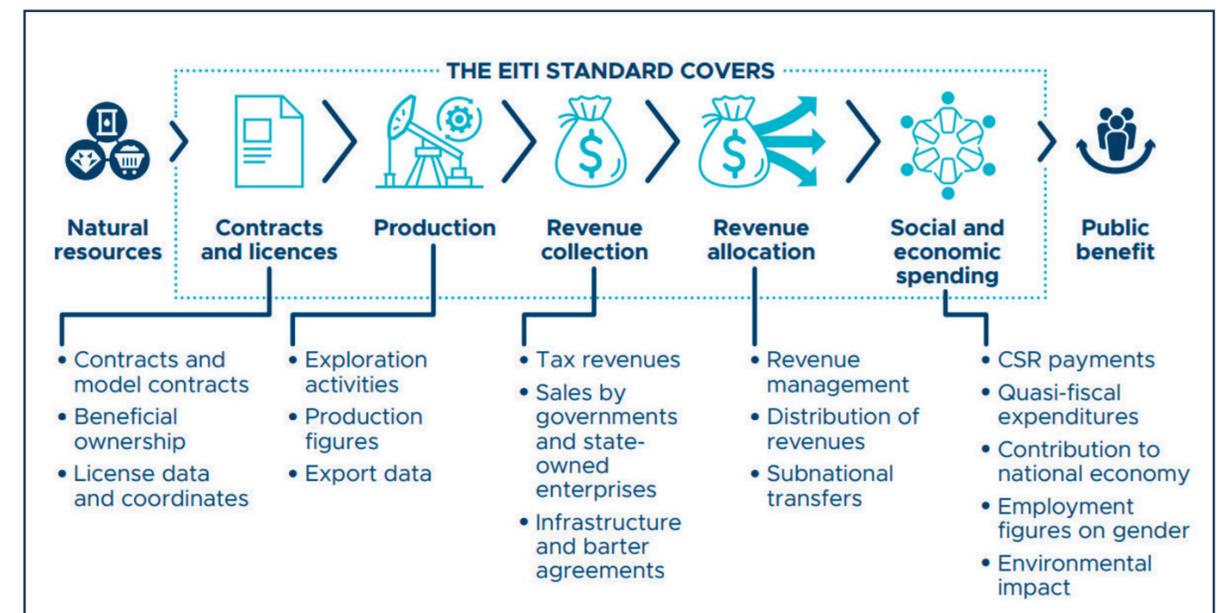
standard for the good governance... of the extractive sector that PNG is a member of takes the position that KPHL must inform the public on where financing is being sourced to secure the purchase of the 5% additional equity for the State.

The details of this transaction, whether it is being funded from KPHL's budget, any external borrowing by KPHL on behalf of the State (if so, what asset is being used as collateral) or through the National Government Budget (this is not in the 2022 supplementary budget).

Further, it is not clear as to whether NEC had approved for KPHL to execute this transaction to acquire additional equity from Santos. The public has the right to know these details and understand as to how KPHL's balance sheet would be affected given that a US\$ 0.3 billion debt would be inherited from Santos. The PNGEITI is not against KPHL's proposal to acquire an additional 5% equity from Santos as it is consistent with the Government's policy objective of having a greater equity interest in resources developments however, Santos' intention to deal

exclusively with KPHL regarding the sale raises a lot of questions.

We strongly urge KPHL and Santos who are both active members of the PNGEITI Multi Stakeholder Group (MSG) to demonstrate good corporate citizenship and uphold the principles of the EITI Global Standard by disclosing the commercial and economic nature of this transaction for the sake of transparency and accountability in this planned sale of Santo's 5 percent share in the PNGLNG to KPHL," Mr. Alkan said.



## Chamber concerned over poor exploration activities in Papua New Guinea

A significant decline in exploration activities in the PNG mining and petroleum space has come under the attention of peak industry body, the PNG Chamber of mines and petroleum.

