



Papua New Guinea Extractive Industries Transparency Initiative

Topic: Implementation of the Extractive Industries Transparency Initiative (PNGEITI) – Why is it important to PNG?

**CIMC Highlands Regional Development Forum
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Outline



- What is EITI
- PNGEITI Objectives
- EITI Implementation to date
- Promoting partnership through EITI
- Why EITI implementation is important to PNG?
- Challenges

What is EITI

- The Extractive Industries Transparency Initiative (EITI) is a **global Standard** to promote the open and accountable management of natural resources.
- The EITI seeks to strengthen government and company systems, inform public debate and promote understanding.
- The EITI is a standard by which information on the oil, gas and mining industry is published. The EITI is not a *prescription* for governance of the sector, rather a *tool* that informs the way the sector is governed.
- In each of the implementing countries, the EITI is supported by a coalition of government, companies, and civil society.

PNGEITI Objectives

- Show direct and indirect benefit of extractive industries to the economy
- Improve public understanding in the management of extractive industries
- Ensure regulatory and revenue mechanism is consistent with policy setting
- Promote engagement of different stakeholders to effectively address issues affecting the extractive industries (EI)



EITI Implementation to date



- 2013 - NEC Decision made
- 2014 PNG is accepted as a candidate country
- 2015 PNGEITI National Secretariat established
- 2016 PNG published its First Report for FY 2013
- 2017 PNG published its Second Report for FY 2014
- 2017 preparation for publication of FY2015 and 2016 Reports
- 2018 PNG's scheduled to be validated for compliant status



Promoting partnership through EITI



- EITI provides a platform for all stakeholders to participate in the management of the oil, gas and mining sectors.
- This partnership is comprised of government, companies and civil society and is aimed at improving transparency and accountability of government and companies in these sectors.
- The composition of the group is called the Multi Stakeholder Group (MSG) and is led by the Government. The partnership is based on mutual understanding.
- The MSG is responsible for the implementation of EITI Standard in a country. It is central to the operation and philosophy of the EITI, and it is reflected in how the EITI is governed and implemented.

PNGEITI MSG Responsibilities

- Provide strategic direction for EITI implementation in PNG.
- Producing annual reports in line with EITI Standard. First PNGEITI report was published for FY2013, 2nd report for FY 2014 was published last month. The FY2015 and FY2016 reports preparation will be underway soon.
- Communicating the recommendations of the report to the public to inform and stimulate discussions and debate. It is an important part of EITI as it creates demand from the public for accountability and more transparency for the industry.
- Recommending “EITI report recommendations” to the Government to address key issues identified in the report.



Why EITI implementation is important to PNG?



- EITI provides a platform to increase transparency and accountability in the EI and compliments other anti-corruption initiatives
- MSG provides a platform for all stakeholders to address EI issues collectively
- EITI can be used as a diagnostic tool to assess the EI regulatory and fiscal regime
- Provide platform for citizens to debate and discuss the management of EI based on factual data
- Establishment of CSO peak group (natural resource governance coalition) should improve participation of CSO in the EITI implementation
- Improves PNG's investment profile (credit ratings, corruption index, etc)

Challenges

- Working in partnership with a multi stakeholder on a consistency basis provides big challenge.
 - Getting the consistent political support
 - Securing participation of all MSG members or required quorum
- Lack of capacity within the MSG on EI issues
- Communication of EITI
- Engagement of CSOs and public at large, lack of capacity and knowledge about EI
- Legal & administrative issues



THANK YOU