



Papua New Guinea Extractives Industry Transparency  
Initiative

Terms of Reference (ToR) for  
Preparation of FY2023 PNGEITI Report

July , 2024

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## 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 government, and the government discloses its receipts 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, industry companies and civil society organisations oversee the process and communicate the findings of the EITI reporting, and promote the integration of EITI into broader transparency reform 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](http://www.eiti.org).

The EITI process is intended to complement, assess, and improve existing reporting and auditing systems. The EITI Board recommends that the process relies on the existing procedures and institutions, so that the EITI implementation draws on, complements and critically evaluates existing data collection and auditing systems. In this way, the EITI process has the potential to generate critical recommendations to complement and 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 of the 2023 EITI Standard are subject to credible and independent audit, applying international auditing standards. The expectation is that disclosures as per Requirement 4 of the 2023 EITI Standard 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.

### 1.1 EITI Implementation in Papua New Guinea

The PNG Government signed up to implementing the EITI Global Standard in 2013 and subsequently became a EITI implementing country in 2014. A Multi-Stakeholder Group (MSG) was established in 2015 to oversee the implementation of the EITI in the country. One of the core responsibilities of each EITI implementing country is to publish annual EITI country reports covering activities and revenues received from the extractive sector in the form of taxes, levies, royalties, permits and social voluntary contributions of the sector to the government. These revenues are then reconciled by an Independent Administrator (IA) engaged by the MSG through a public tendering process. The reconciliation process covers payments made by extractive companies to the government and the receipts of these payments by governments. This regular reporting is required by the EITI Global Standard.

PNG published its first and second EITI Reports covering the financial years 2013 and 2014 in 2016. These were followed by publications of the financial years 2015 to 2022 Reports. The FY2023 Report will be the 11<sup>th</sup> Report and this will have to be prepared and published by 31<sup>st</sup> December 2024.

Implementation of EITI in the country was first validated in 2018 which resulted in PNG scoring “Meaningful Progress” with recommendations made in a number of areas for corrective actions to be undertaken before the second validation. The second validation was undertaken in April 2022 that critically assessed progress made in addressing the corrective actions and gaps identified and recommendations from the first validation. The second validation also assessed progress made in acting on the recommendations made from other PNGEITI MSG sanctioned study reports that were published.

When preparing the FY2023 Report, the IA is expected to assess the status of progress made (or provide explanations, if no progress made) in addressing the corrective actions recommended from the two validations undertaken and document these clearly.

The objectives of implementing EITI in PNG are to:

- Ensure a well-established and fully functional National Secretariat Office and the Multi-Stakeholder 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 included in the 2024 Annual PNGEITI Work Plan and the Multi-Year Work Plan (5 years plan) which can be accessed through the PNGEITI website at: [www.pngeiti.org.pg](http://www.pngeiti.org.pg)

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

The MSG ensures that the EITI implementation framework in PNG is tailored to complement and support domestic laws and practices and that the initiative is implementable by relevant government entities and industry companies. In addition, the role of the MSG includes identifying weaknesses or

deficiencies in the current regulatory and policy environments which may require actions by government to address them.

## **1.2 Preparation of FY 2023 PNGEITI Report**

Preparation of the Financial Year 2023 Report will build on from previous 10 reports that have been published and to assess, update and document progress made (or provide explanations, if no progress have been made) on the corrective actions that were recommended from the published reports and the two rounds of validations that were undertaken. The IA is also required to provide progressive updates on the status of recommendations that were made from other MSG sanctioned reports that were published. These include: the Beneficial Ownership (BO) Disclosure Report 2020; the SOEs Scoping Study Report 2020; the Contract Transparency Report 2021; the Sub-national Payments and Transfers Scoping Study Report; the recommendations from JICA Technical Cooperation Project on Resources Related Revenue Management and the two World Bank funded Scoping Study Reports recommendations on Education Mainstreaming and the EITI Data Online Reporting Platform. The IA is expected to provide status update on the activities of the various Technical Working Groups (TWGs) including the EITI Legislation TWG on the proposed PNGEITI Commission Bill for the 2023 Report. Additional information that may be relevant for preparing this report could be sought from other sources as well as from the PNGEITI website.

Annexes have also been attached as background information for the IA. The 2022 PNGEITI Report that was published in July, 2024 contains a number of critical recommendations that the IA is required to address in the 2023 PNGEITI Report.

## **2. OBJECTIVES AND EXPECTATIONS OF THE ASSIGNMENT**

The PNGEITI MSG seeks a competent and credible firm free from conflicts of interest to provide the IA services as required in this TOR. The objective of the assignment is to support the MSG in strengthening disclosures in accordance with the 2023 EITI Standard, provide an assessment of the comprehensiveness and reliability of the disclosures, and agree to specific recommendations for strengthening government systems for better governance of natural resources.

The IA is specifically expected to:

Assess and produce a scoping report for the MSG to discuss and agree on the scope of work required for preparing the 2023 PNGEITI Report. The scoping work should continue to provide a status update on the actions taken or being taken undertaken to date (or provide explanations, if no actions have been taken) from the recommendations made from the 2013 to 2022 PNGEITI Reports, the status update on the actions taken or being undertaken (or provide explanations, if no action being undertaken) on the recommendations made from the 2018 and 2022 validation reports outcomes and their recommendations (corrective actions), and any other reports (previous scoping studies reports, PNGEITI Annual Activity Reports, the MSG meeting minutes, minutes of various Technical Working Groups, Beneficial Ownership (BO) Disclosure Report 2020 and its recommendations, the Sub-national Payments and Transfers Study Report, the SOEs Scoping Study Report and its recommendations, recommendations from the JICA Technical Cooperation Project Report on Resources Related Revenue Management, recommendations from the Contract Transparency Report 2021, the World Bank Scoping

Studies Reports recommendations on the Electronic Data Reporting Platform and Education Mainstreaming), and the progress made towards mainstreaming and systematic disclosure by reporting entities and to recommend to the MSG on the scope of the 2023 PNGEITI Report;