Its vice president Philp Samar expressed concern at the Parliament induction during the quarter that the exploration sector had seen a drastic decline in activities. Mr Samar, a former head of the PNG Mineral Resources Authority (MRA) called for more effort from the Government to encourage and provide an enabling environment for exploration activities to prepare the next generation of mining and petroleum extraction activities when existing ones deplete.

According to the latest PNGEITI Report covering the 2019 fiscal year, direct contributions of the resource sector to government included K2.9 billion to SOEs, K1.2 billion in taxes, K1 billion in royalties, K637 million in

fees & levies to state agencies and K444 million on social projects within the project impacted communities. The Chamber believes the industry will continue its strong contributions in these areas despite the closure of the Porgera mine which has reduced exports significantly.

According to Philip Samar, who was presenting on behalf of the Chamber, most of the existing mines are mature and some have a very limited life ahead of them, treating lower grades. PNG has had a very significant drop in production from all of our major exports over the last three years with gold down 40% due to the closure of Porgera, copper down 55% and nickel down 15%. While this has been significantly offset by increased commodity prices, this is a worrying trend that must be addressed by doing more in the exploration stage to ensure the discovery, development, growth and continuity of the mining sector in PNG.

Without exploration we will not find the mines of tomorrow and our industry will wither away as the existing mines come to the end of their lives such as Ok Tedi by 2030. Exploration is a high risk business with a failure rate of 99% - for every 1,000 exploration prospects only 50 will move to advanced exploration followed by only 2 that will move to feasibility study and only 1 will become a mine. Ramu took 50 years from discovery to development while Lihir, Porgera and Oktedi took just under 20 years plus a very significant amount of investment and expertise, so we need to act now to revive the exploration sector or the next 50 years will be bleak with no new mines for development.

According to information from the MRA, it was shown that in 2011 alone the whole country was covered with exploration licences. However, all of these activities have now dried up with only a handful of exploration licences in operation in 2022.

## Live Mining Data Excellent tool for Transparency

The PNG Extractive Industries Transparency Initiative (PNGEITI) has applauded a collaboration between state's mine regulator, Mineral Resources Authority (MRA) and mine operators to create a digital platform to provide real time mineral data from all major mines in the country. Live data will include numbers showing production value, export value, and related information basically livestreamed from a data source of respective mine operators. Ok Tedi Mine will be first to streamline

live data to the MRA website for public access after engineers have finalized work. Other will follow soon after. "The cooperation between the mine regulator and the extractive companies to make live data available for public viewing is an excellent undertaking to garner investor-public trust and confidence in the way the mining industry is regulated and progressing. PNGEITI highly commends these efforts," PNGEITI Head of National Secretariat Mr. Lucas Alkan

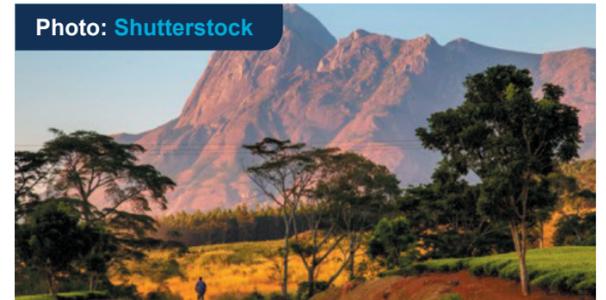
commended. "We commend the MRA leadership under managing director Jerry Garry as this undertaking will complement and enhance EITI reporting in the country. This is boost for transparency, boost for investor and public confidence," he said. "We look forward to this important work being undertaken on this space and wish MRA and the companies every success" Mr. Alkan said.



## Malawi sheds light on corruption risks

Malawi achieved a "moderate overall score" in EITI implementation, having improved transparency on licensing, revenue management and social expenditures in its nascent mining sector and expanded EITI implementation to improve oversight of its forestry sector.

Under scrutiny: While Malawi's mining sector remains relatively small, the EITI has been an important source of public information and debate on challenges in the sector, including allegations of potential corruption related to mining licenses. These have since been examined more closely by civil society and subsequently investigated by the Anti-Corruption Bureau. The case has prompted Malawi EITI to develop an anti-corruption policy and



strategy, including measures to identify future deviations from laws and regulations.

