



Maximizing Economic Benefits

EITI UPDATE IN PAPUA NEW GUINEA

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PRESENTATION OUTLINE

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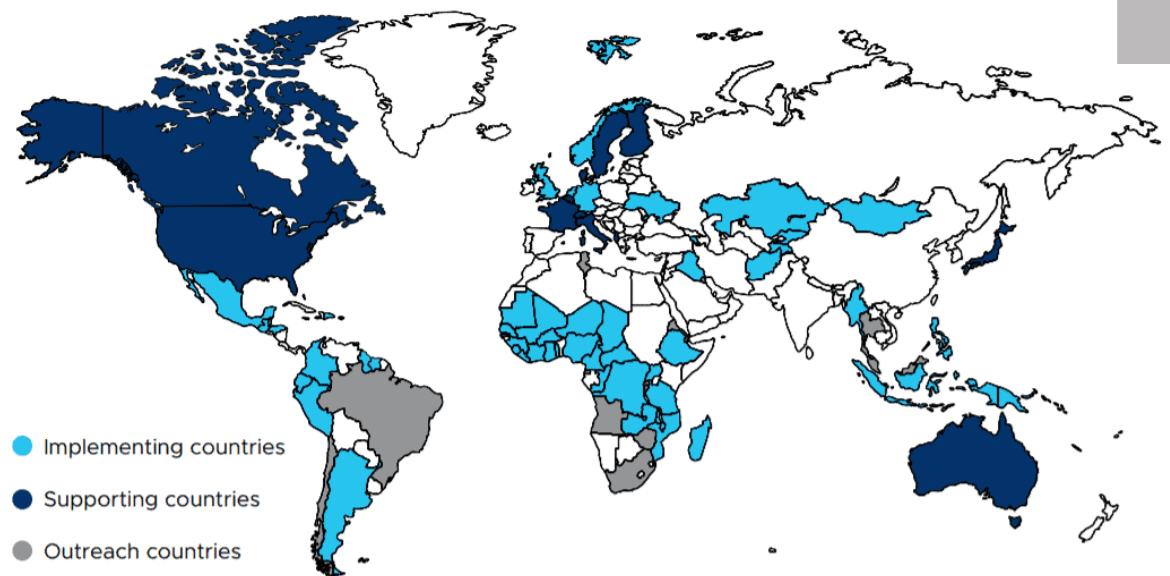