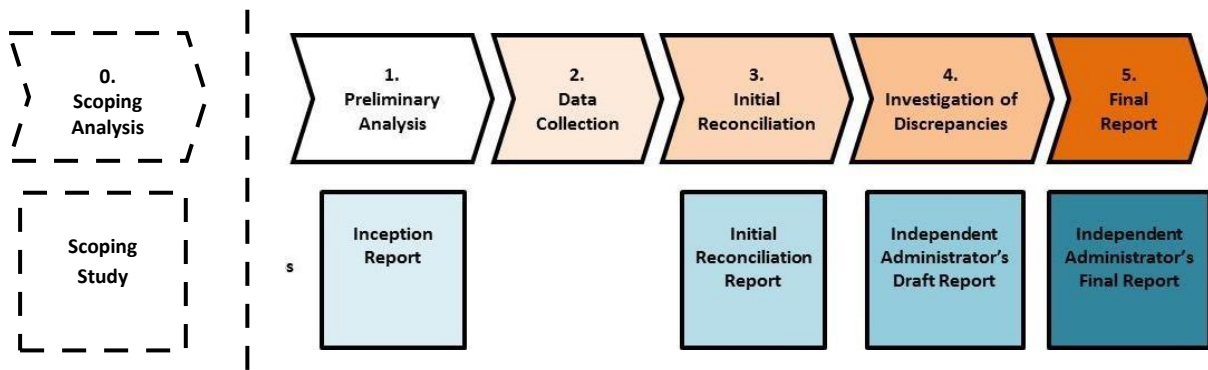
In preparation for the third validation in early 2026, the MSG requires the IA to particularly focus on the following thematic areas in the report:

- (i) Provide a narrative or a detailed summary on the corrective actions taken or being undertaken or planned to be undertaken in the short term on the recommendations made from previous validations. The summary should contain the following updates:
  - **Contracts and Licence Allocation Disclosure:** A status update on actions taken to date on disclosing project MOAs, contracts and licences;
  - **Beneficial Ownership Disclosure:** A status update on disclosure of BO information and establishing BO data register;
  - **Reporting on Sub-National Payments and Transfers:** A status update on work done to date on sub-national reporting;
  - **Mainstreaming and Systematic Disclosure:** Provide an update on progress made towards mainstreaming and systematic disclosure by extractive companies and State entities;
  - **Contracts Awarding and Licence Disclosure:** Update on work being undertaken for contracts awarding disclosure and licencing criteria at DPE;
  - **Transparency of SOE Operations:** Update on work undertaken or being undertaken or planned on improving transparency in the operations of SOEs;
  - **Disaggregation of Production and Export Data:** An update on work being undertaken on disaggregation of production and export value; and
  - **Improving Data Quality and Reliability:** An update on work undertaken or being undertaken to improve data quality and reliability;
- (ii) If no corrective actions had been undertaken in any of areas bulleted above, the IA is required to provide reasons, explanations or the challenges that have been encountered and any plans proposed to address these challenges going forward;
- (iii) Continue to provide a narrative in the contextual part of the 2023 Report on the impact of Porgera Mine Closure on the extractive sector's contribution to the national economy;
- (iv) The IA is required to prepare the 2023 PNGEITI Report in accordance with the 2023 EITI Standard. Therefore, in the report the IA is expected to clearly point out or document the areas the MSG had undertaken work or undertaking work that related to or had met the reporting requirements in the 2023 EITI Standard;
- (v) Produce the fiscal year 2023 Report and associated data files in accordance with the EITI Standard as outlined in Section 3 below.

### 3. SCOPE OF SERVICES, TASKS AND EXPECTED DELIVERABLES

The work of the IA has five phases (see Figure 1). Phase 0 is the most important phase of the task and is expected to set the basis for preparing the report. These phases may overlap and there may also be some iteration between the phases. EITI reporting is generally preceded by the scoping work undertaken by the IA (phase 0 in the diagram below).

*Figure 1 – Overview of the EITI reporting process and deliverables*



## Phase 0 - Scoping Study

**Objective:** Scoping work aims to identify the areas that PNGEITI reporting would cover in order to meet the requirements of the 2023 EITI Standard. This would be particularly the corrective actions as recommended in the 2018 and 2022 Validation Reports and recommendations from past PNGEITI reports that have not yet been actioned. Scoping sets the basis for producing a reliable and comprehensible EITI report. It considers issues for the fiscal year to be reported on (ie FY2023 Report), the contextual information that should form part of the report, reviewing the types of assurances that are necessary for ensuring that the data submitted by reporting entities is credible, determining which revenue streams from oil, gas and mining are material and consequently, the companies and government entities that would 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 2024 PNGEITI Annual Work Plan and the five year long term plan (2024 to 2028 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 report with a view to identifying options, solutions and recommendations for an appropriate reporting methodology for consideration by the MSG.

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

1. Assess and undertake a mapping exercise on the new requirements in the 2023 EITI Standard. This mapping exercise will assist the MSG in identifying where gaps exist and these gaps will then guide the MSG in setting future priorities for actioning through the annual and multi-year work plans. In this mapping exercise, the IA is expected to assess these EITI requirements against possible challenges to addressing these gaps and clearly document these in the report. As part of this exercise, the IA should consider recommendations made from previous PNGEITI Reports (2013 – 2022 Reports) and assess progress made by respective TWGs established by the MSG. The IA will be required to review other reports that have been published including: the Beneficial Ownership (BO) Disclosure Report 2020; the SOEs Scoping Study Report 2020; the Contract Transparency Report; the JICA Technical Cooperation Project Completion Report on Resources Related Revenue Management; the World Bank funded Scoping Studies Reports on EITI Electronic Data Reporting Platform and the Education Mainstreaming Report; the Sub-national Payments and Transfers Report recommendations. Also determine whether some of the recommendations have been acted upon in and how these recommendations could be acted upon in previous published reports and how the 2023 PNGEITI report could address them, if these recommendations have not implemented yet. Assess carefully the templates that were used to collect data and information on the BO and SOEs reports and determine the feasibility of the MSG using

these templates to collect the same data and information to be used in this report and future EITI reports. All these reports are available at [www.pngeiti.org.pg](http://www.pngeiti.org.pg).

2. Review and assess the challenges and recommendations from the 1<sup>st</sup> and 2<sup>nd</sup> validation reports available on [www.pngeiti.org.pg](http://www.pngeiti.org.pg). The IA will also review the 2021 report chapter 1 – 1.2, Table 7, 1.3.3.1 on the 1<sup>st</sup> validation and 1.3.3.2 the 2<sup>nd</sup> validation to identify the gaps and challenges yet to be acted upon.
3. Identify data and information gaps as reported in the FY2013 to 2022 PNGEITI Reports that have been published, determine and document the actions already been taken or are being undertaken to address these gaps. The IA is also required to address any outstanding areas that the MSG may need to pursue in this report and how the IA intends to address these challenges.
4. Review revenue streams and materiality thresholds for these revenue streams to ensure that the information and data included in the 2023 Report meet the requirements of the EITI Standard (2023 Standard) and that these can easily be achieved by relevant government entities and industry companies. The scoping report should ensure the recommendations from the 2022 Validation are addressed. For Revenue collection, corrective actions were made for Requirements 4.1, 4.3, 4.4, 4.7, 4.8 and 4.9.
5. Work in collaboration with the Department of Petroleum and Energy (DPE) EITI Unit through the PNGEITI arrangement that have been working on improving the petroleum licence register system, creating a database on the petroleum production volumes and values and strengthening recording of royalty payments and other challenges as identified.
6. The IA is to continue to encourage the current reporting entities to report project by project basis (instead of reporting by single entity/operator/parent company), if they operate multiple projects.
7. Provide additional contextual information that should be part of the FY2023 PNGEITI reporting process. Ensure that reviewing the types of assurances required for ensuring that data submitted by reporting entities is credible. The scoping report should ensure the recommendations from the 2022 Validation have been addressed. For non-revenue data, corrective actions were made for Requirements 2.1, 2.2, 2.3, 2.4, 2.5, 2.6, 3.1, 3.2, 3.3, 5.1, 5.3, 6.2, 6.3, 6.4.
8. Ensure that all industry companies that are at advanced stages of exploration report on all material payment streams (e.g., Corporate Income Tax).
9. 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 should be reported.
10. Draft reporting templates consistent with the 2023 EITI Standard, drawing on the model reporting templates for project level reporting developed by EITI International Secretariat in consultation with the PNGEITI National Secretariat and as approved by the MSG.