## Sustaining Public oversight of Mongolia's Mining Industries



Mongolia achieved a "moderate overall score" in EITI implementation, having used the EITI to respond to issues of public interest such as the social and environmental impacts of extractive operations. Yet gaps remain in disclosures on state-owned enterprises,

licensing and beneficial ownership. In the open: Mining plays an important role in Mongolia's economy, accounting for more than a fifth of national GDP and a quarter of government revenues. The government publishes a vast amount of sector data online, including on "licenses, contracts, production" and exports, subnational revenue transfers, and procurement and audit practices.

Mind the gap: While the government discloses information on revenues and expenditures, Validation identified that gaps remain in disclosures on state-owned enterprises (SOEs), as underscored by a recent 'report' by the Natural Resource Governance Institute (NRGI).



# Extractive Industry contribution to the PNG Economy: through the EITI lenses

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to meeting developing goals the like those stipulated in various UN commitments and others, EITI implementation in Papua New Guinea provide a diagnostics on the revenue leakages and governance weakness so that corrective measures and actions can be taken. However, one thing that is lacking in the EITI Reports is the impact assessment of extractive activities on the economy.

The 2019 Report as its preceding reports describe established processes and protocols and records the "reported" revenue streams. For example, the PNG budget process is described in this report as provided by the Department of Treasury.

The MSG using a formula that calculates the materiality of a particular revenue stream determines revenue streams reported in the report. For a revenue stream to be material to be included in the EITI report, it must be at least two percent of the aggregate revenue that is being contributed by the industry to the economy in a year.

Now it is becoming clearer that the core role of the EITI is to provide a description of what is happening

along the extractive value in a way that describes the impact of the extractive activities taking place in the economy but not fully. The EITI report alone, given its descriptive nature does not give an accurate assessment of the magnitude of impact the industry has on the economy but it does provide the useful data and information that one can use to measure against with what is on the ground- the impact. At the present stage, EITI data and information is provided by national receiving and paying entities. Any measure of data can only happen at the macro level. However, there is hope, that an EITI scoping study into subnational payment has recommendations to extend EITI reporting into the subnational level. This is something the PNG EITI national secretariat is working to extend EITI reporting into the sub-national level.

According to the 2019 EITI report, combined receipt of revenue from the extractive industries stands at a sheer PGK 6.1 billion distributed as follows; National Budget – PGK 1.2 billion, Government Agencies, PGK 367 million, General Communities- PGK444 million, Landowners, Local

level Governments and Provincial Governments- PGK 989 million and State Owned Enterprises PGK 2.87 billion.

The above figure is represented by various revenue streams which are disclosed for EITI reporting purposes.

The EITI reports as it continues to improve on its reporting, the impact assessment on whether such a contributions by the extractive industry is actually happening is the one that interest parties and citizens must demand to know and call for action.

It is the responsibility of the citizens and interest groups to embrace the EITI reports and put the government and companies to account for what's missing.

The EITI cannot go further than its core mandate to report. The impact assessment responsibility and call for action falls on the people, the citizens to use the tested data of the EITI to measure the impact of the extractive industry on the economy and call for changes if mismatch between what is in the EITI Reports and what is on the ground is observed.

The industry that is now breastfeeding the PNG economy should not be left unregulated by any responsible government and citizens alike.

**The author is a consulting journalist with the PNG Extractive Industries Transparency Initiative National Secretariat parked at the PNG Department of Treasury.**

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# Access to Information essential for Public confidence and National Integrity



**Image Description: Section 36 of the Digital Government Act 2022 requires the State to develop open data principles that shall have regard to public use of data across all sectors and to ensure that any open data is easily discoverable and available.**

The Government of Papua New Guinea and State agencies should work to deliver on recent legislation that supports citizens' right to know, according to Transparency International Papua New Guinea (TIPNG).