BACKGROUND OF EITI & PNG EITI

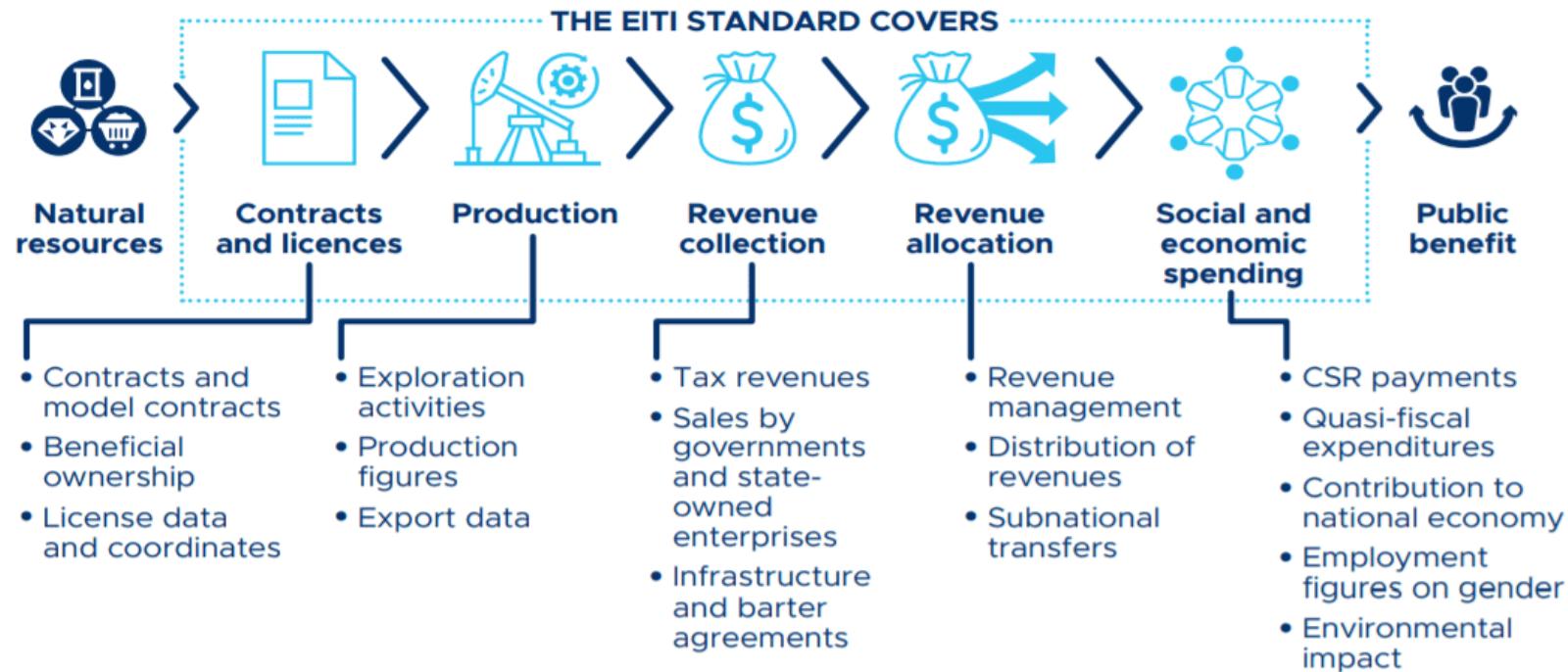
THE EITI STANDARD

The EITI Standard provides a clear framework for:

- **Disclosure** of payments, revenues, ownership, contracts, and production data;
- **Multi-stakeholder oversight** through collaboration between government, industry, and civil society;
- **Regular reporting** to ensure the public sees how resource wealth is managed.



EITI VALUE CHAIN



The EITI Value Chain is used to track and explain how a country manages its natural resources — from when a company gets a license, to when resource revenues are collected, distributed, and used.

IMPORTANCE OF THE EITI VALUE CHAIN



1. Organize Transparency

It breaks the complex extractive sector making it easier to:

- Identify what information should be disclosed at each stage
- Help countries report data in a logical, standardized way



2. Support Good Governance

By applying the value chain, EITI helps:

- Governments improve policy and laws
- Companies comply with expectations and build trust
- Civil society and citizens understand how resources are managed



3. Empower Citizens and Communities

The data helps ordinary people, landowners, and CSOs ask informed questions like:

- “How much did the company pay?”
- “Why hasn’t our district received its share?”



4. Drive Reform

The data shows gaps in PNG laws (e.g., poor tracking of subnational payments) and in turn contribute to legal or process reforms.

PNG's Membership to EITI

- Papua New Guinea joined the EITI in 2013 as part of its commitment to improve governance in the extractive sector and enhance transparency around the flow and management of natural resource revenues. The Government recognized that while extractive industries generate substantial income, there were gaps in public understanding and accountability, particularly in how revenues are collected, distributed, and used.
- In joining EITI, PNG committed to:
 - Regularly publishing independent, reconciled EITI Reports;
 - Establishing a Multi-Stakeholder Group (MSG) to oversee EITI implementation;
 - Engaging a broad range of stakeholders including national and subnational governments, extractive companies, civil society organizations, and landowner representatives.

Since 2013, the PNGEITI National Secretariat, hosted by the Department of Treasury, has led the technical coordination of EITI implementation.