11. Map out and assess information that has already been disclosed that could then be used both as a snapshot of what is in the report and highlight to the MSG where gaps exist to work on in future.
12. The IA is required to support the MSG in filling up the validation templates on the technical requirements to map out systematically disclosed data.

In undertaking the above, the IA is expected to consult with the EITI'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 2024 PNGEITI Annual Work Plan and the five year long term plan. Specifically, systematic disclosure is the default expectation of the 20 EITI Standard and the MSG requires the IA 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 as indicated above.

During the scoping analysis phase, the IA will ascertain the scope of the 2023 PNGEITI Report. Following the review of the Inception Report, the MSG may adjust the scope of the Report, if necessary. While it is anticipated that the FY2023 Report will continue to focus primarily on national-level data, information on sub-national payments and transfers, beneficial ownership, contract transparency, SOEs transparency, and also on the new requirements in the 2023 Standard are expected to be covered in the narrative or unilaterally disclosed as agreed to by relevant parties and the MSG. The IA is not allowed to release data in any other format beyond what is included in the reconciliation section of the 2023 Report, even if it receives such data in this reconciliation exercise. The IA will be required to conduct training sessions on the reporting templates that involves filling out the 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. The inception work ensures that there is mutual understanding between the MSG and the IA of the scope of the 2023 PNGEITI Report and the work to be carried out.

It is imperative that the scope of the 2023 PNGEITI reporting is clearly defined and is consistent with the 2023 EITI Standard and the MSG's agreed objectives and expectations for the reporting process. Findings from the first phase should be documented in an inception report. The IA is expected to undertake the following key tasks during the inception phase:

1.1 Review the relevant background information, including the governance arrangements and taxation and fiscal arrangements in the extractive sector, the findings from any preliminary scoping work, (past scoping study reports and the financial years 2013 to 2022 PNGEITI Reports), existing disclosures by government and companies, and the recommendations from previous PNGEITI Reports and Validation reports. A list of relevant documentation is provided as Annexes. Any other additional documents may

be provided by the National Secretariat to the successful bidder to assist in this review process and the compilation of the report.

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

1.2.1 Reviewing the comprehensiveness of the payments and revenues to be covered in the 2023 PNGEITI Report as proposed by the MSG in Annex 1 and in accordance with Requirement 4 of the 2023 EITI Standard.

1.2.2 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 (2019 Standard). It is expected (not a requirement) 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 IA to adequately source (inform and provide links) from 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 of the EITI Standard.

The IA should ensure that the materiality threshold for reporting companies considers all payments that could affect the comprehensiveness of EITI reporting and this be included in the scope of reconciliation. Further, the IA should ensure that the 2023 PNGEITI Report includes its own assessment of the materiality of omissions from non-reporting entities, an assessment of the comprehensiveness of the report and that full unilateral government disclosure of total revenues, including from non-material companies is provided for each of the material revenue stream.

1.2.3 Supporting the MSG with identifying existing disclosures by reporting companies and government entities collecting and maintaining information in accordance with the 2023 EITI Standard.

1.2.4 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 have been undertaken or are planned or are underway, and whether these procedures are consistent with international standards. It is recommended that the 2023 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.

The IA should refer to the corrective actions on Requirement 4.9 in the 2022 Validation report as follows:

- (a) PNG is required to ensure that reporting entities comply with the data quality assurances agreed by the MSG;
- (b) It is expected that government and company disclosures are subject to credible, independent audit;

(c) PNGEITI is encouraged to continue working with the Auditor General and the IA to find ways to strengthen data quality and underlying audit procedures, especially the revenue testing exercise being planned under the JICA Technical Assistance Program in its Phase 2 Project.

- 1.2.5 Provide 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. It is recommended that the templates include a provision requiring companies to report “any other material payments to government entities” above an agreed threshold.

The IA is required to present to the MSG for discussion and adoption the recommended templates of the International Secretariat on revenue streams at project level. The IA should also update the transparency template from the 2022 Validation for an overview of systematically disclosed data, to ensure that SOE requirements are met, e.g. Requirement 2.6 and 4.5.

- 1.2.6 **License allocations:** In accordance with Requirement 2.2 of the 2023 EITI Standard, the IA is required to obtain and continue to document information related to the awarding or transfer of mining tenements and oil and gas licenses pertaining to companies to be covered in the PNGEITI Report. The IA is to ensure that this information should include the number of mining tenements and oil and gas licenses awarded and transferred in the 2023 fiscal year, a description of the award and transfer procedures. This should include specific technical and financial criteria assessed, and any non-trivial deviations from statutory procedures in practice.

The IA should also refer to the corrective actions on Requirement 2.2 in the 2022 Validation report as follows:

- (a) PNG should assess whether there are any material deviations from the applicable legal and regulatory framework in the awarding and transfer of oil, gas and mining licenses;
- (b) The MRA and DPE should disclose the detailed technical and financial criteria used in awarding and transferring licenses, to the extent that such criteria exists;
- (c) The MSG is encouraged to collaborate with DPE and MRA to further strengthen transparency and accountability in the license awarding and transfer process; and
- (d) The agencies are encouraged to systematically disclose on their websites timely information about license awards and transfers

**1.2.7 License register:** In accordance with Requirement 2.3 of the 2023 EITI Standard, the IA should continue to 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 IA 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 IA should provide a PDF or scanned version of the relevant information obtained on the PNGEITI website and provide a link in the report.

The IA should also refer to the corrective action on Requirement 2.3 in the 2022 Validation report which requires DPE to publicly disclose information on all active oil and gas licenses.