In a statement to commemorate International Day for Universal Access to Information which occurs annually on 28th September, TIPNG welcomed the Open Data requirements enacted in the Digital

Government Act 2022. TIPNG reiterated civil society's expectation that the Government and national institutions collaborate to make public information accessible to all citizens in accordance with Section 51 of the National Constitution.

"Papua New Guineans have a right to know what is done by public officials, with public money for the public good and it is incumbent on our government and national institutions to deliver on this



constitutional right. We have recently seen in our 2022 National General Election how the lack of timely, accessible and accurate information undermined public confidence and weakened electoral integrity. This is true across the entirety of the public sector, access to information is essential for public confidence and national integrity," said Peter Aitsi, TIPNG Board Chairman.

"TIPNG welcomes recent legislated requirements in the Digital Government Act 2022 that compels state agencies to maintain standards of Open Data for citizens to access public information. These legislative developments led by Secretary and Department of ICT, alongside national commitments in the Open Government Partnership, to enact a comprehensive Freedom of Information Act and for increased fiscal transparency should be supported by all sectors of society, including the Private Sector and international development partners."

"The Right to Information complements other civic rights including Freedom of Association and Freedom of Speech. Recent statements by the Government restricting domestic and international media from making information public, provisions within the Cybercrime Act, and self-interested censorship by public officials undermine these reforms, and must be opposed," said Mr. Aitsi. Section 36 of the Digital Government Act 2022 requires the State to develop open data principles that shall have regard to public use of data across all sectors and to ensure that any open data is easily discoverable and available. Further, the Act requires that Public Bodies shall that open data kept up to date in an automated way. There requirements will be further articulated in the forthcoming National Digital Government Plan 2023-2027.



## PNGEITI to publish its 2020 and 2021 Country Reports by end of 2022

The PNG Extractive Industries Transparency Initiative (PNGEITI) aims to publish both the 2020 and 2021 country reports by year end.

Head of PNGEITI National Secretariat Lucas Alkan said that the EITI reports are usually published in December of every year.

“However, the delay in publication of these reports was due to the impacts of COVID19 pandemic and the setbacks experienced throughout the country.

This would be PNGEITI's eighth and ninth published reports, since the PNG Government signed up to implement the Global EITI Standard in 2013.

“The EITI reports highlight various payment streams from the mining, oil and gas sector companies that are paid to the government and the government's receipts of these payments as its revenues for the fiscal year in which the report is prepared.

“The report also provides an overview of the mining, oil and gas sector contribution to the country's economy.”

Mr. Alkan said that despite the delay in the publication of these reports, the PNGEITI Multi-Stakeholder Group (MSG) is hopeful that the contents of these reports would be enhanced from previous years to increase the comprehensiveness and to take corrective actions as recommended in the first country validation.

Some of the action areas that needed improvement in terms of information disclosure included; contracts and license allocation, beneficial ownership, Government's participation in the State-Owned Entities in the extractive sector and subnational payments and transfers to name a few.

“We acknowledge members of the PNGEITI MSG especially the key government agencies and extractive companies, who continue to support the EITI reporting process through timely submission of financial data and other information,” said Mr. Alkan.

“While we acknowledge those that disclose required data and information on time, we welcome others to also do the same,” Mr. Alkan said.

“The PNGEITI country reports are normally compiled by an Independent Administrator (external auditor)”. “As part of the process to collect data and information from the reporting entities, the Independent Administrator reconciles the financial data (company payments and receipts by government) and also compiles other contextual information such as taxation and fiscal regime governing the extractive sector to form the report,” said Alkan.

Once the report is ready, it will be published on the PNGEITI website, launched and printed out for distribution to the stakeholders. The report is also submitted to the EITI International Secretariat for PNG to meet its annual reporting as an EITI implementing country.