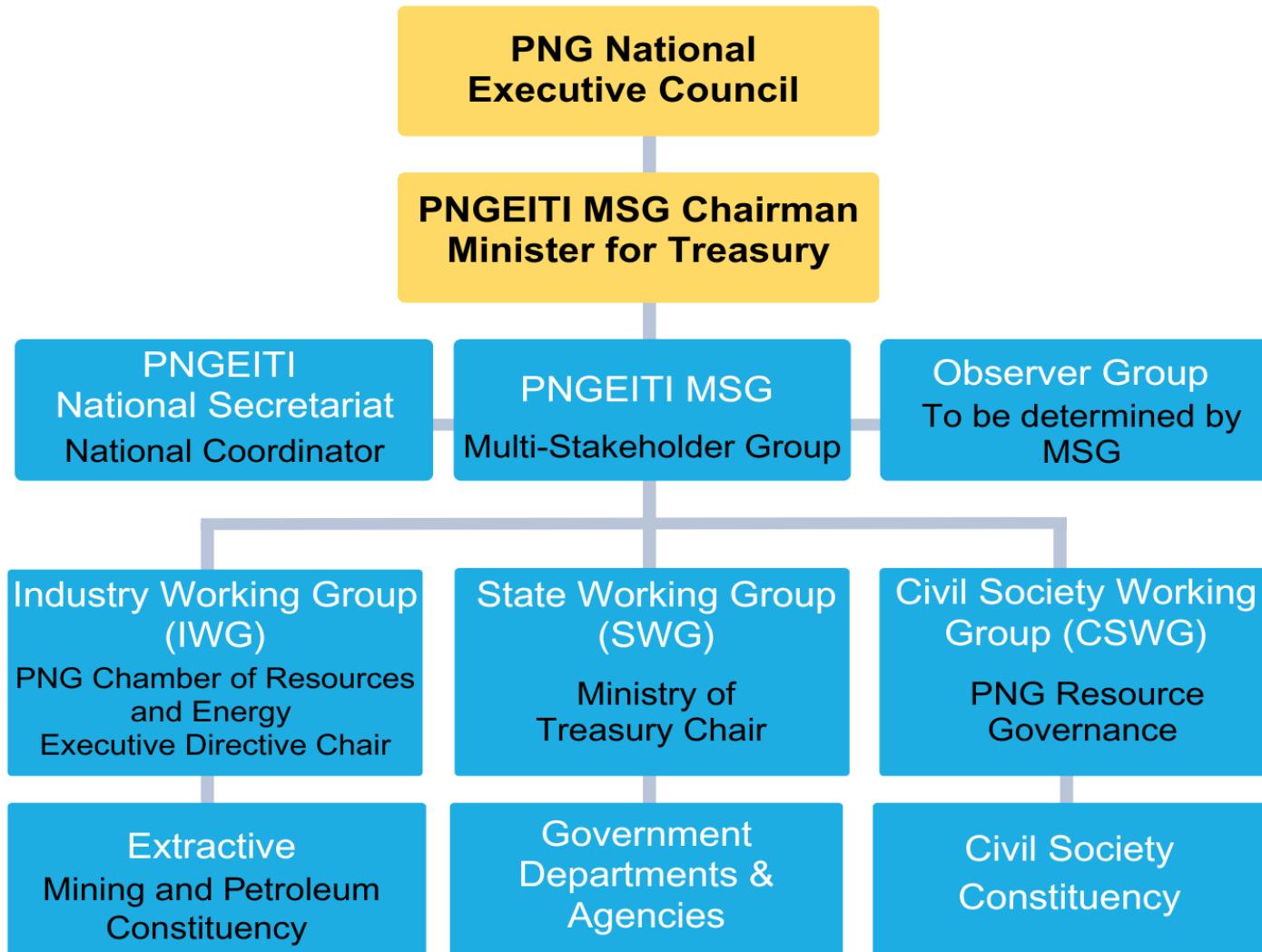


National Executive Council Decisions

NEC DECISION	
No. 47/2011	Endorsed for the establishment of a State Working Group (SWG) to assess the advantages and disadvantages of PNG signing up to the EITI standard.
No. 90/2013	Approved for PNG to sign up to EITI and endorsed the minister responsible for Treasury matters to lead its implementation.
No. 91/2017	Directed relevant government entities involved in regulating- either directly or indirectly- the mining and petroleum sector to fully participate in the EITI Report recommendations and corrective actions.
No. 80/2019	Approved <i>The National Policy for Transparency and Accountability in the Extractives Sector in Papua New Guinea</i> including its objectives to be used as; 1) a public document for guiding the transparency and accountability initiatives in the country such as EITI and others in the extractive sector; and, 2) the basis for the development of subsequent legislation on; i. the establishment of an independent administrative body, and, ii. a PNGEITI reporting law