**1.2.8 State participation:** In accordance with Requirement 2.6 of the 2023 EITI Standard, the IA should continue to 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 2023 be publicly accessible. The IA must ensure that the 2023 PNGEITI Report continues to clarify 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 continue to document whether (including links) SOEs publicly disclose their audited financial statements, or the main financial items (i.e. balance sheet, profit/loss statements, cash flows). The IA is expected to consult the 2020 [SOE Scoping study Report](http://www.pngeiti.org.pg) findings available on the website [www.pngeiti.org.pg](http://www.pngeiti.org.pg) for more information.

The IA should also refer to the corrective actions on Requirement 2.6 in the 2022 Validation report as follows:

- (a) Papua New Guinea should disclose information related to the financial relationship between the state and KPHL, including retained earnings, re-investment and third-party financing in the period under review;
- (b) KPHL is expected to publicly disclose its audited financial statements;
- (c) The rules governing the financial relationship between OTML and the state should be disclosed; and
- (d) The MSG is encouraged to agree a disclosure framework for MRDC, which addresses the information needs of landowners and the citizens of provincial governments on behalf of which MRDC acts as a trustee and strengthens MRDC's accountability to them.

**1.2.9 Production data:** In accordance with Requirement 3.2 of the EITI Standard, the IA should continue to ensure that complete production volume for oil and gas, and production values

for each of the extractive commodities produced during the fiscal year 2023 is reported and is publicly accessible, disaggregated by commodity.

The IA should also refer to the corrective actions on Requirement 3.2 in the 2022 Validation report as follows:

(a) Papua New Guinea should disclose the value of oil and gas production disaggregated by commodity;

(b) PNGEITI may wish to take active steps to explore the reasons for variances in reported production data identified in EITI Reporting; and

(c) The MSG is encouraged to work with DPE and MRA to strengthen the reliability of production data. These government agencies are encouraged to consider timely, systematic disclosures of production data reported to them by companies and to overcome any confidentiality issues related to disaggregated data.

**1.2.10 Export data:** In accordance with Requirement 3.3 of the 2023 EITI Standard, the IA should continue to 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 2023. Alternatively, for companies included in the 2023 PNGEITI Report, the IA should provide links to where all relevant data can be found in company reports.

The IA should also refer to the corrective actions on Requirement 3.3 in the 2022 Validation report as follows:

(a) PNG should disclose the value of oil and gas exports disaggregated by commodity; and

(b) MSG is encouraged to work with DPE, MRA and Customs to strengthen the reliability of export

data. These government agencies are encouraged to consider timely, systematic disclosures of export data and to overcome any confidentiality issues related to disaggregated disclosures.

**1.2.11 SOEs transactions:** In accordance with Requirement 4.5 of the 2023 EITI Standard, the IA should continue to 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 (the IA should refer to the 2020

SOE Scoping Study Report findings and advise MSG on how these findings could be addressed in the FY2023 PNGEITI Report and future Reports.

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

The IA should refer to the corrective actions on Requirement 4.5 in the 2022 Validation report as follows:

- (a) PNG should comprehensively disclose transactions related to SOEs, including material company payments to SOEs, SOE transfers to government agencies and government transfers to SOEs;
- (b) These disclosures should cover transfers from MRDC to local governments and funds;
- (c) Material revenues received by KPHL from any extractive project should be disclosed, or the lack of these confirmed.

**1.2.12 Direct sub-national payments:** In accordance with Requirement 4.6 of the 2023 EITI Standard, the IA should continue to establish whether direct subnational payments (to government entities) by extractives companies are material. Where material, the IA 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 IA should continue mapping out subnational revenue flows associated with each individual extractive project, drawing on results from the scoping study on subnational revenue flows published in 2019.

Key deliverables for the IA 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 IA should continue to recommend to the MSG in this report for an evaluation study to map out all MOAs between the landowners and government.

**1.2.13 Data quality:** In accordance with Requirement 4.9 of the 2023 EITI Standard, 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 (ToR) for the IA agreed by the EITI Board, the MSG and the IA should:

Ensure that the IA 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 IA and the limitations of the assessment provided.

Ensure that the IA continues to provide 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 IA 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.

**1.2.14 Distribution of extractive industry revenues:** In accordance with Requirement 5.1 of the EITI Standard, the IA 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.

The IA should also refer to the corrective action on Requirement 5.1 in the 2022 Validation report as follows:

(a) Papua New Guinea is required to clearly document for each fiscal year which extractive revenues are recorded in the national or subnational budgets, including the volume of these revenues;

(b) If any revenues from the extractive sector are allocated to extra-budgetary entities or retained by revenue-collecting entities, this should be disclosed systematically;

(c) The disclosures should include or consist of financial or other relevant reports demonstrating the basis of the allocation of revenues and actual allocations in the period under review.

**1.2.15 Sub-national transfers:** In accordance with Requirement 5.2 of the 2023 EITI Standard, the IA is to continue 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 to continue disclosing 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 IA should continue to follow up on implementing the recommendations from the subnational scoping study that was published in 2019. Where possible, the IA should continue to update the reporting templates where necessary to ensure that companies report on subnational payments. The IA is expected to continue working with MRDC to ensure that calculated amounts and actual amounts transferred are reconciled.

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

The IA should refer to the corrective actions of the Requirement 5.2 in the 2022 Validation report as follows:

- (a) the MSG should agree on materiality and classification of direct subnational transfers;
- (b) the MSG is required to ensure that all subnational transfers to subnational government entities are clearly categorised, including revenue-sharing formulas and, when material, are disclosed;
- (c) the MSG may wish to use the scoping study on subnational payments and transfers as a basis for further MSG discussions and considerations;
- (c) the MSG is also encouraged to further analyse the legal background for subnational transfers and consider possibilities for systematic disclosure of subnational data; and
- (e) Data quality assurances should be established.

**1.2.16 Mandatory social expenditures:** In accordance with Requirement 6.1 of the 2023 EITI Standard, the IA should continue to 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 IA is to continue revising the reporting templates where necessary to ensure disaggregation by type of payment and beneficiary. The IA is to continue assisting 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 2023 PNGEITI Report.

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

The IA should also refer to the corrective action on Requirement 6.1. in the 2022 Validation report where Papua New Guinea is required to ensure that all social expenditures are clearly categorised and that material mandatory social expenditures are comprehensively disclosed.

**1.2.17 SOEs quasi-fiscal expenditures (QFEs):** In accordance with Requirement 6.2 of the 2023 EITI Standard, PNG should continue to undertake a comprehensive review of expenditures undertaken by extractive 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 IA is expected to identify this and document or recommend this in the Report, if it had not been done in previous reports. The IA is also required to continue checking the SOE scoping study report available on the PNGEITI website for further information on SOE quasi-fiscal expenditures (QFEs) and continue to inform the MSG on how these could be presented in the 2023 Report.