**PNGEITI REPORTS 2013—2019**

PNGEITI is part of a Global best practice Standard known as the Extractive Industries Transparency Initiative (EITI) that promotes good governance in the extractive sector. In EITI implementing countries, companies involved in the extractive natural wealth (oil, gas and minerals) are required to report on what they pay to the governments and governments are required to publish what they receive from these companies in a given financial year. These financial data are collected, then reconciled by an independent administrator and are published in the annual EITI Reports for public information.

**GET INVOLVED! VISIT OUR WEBSITE AND DOWNLOAD THE PNGEITI REPORTS!**

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## Extractive Industry contribution to the PNG Economy: through the EITI lenses

By Gedion Timothy

The PNG Government this year tabled a Royal Commission of Inquiry (COI) report into a of scheme transactions leading to the procurement hundreds of millions of kina from an international bank for the state to consolidate its business interest in the country's booming petroleum industry.

In 2014 a loan was obtained to the tune of US \$ 1.5 billion to redeem the PNG Government's stake of ten (10 %) percent at Oil Search (now dissolved).

This loan from Union Bank of Switzerland was obtained by the O'Neil Government with the justification that the state retaining its share would not only yield good returns to the government coffers, but for the state to participate meaningfully in the country's oil and gas industry. The loan was subjected to controversies right at the cabinet level but was vigorously pushed by Peter O'Neil (as prime minister) with the main reason that the government must participate in the lucrative oil and gas business in the country as stated above.

The Royal Commission of Inquiry report was delivered by Sir Salamo Injia, the former Chief Justice of Papua New Guinea who led the investigation into the loan transaction as its chair. Certain recommendations have been made and the PNG Government is expected to implement those recommendations after the formation of the next Government following the 2022 National General Elections.

The year 2014 was also a significant year when the need to bring about transparency and accountability into the transaction taking place in the

mining and petroleum value chain took shape. A group of officers from Treasury was advancing work for PNG to be part of the Extractive Industries Transparency Initiatives (EITI) -a global initiative that strives to promote improved governance in the extractive industry by way of promoting accountability and transparency along the mineral and petroleum value chain.

Anyone familiar with the PNG economy knows that the extractive industry plays a significant role notably through government budget support, employment and spin off business for local companies. For this reason, the PNG Government in its wisdom adopted the EITI to bring about transparency and accountability so that controversial issues like the UBS are subjected to the scrutiny of forums like the EITI. This is to ensure that the right decisions reflecting the law & policies, the interest of all parties – whether it be the company or landowners or the Government are captured well in any decision pertaining to the extraction of non-renewables- particularly oil, gas and minerals.

Papua New Guinea since signing to the EITI published the first EITI report covering the 2013 fiscal year in 2016 and since then published detailed reports providing the populace with a comprehensive understanding on activities taking place in the PNG extractive (minerals and petroleum) value chain.

The latest PNGEITI report covering the fiscal year 2019 provides an improved understanding of the extractive industry and how much the extractive industry contributes to the PNG economy. This report builds on recommendations from preceding

reports and Papua New Guinea's first Validation which was executed in 2018.

According to this report (PNGEITI 2019 Report), PNG has now experienced 19 years of economic growth, progressing from 'low income' to 'lower middle income' as per World Bank classifications from GDP US\$3 Billion in 2002 to US\$24.83 Billion in 2019. This progress is echoed in the United Nations' Human Development Index (HDI), with an HDI of 0.543 in 2019, a steady improvement from 0.422 in 2000.

However, the country is still classified as 'medium human development', ranking 155 out of 188 countries. Challenges to improving the wellbeing of the PNG population remain, as the country still faces skills shortages, poor infrastructure, and a weak institutional set-up that hinders development.

Corruption, political uncertainty, access to land, and maintaining law and order are a few of the major constraints to business investment and growth.

Corruption is a challenge for PNG; in 2019 it was ranked 137 out of 180 countries, with a score of 28 out of 100 in Transparency International's Corruption Perception Index (lower scores indicating more corrupt).

However, the PNG Government has expressed a strong commitment to meeting the UN Sustainable Development Goals, working towards improvements in sustainable development and reducing incidents of corruption.

Alongside traditional commitments...

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