PNGEITI GOVERNANCE STRUCTURE





OUR ROLE IN MAXIMIZING ECONOMIC BENEFITS

HOW IS PNGEITI CONTRIBUTING TO MAXIMIZING ECONOMIC BENEFIT

- For PNGEITI, Maximizing Economic Benefit in the context of Papua New Guinea's mining, oil, and gas sectors means ensuring that the country, its people, and its future generations fully and fairly benefit from the extraction of natural resources.
- For PNGEITI, this is not just about how much money is made—but how that money is collected, managed, distributed, and spent to drive inclusive and sustainable development.
- Our role underscores the importance of transparency, accountability, and sound policy to turn natural wealth into lasting improvements in the lives of citizens.

1. Collection of Fair Revenues from Resource Projects

Ensure that the Government collects its rightful share of revenues from mining, oil, and gas projects. This includes:

- **Royalties** paid to the state and landowners.
- **Taxes and duties** such as income tax, GST, production levies, and customs.
- **Dividends** through State equity participation (e.g., Kumul Petroleum and Kumul Minerals Holdings).
- **Infrastructure Tax Credits (ITCs)** and other negotiated benefits.

PNGEITI plays a critical role by verifying that these payments are made and received correctly, and by highlighting any discrepancies or shortfalls.

2. Ensuring Revenues Are Used Wisely for National Development

Natural resource revenues must not be lost to waste or corruption. Instead, they should be directed to priority areas such as:

- Education, health, and infrastructure development
- Access to clean water and sanitation
- Economic diversification and job creation

PNGEITI's work encourages evidence-based policymaking by making financial flows from the sector visible and traceable. It also helps citizens and decision-makers evaluate whether public funds are being used effectively.

3. Equitably Sharing Benefits with Landowners and Subnational Governments

Landowners and provincial/local-level governments must receive a fair portion of resource benefits, especially since they bear the direct impacts of extractive activities. This includes:

- Timely and transparent payment of royalties and development levies
- Public disclosure of MoAs (Memorandums of Agreement) and benefit-sharing arrangements
- Support for subnational revenue tracking and public financial management

PNGEITI's **Subnational Reporting** and community engagement efforts strengthen local accountability and empower communities to advocate for their entitlements.



4. Creating Lasting Social and Economic Value

Beyond immediate revenues, extractive projects should contribute to long-term development goals. This includes:

- Generating **employment opportunities** for locals
- Investing in **infrastructure** that serves communities beyond the life of the mine
- Supporting **education, training, and skills development**
- Encouraging **local business participation** and SME growth

By disclosing and assessing the non-financial contributions of companies, PNGEITI helps evaluate whether projects are delivering real socio-economic value.