The IA is to continue assisting the MSG by recommending appropriate actions to build the capacity of companies to report on such QFEs in future reports. In the interim, the IA should continue to consider including, where possible, QFEs by SOEs in the 2023 PNGEITI Report.

The IA should also refer to the corrective actions on Requirement 6.2 in the 2022 Validation report as follows:

- (a) PNG should comprehensively disclose quasi-fiscal expenditures by extractive SOEs as per the definition agreed by the MSG;
- (b) It is recommended that the SOEs disclose QFEs as part of their annual reporting.

**1.2.17 Contracts disclosure:** In accordance with Requirement 2.4 of the 2023 EITI Standard, the IA is required to continue making efforts to disclose any contracts and licences that have been granted, entered into or amended from 1 January 2021. PNG is required to publicly disclose any contracts and licences that provide the terms attached to the exploitation of oil, gas and minerals. The IA is required to refer to the detailed guidance on this requirement in (<https://eiti.org/guide/contracts>) the 2023 EITI Standard. Wherever possible, the IA may include this as a recommendation for the MSG to seek directives from the government to amend existing laws relating to contracts and MOAs and make contract disclosure legal, if a recommendation was not made in previous reports that have been published.

The IA is also required to refer to the findings of the Contract Transparency Study Report published in 2021 and advise MSG on how these findings could continue to be pursued in the 2023 PNGEITI Report or future reports.

The IA should also refer to the corrective actions on Requirement 2.4 in the 2022 Validation report as follows:

- (a) The PNG is required to disclose the full text of any contracts and licenses that are granted, entered into or amended as of 1 January 2021;
- (b) The MSG is expected to agree and publish a plan for disclosing contracts with a clear time frame for implementation addressing any barriers to comprehensive disclosure, including a clear overview of the specific acts that require amendment and the steps that will be taken to pursue appropriate reforms;
- (c) PNG should disclose an overview of active contracts and licenses, indicating which are publicly available and which are not.

**1.2.18 Beneficial Ownership (BO) Disclosure:** In accordance with Requirement 2.5 of the 2023 EITI Standard, the IA is to continue 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 by each beneficial owner.

BO data refers to natural persons, not to legal entities/companies, and that BO disclosures include disclosure of Politically Exposed Persons (PEPs). The MSG is required to assess the comprehensiveness and reliability of BO data, including any entities that fail to submit all or some BO information. The IA is to continue referring to the detailed guidance on this requirement in (<https://eiti.org/guide-implementing-eiti-standard>) and the 2023 EITI Standard. The IA is required to continue referring to the BO Report 2020 for detailed information and data that are required to be included in this report under the BO Disclosure sub-heading. The BO Report is available on [www.pngeiti.org.pg](http://www.pngeiti.org.pg).

The IA should refer to the corrective actions on Requirement 2.5 in the 2022 Validation report as follows:

(a) The government is required to request, and companies are required to disclose the beneficial owners of **all** companies that hold or apply for an oil, gas and mining license;

(c) Appropriate mechanisms for ensuring the reliability of beneficial ownership information should be introduced;

(d) PNGEITI is encouraged to develop a concrete strategy for engaging with the IPA to support legal amendments that would enable beneficial ownership disclosure in line with the EITI Standard;

(d) PNGEITI is encouraged to play a coordinating role in promoting reforms necessary for beneficial ownership transparency and to lead outreach activities among companies and government agencies; and

(e) PNG should also ensure comprehensive disclosure of legal ownership and the shareholder structure of applicable companies and ensure that for publicly listed companies and their wholly owned subsidiaries, the name of the stock exchange and a link to filings have been disclosed.

## **1.2 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 this 2023 PNGEITI Report, including:

- The definition of materiality and thresholds, and the resulting revenue streams to be included in accordance with Requirement 4.1(c) of the 2023 EITI Standard;
- The sale of State's share of production or other revenues collected in-kind in accordance with Requirement 4.2 of the 2023 EITI Standard;
- The coverage of infrastructure provisions and barter arrangements in accordance with Requirement 4.3 of the 2023 EITI Standard;
- The coverage of transportation revenues in accordance with Requirement 4.4 of the 2023 EITI Standard;

- The disclosure and reconciliation of payments to and from State owned enterprises (SOEs) in accordance with Requirement 4.5 of the 2023 EITI Standard;
- The materiality and inclusion of direct sub-national payments in accordance with Requirement 4.6 of the 2023 EITI Standard;
- The materiality and inclusion of sub-national payments and transfers in accordance with Requirement 5.2 of the 2023 EITI Standard;
- 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 of the 2023 EITI Standard;
- The coverage of social expenditure and environmental payments in accordance with Requirement 6.1 of the 2023 EITI Standard;
- All other data and information covering points 1.2 and 1.3 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 Requirement 4.1(d) of the 2023 EITI Standard;
- The government entities, including SOEs (trustees included) and sub-national government entities and landowner companies and associations that receive material payments and spending on infrastructure projects or provision of goods and services, as well as any funds invested on behalf of landowners and future generations by trustees like MRDC will be required to report in accordance with Requirements 4.1(d), 4.5 and 4.6 of the 2023 EITI Standard;
- The companies that are at advanced stages of development are required to continue reporting on any material payments made in the financial year being reported, especially their Corporate Income Taxes and Salaries and Wages Tax; and
- The IA is to continue reporting on 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 of the 2023 EITI Standard).

1.3.3. Includes 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.

1.3.4 Based on the examination of the audit and assurance procedures in companies and government entities participating in the PNGEITI reporting process (1.2.4 above) confirms, what information

participating companies and government entities are required to provide to the IA in order to assure the credibility of the data in accordance with Requirement 4.9 of the 2023 EITI Standard.

The IA should exercise judgement and apply appropriate international professional standards<sup>1</sup> in developing a procedure that provides sufficient basis for production of a comprehensive and reliable PNGEITI Report. The IA should employ its 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 IA 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 assist 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;
- 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 General's Office, notably the Auditor General); and
- The IA should evaluate whether the above steps are sufficient to address the corrective actions under Requirement 4.9. The IA should flag to the MSG any additional steps they view necessary, with the aim of adopting additional assurance procedures that full -fill Requirement 4.9 of the 2023 EITI Standard.

The inception report should document 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 IA, the MSG or other actors in compiling, quality assuring and analysing the data, and how information should be sourced and attributed. The MSG has agreed that the IA will prepare and compile the full PNGEITI Report (inclusive of contextual information and financial data reconciliation).

**Table 1 – Non-revenue information to be included in the Report**

The MSG has agreed to the contents of the table below for the IA to commence report preparation. It has outlined the scope of work required from the IA in collating contextual information, including likely sources of data. In completing this table, the MSG strongly recommends the IA to refer to the detailed EITI Requirements set out in the 2023 EITI Standard [here](#).

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<sup>1</sup> 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.

It is critically important that “the IA is required to adequately address and document in the 2023 Report the ongoing actions that have been taken and are being taken or planned to be undertaken on the 2018 and 2022 Validation Reports outcome and corrective actions that were recommended, especially scoping out how it intends to address these corrective actions. These Validation Reports are provided via <http://www.pngeiti.org.pg/pngeiti-validation-report/>. Further, the IA is expected to work closely with the PNGEITI project consultants, the Validation Technical Working Group (TWG) 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 these Validation Reports, and also the progress that were made or being made in implementing the previous PNGEITI report recommendations. It is strongly recommended that the IA refers to the 2022 Report that provided a latest update on addressing the above validation gaps. The IA is also required to refer to PNGEITI’s 2024 Annual Work Plan and its Multi-Year Work Plan 2024 to 2028 that clearly set out how these validation corrective actions, the scoping studies report recommendations and recommendations from past PNGEITI reports that have not yet been actioned. These work plans can be accessed on the PNGEITI website at [www.pngeiti.org.pg](http://www.pngeiti.org.pg)

Table 1: Non-revenue information to be provided in the FY2023 PNGEITI Report

Non-revenue information to be provided in the EITI Report <sup>2</sup>	Data collection, quality assurances and analysis to be undertaken by the MSG/others	Data collection, quality assurances and analysis to be undertaken by the IA
<p>Legal framework and fiscal regime in accordance with Requirement 2.1 of the 2023 EITI Standard</p> <p>Overview of national energy transition commitments, policies and plans that are relevant to the extractive industries, in accordance with EITI Requirement 2.1.b of the 2023 EITI Standard</p>	<p>No work will be required from MSG, TWG, National Secretariat and others</p>	<p>Summary of PNG’s fiscal and taxation regime covering the mining, oil and gas sectors and a general overview of the relevant laws and regulations governing these sectors including laws related to preventing corruption in the extractive sector which is a new addition in the 2023 EITI Standard Requirement 2.1.a. The IA 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. The IA will be required to continue liaising with the Departments of; Treasury, Petroleum and Energy, Mineral Policy and Geohazards Management, the IRC, Customs, MRA and other relevant entities in providing this description. Refer to the PNGEITI Reports (2013 – 2022) for reference, the Validation Reports recommendations (first and second</p>

<sup>2</sup> 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.

		<p>validations), especially the corrective measures that are being acted upon for the first validation and the second validation action areas that will be recommended. In addition, the IA should continue to refer to the detailed gap analysis provided by the International Secretariat on what needs to be addressed through the EITI Reporting and systematic disclosure. The documents are available at PNGEITI website: <a href="http://www.pngeiti.org.pg">www.pngeiti.org.pg</a>.</p>
<p>Information about procedures and practice of allocating licenses in accordance with Requirement 2.2.<sup>3</sup>, and license holders in accordance with Requirement 2.3 of the 2023 EITI Standard.<sup>4</sup></p>	<p>Technical Working Group, National Secretariat, MSG members and government entities are required to assist with respect to reviewing information collected by the IA to ensure these are factually correct and consistent</p>	<p>The IA is expected to use the information in the scoping studies reports and the PNGEITI 2013 to 2022 Reports to address Requirements 2.2 and 2.3 of the 2023 EITI Standard. Where such information gap exists, the IA is expected to continue consulting with MRA, Environment and Conservation Protection Authority (CEPA) and DPE to address the gaps or document actions that were taken or being undertaken to meet these requirements. Where there is need for improvement, the IA should make recommendations to the MSG.</p> <p>The IA should also refer to the corrective actions on Requirement 2.2 and 2.3 of the 2023 EITI Standard in the 2022 Validation, as set out in the text of Phase One above.</p>
<p>Any information requested by the MSG on contracts in accordance with Requirement 2.4 of the 2023 EITI Standard<sup>5</sup></p>	<p>No work will be required from the TWG, National Secretariat, MSG and others</p>	<p>The IA should assess the possibility of contract disclosure in this report and highlight impediments and other options to address these impediments. 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.</p> <p>For mining companies, MRA is expected to work with the IA to disclose project agreements (CDAs) and contracts and, if not possible, links should be provided in the report for public access to these contracts and agreements.</p> <p>For petroleum companies, DPE is expected to continue working with the IA to disclose contracts (including project agreements) and if possible, provide links in the report for public access to these agreements and</p>

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

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

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

		<p>contracts. However, if for some reason the entire agreements or parts of these agreements cannot be disclosed, the IA is expected to provide explanations as to why this cannot be done and possible actions to address this in future reports.</p> <p>The IA is also expected to refer to the findings of the Contract Transparency Study Report that was published in 2021.</p> <p>The contracts and project agreements include; UBSA, LBBSA or any other MoUs relating to petroleum projects and mining development contracts or MOAs (CDAs) as well as compensation agreements relating to water access, environmental disturbances, etc.</p> <p>The IA should provide a list of all extractive contracts on PNG and assist the MSG in identifying material exploration contracts.</p> <p>The IA should also refer to the corrective actions on Requirement 2.4 of the 2023 EITI Standard in the 2022 Validation report, as set out in the text of Phase One above.</p>
<p>Any information requested by the MSG on beneficial ownership in accordance with Requirement 2.5 of the 2023 EITI Standard<sup>6</sup></p>	<p>For the purpose of the 2023 Report, the MSG (through the TWG and the National Secretariat) will:</p> <p>Consider and agree on the recommendations by the IA 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 IA is to consult the BO Report 2020 available on PNGEITI website to consider the possibility/feasibility of undertaking BO reporting with current EITI reporting companies, if this was not done in previous EITI reports.</p>	<p>For the purpose of this report, the IA is required to continue using the BO Report 2020 available on <a href="http://www.pngeiti.org.pg">www.pngeiti.org.pg</a> to:</p> <ul style="list-style-type: none"> <li>▪ collect data and information from the reporting companies using the approved BO template, PEP definition, and the Threshold.</li> <li>▪ consult IPA to confirm company registration, organisational structures and shareholders.</li> <li>▪ Collect BO data from all extractive entities in PNG as required under Requirement 2.5 of the 2023 EITI Standard, i.e. the requirement to provide BO data is not limited to EITI reporting entities.</li> </ul> <p>The IA should refer to the corrective actions on Requirement 2.5 of the 2023 EITI Standard in the 2022 Validation report as set out in the text of Phase One above.</p>
<p>Information regarding State participation in the extractive industries, state-owned enterprises and any quasi-</p>	<p>Technical Working Group, National Secretariat, MSG</p>	<p>The IA is expected to continue using the SOE Scoping Study Report available on PNGEITI website to detail the SOE operations in the extractive sector in this report. Furthermore,</p>

<sup>6</sup> Template beneficial ownership declaration, <https://eiti.org/guide-implementing-eiti-standard>

<p>fiscal expenditures in accordance with Requirement 2.6 and 6.2 of the 2023 EITI Standard.<sup>7</sup></p> <p>(The IA should also refer to the details contained in the TOR for the SOE scoping study which are applicable here).</p>	<p>members and government agencies recheck this</p>	<p>liaise with SOEs 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 2013 – 2022 PNGEITI Reports.</p> <p>Consistent with ongoing changes to the requirements in the EITI Standards over time, the IA 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.</p> <p>The IA is also expected to continue taking into-account, the findings of the SOE Scoping Study Report that was published in 2020 and advise the MSG on how these findings/recommendations could be acted upon through the annual EITI reporting process, if this was not done in previous EITI reports that have been published.</p> <p>Further, the IA is expected to continue liaising with the Department of Treasury on the third-party funding arrangements for mining, oil and gas projects including the PNG LNG project. The IA needs to continue assessing the level of disclosure and provide options to the MSG in the preliminary report.</p> <p>The IA is also expected to continue liaising 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, school fee subsidies, third party financing and national debt servicing for the year 2023.</p> <p>The IA is expected to continue liaising with Ok Tedi, Kumul Petroleum Holdings, Holdings, Kumul Mineral Holdings, MRDC and other relevant State agencies including Treasury, MRA, and DPE on the level of beneficial ownership (BO) in mining, oil and gas companies operating within the country's oil,</p>
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<sup>7</sup> Guidance Note 18: SOE participation in EITI Reporting, <https://eiti.org/GN18>



		<p>gas and mining sector, including those held by SOEs (trustees included), subsidiaries and joint ventures and any change of ownership during the 2023 fiscal year.</p> <p>The IA should also refer to the corrective actions on Requirements 2.6 and 6.2 of the 2023 EITI Standard in the 2022 Validation report, as set out in the text of Phase One above.</p>
<p>An overview of the extractive industries, including any significant exploration activities in accordance with Requirement 3.1 of the 2023 EITI Standard.</p>	<p>No work will be required by MSG, the National Secretariat, the TWG and others</p>	<p>The IA will be required to continue using the 2013 to 2022 PNGEITI Reports (Refer to <a href="http://www.pngeiti.org.pg">www.pngeiti.org.pg</a>), the MSG commissioned reports on; Beneficial Ownership Disclosure Report 2020, BO Study Report, the Sub-national Payments Scoping Study Report, the Contract Transparency Report, and other scoping study reports for this purpose.</p> <p>Further, the IA is to continue liaising 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>
<p>Production and export data in accordance with Requirements 3.2 and 3.3 of the 2023 EITI Standard.</p>	<p>MSG members and government agencies including SOEs are to continue assisting in reviewing, verifying data and confirming information collected by the IA in the reporting templates are correct and consistent.</p> <p>Assurance is highly required from respective constituencies.</p>	<p>The IA is expected to continue using the information from the MSG commissioned scoping study reports and the 2013 – 2022 PNGEITI Reports to continue disclosing production data in the FY2023 PNGEITI Report. The production data should continue to include:</p> <ul style="list-style-type: none"> <li>• Total production volumes and the value of production including an estimate of production from alluvial sector mining (ASM) or small scale mines should also be provided. The data could be further disaggregated by region, company or project, and include sources and the methods for calculating production volumes and values. The 2023 EITI Standard requires that production data must be disaggregated by project where possible.</li> <li>• Total export volumes and the value of exports including an estimate of</li> </ul>

		<p>export volumes and value from ASM or small scale mining should be provided where possible. The data could be further disaggregated by transaction, region, company or project, and include sources and the methods for calculating production volumes and values.</p> <p>Where there is gap in the information, the IA is expected to liaise with the MRA, DPE and other relevant entities to verify the information.</p> <p>The IA should also refer to the corrective actions on Requirements 3.2 and 3.3 in the 2022 Validation report as set out in the text of Phase One above.</p>
Information about the distribution of revenues from the extractive industries in accordance with Requirement 5.1 of the EITI Standard.	MSG members and government entities are required to assist in reviewing information collected by the IA to ensure they are factually correct and consistent	<p>The IA is expected to continue using the MSG commissioned scoping study reports and the PNGEITI Reports (2013 – 2021) 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 and also identify total revenues that are not included in the national budget.</p> <p>The IA should also refer to the corrective action on Requirement 5.1 in the 2022 Validation report as set out in the text of Phase One above.</p>
Any further information requested by the MSG on revenue management and expenditures in accordance with Requirement 5.3 of the 2023 EITI Standard.	MSG members and government entities are required to assist in reviewing information collected by the IA to ensure these are factually correct and consistent	<p>The IA is expected to continue using the information in the 2013 to 2022 PNGEITI Reports to address Requirement 5.3 of the 2023 EITI Standard and where there are information gaps, liaise with relevant government entities and SOEs to verify them. Under requirement 5.3.b. of the 2023 EITI Standard, the report should provide a summary of forecasts related to future revenues from PNG’s extractive sector.</p>
Information about the contribution of the extractive industries to the economy in accordance with Requirement 6.3 of the 2023 EITI Standard.	MSG members and government agencies to help with respect to reviewing information collected by the IA	<p>Where there are information gaps in the scoping study reports on the points listed below and agreed to by the MSG, the IA is expected to continue addressing these gaps 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"> <li>• the size of extractive industries and as a percentage of GDP, including an estimate of the informal sector</li> <li>• Total government revenues generated by the extractive</li> </ul>

		<p>industries (taxes, royalties, bonuses, fees and other payments) in absolute terms and as a percentage of total government revenues.</p> <ul style="list-style-type: none"> <li>• Exports from extractive industries in absolute terms and as a percentage of total exports.</li> <li>• Employment in the public and private sectors of the extractive industries in absolute terms and as a percentage of total employment. In line with the 2023 EITI Standard, the information should be disaggregated by gender and, where available, further disaggregated by company and occupational groups or levels.</li> <li>• Regions/provinces where production is concentrated.</li> </ul>
<p>Any further information requested by the MSG on environmental impact of extractive activities in accordance with Requirement 6.4 of the 2023 EITI Standard. Particularly, a summary of the relevant legal provisions and administrative rules governing environmental and social impact management and monitoring in the extractive sector and a description of the roles and responsibilities of relevant government agencies in implementing the rules and regulations.</p>	<p>MSG members and others will assist in reviewing information collected by the IA</p>	<p>This is necessary because the 2023 EITI Standard requires disclosure of information relating to environmental impact of extractive activities in accordance with Requirement 6.4 of that Standard.</p>
<p>Add any other contextual information that the MSG has agreed to include in the EITI Report</p>	<p>MSG members, TWG and others will review information put together by the IA.</p>	<p>In addition to the above the MSG may require other contextual information to be included in the Report.</p>

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 IA in collaboration with the National Secretariat will draft the templates for MSG’s approval. It is recommended that the templates include a provision requiring companies to continue 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 IA should confirm the key stages of its work as well as any procedures or provisions relating to safeguarding confidential information. The IA 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 IA should also develop guidance and training materials for the reporting entities on how to complete the templates.

The IA should refer to the reporting templates in the [Guide to implementing the EITI Standard](#) e.g. EITI BO model declaration form for BO data collection, revenue data template, and reporting template for SOEs with the level of detail required by the 2023 EITI Standard in consultation with the National and the International Secretariats.

## **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 IA in ensuring that all reporting entities participate fully and provide the required data in a timely manner.

The IA is expected to undertake the following tasks during the data collection 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 IA 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 IA to ensure the integrity of the information transmitted to the IA.
- 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 IA 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 IA is expected to travel to the sites (at its own cost) 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 undertake 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 IA 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 of the 2023 EITI Standard.
- 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 IA 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 IA 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 to MSG the draft 2023 PNGEITI Report 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 Requirement 4.7 of the 2023 EITI Standard. 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 (Requirement 4.1 of the 2023 EITI Standard).
- c) include an assessment from the IA on the comprehensiveness and reliability of the financial data presented, including an informative summary of the work performed by the IA 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 Requirement 4.1(d) of the 2023 EITI Standard.
- 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 IA must be disclosed in the 2023 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 (Requirement 5.3(d) of the 2023 EITI Standard).
- 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 2023 PNGEITI Report specifies how these statements could be accessed (Requirement 5.3(e) of the 2023 EITI Standard).
- g) include non-revenue information as per Requirement 2, 3, 5 and 6 of the 2023 EITI Standard and other information requested by the MSG. The contextual information should be clearly sourced in accordance with the procedures agreed by the IA should clearly state where the information is publicly available.

**4.3** The IA must collaborate with the PNGEITI MSG TWG and the National Secretariat to host at least two (2) TWG meetings/workshops on the draft report. First TWG should be held after the delivery of the initial draft report and a second TWG meeting is to be held after delivery of the refined draft report. This is to ensure all comments, feedbacks, editions, etc., are fully considered and addressed in the report before it is finalised for publication.

4.4 Where previous EITI Reports have recommended corrective actions and reforms, the IA should comment and provide an update on the progress in implementing those measures. The IA 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 the EITI international reporting standard, and where appropriate, recommendations for other extractive sector reforms related to strengthening the impact of EITI implementation in improving natural resource governance. The IA is encouraged to collaborate with the MSG in formulating and putting forward concrete recommendations for the good governance of the sector.

### **Phase 5 – Final PNGEITI Report**

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

- 5.1 The IA will submit the report upon approval by the MSG. The MSG will endorse the report in principle prior to its publication. Where stakeholders other than the IA decide to include additional comments, the authorship should be clearly indicated.
- 5.2 The IA 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 IA may also be required to develop a set of power point slides for MSG’s use in external communications.
- 5.3 The IA should 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. BO data for all extractive companies in Papua New Guinea and a list of active contracts should be included in the scope of data to be disclosed under this deliverable.
- 5.4 Following approval by the MSG, the IA is mandated to submit a summary data (in excel data formats) from the PNGEITI Report electronically to the EITI International Secretariat according to the standardized reporting format (Requirement 7.2 of the EITI Standard). The IA is to note that the summary data 2.0 that came into force on 1 July 2019 would mean that the 2023 PNGEITI Report should continue to use the new template. The IA should refer to this link <https://eiti.org/event/eiti-summary-data-20-anglophone-webinar> to see more guidance on [this requirement](#). The EITI International Secretariat can provide training and support to the IA and the PNGEITI National Secretariat in using the new summary data template, if required.

As a recommendation, the IA and the MSG may choose to use “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 IA 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 IA 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 IA should endeavour to include information graphics into the report for better illustration and understanding.

#### **4. QUALIFICATION REQUIREMENTS FOR INDEPENDENT ADMINISTRATOR (IA)**

The reconciliation of company payments and government revenues must be undertaken by an IA applying international standards. It is a requirement that the IA 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 their report. The IA must be able to meet all relevant criteria and due diligence requirements and must have some experience having worked on similar areas such as budget and resources revenue and extensive experience in accounting, auditing, financial analysis and reconciliation.

The IA will need to demonstrate expertise and experience in the oil, gas and mining sectors, preferably in PNG, expertise in accounting, auditing and financial analysis, a track record of similar work. Previous experience in EITI reporting would be an advantage.

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

The IA 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 raw 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 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 IA is required to disclose any actual or potential conflicts of interest with a commentary on how any such conflict can be avoided. Where required by government or industry, the IA 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 take 5 months to complete and it is scheduled to commence in late July and concluded with the publication of the Report by 13<sup>th</sup> December, 2024. The proposed schedule is set out below.

Signing of Service Contract	22 July, 2024
Delivery of draft scoping study report to MSG	31 July, 2024
MSG Reviews and provides feedback	9 August,, 2024
Submission of Final Scoping Study Report	16 August, 2024
Preliminary analysis	19 - 23 August, 2024
Submission of draft Inception report and Reporting Templates for approval by MSG	26 August, 2024
MSG Reviews and comments	27 – 30 August, 2024
Final Submission of Inception report and Reporting Templates for MSG endorsement. (MSG to reconvene)	2 September, 2024
Data collection using the approved templates	9 – 30 September, 2024
Return of Templates to IA	1 October, 2024
Initial reconciliation	2 – 16 October, 2024
Investigation of discrepancies	17 – 25 October , 2024
Submission of draft PNGEITI Report	31 October, 2024
MSG TWG Reviews and provides Inputs	11 November (TWG meeting)
Submission of revised Draft PNGEITI Report	15 November, 2024
Final review and comments by MSG	18– 22 November, 2024
Submission of final report	29 November, 2024
MSG approves final 2023 Report	Date of 4 <sup>th</sup> Quarter MSG Meeting on 13 <sup>th</sup> December, 2024
<b>PNGEITI 2023 Report published</b>	<b>31 December, 2024</b>
Submission of summary Report and data excel sheets	- December, 2024

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 FY2023 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 IA 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 2023 PNGEITI Report Preparation, on behalf of the MSG will provide overall oversight, review of draft reports and direction to the IA in the preparation of the Report.

## **7. Annexes**

- I. Statement of materiality
- II. Procurement process and timeline
- III. Evaluation criteria