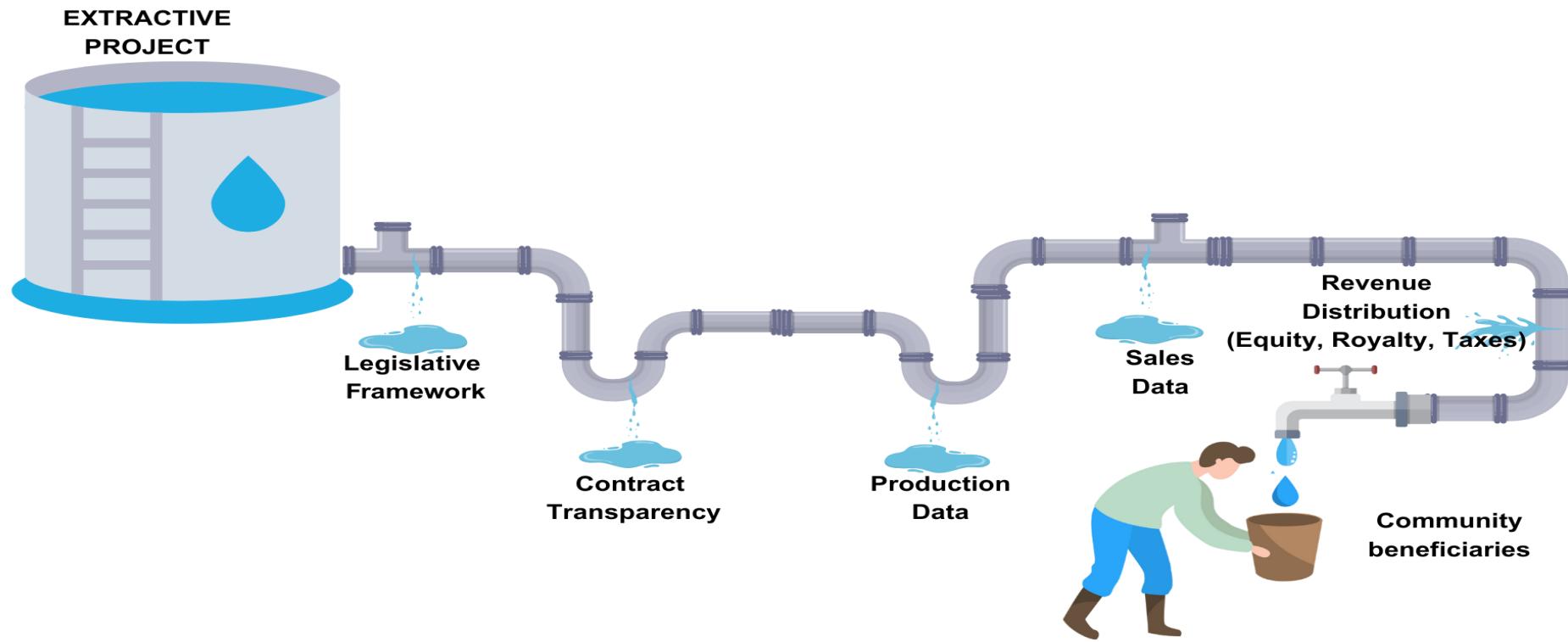
5. Preventing Corruption and Mismanagement

Corruption undermines development by diverting public funds for private gain. To prevent this, PNGEITI promotes:

- Full transparency in financial flows and company ownership
- Stronger oversight of state-owned enterprises and government entities
- Clear and public contracts and license awards
- Disclosure of **Beneficial Ownership and Politically Exposed Persons (PEPs)**

This transparency deters illicit behavior and helps watchdogs—such as civil society, media, and anti-corruption agencies—hold actors accountable.

MAXIMISE ECONOMIC BENEFIT



We play a vital and strategic role in helping the country maximize the economic benefit from its mining, oil, and gas sectors. PNGEITI does so not by collecting revenues directly or managing development projects, but by ensuring that the entire system—from revenue generation to benefit distribution—is transparent, accountable, and open to public scrutiny.

PNGEITI acts as a trusted, non-partisan platform for evidence-based dialogue, reform, and action. Below are the key ways PNGEITI contributes to this national goal:

1. Providing Clear, Verified Data on Extractive Revenues

PNGEITI produces **annual reports** that reconcile payments made by resource companies with revenues received by the government. This creates a **credible, fact-based record** of how much PNG earns from each extractive company and project. It includes:

- Royalties, taxes, dividends, and levies
- Payments to state-owned enterprises
- Subnational transfers and landowner royalties
- Company contributions to infrastructure, social services, and environmental mitigation

By consolidating this data in one public report, **PNGEITI builds trust** in the numbers and helps stakeholders make informed decisions.



2. Helping Government Track Revenue Leaks and Identify Reforms

Through its reporting, PNGEITI often uncovers **gaps, delays, or inconsistencies** in payments and receipts. These “leakages” can be due to:

- Weak revenue collection systems
- Outdated benefit-sharing arrangements
- Lack of coordination between government agencies
- Poor record-keeping or delayed reporting

By highlighting these issues, PNGEITI enables relevant government agencies to strengthen their internal controls, systems, and data management, and propose reforms to properly track revenue from the extractive sector.

3. Strengthening Accountability at National and Subnational Levels

PNGEITI's work ensures that both central government and provincial/local governments are accountable for how they use the revenues they receive. This is especially important where resource revenues are shared with:

- Provincial governments and District Development Authorities (DDAs)
- Landowner associations and incorporated land groups (ILGs)

Through subnational reporting, PNGEITI sheds light on whether these funds actually reach their intended recipients, how they are spent, and whether they align with development goals. This transparency supports better public financial management, especially in resource-hosting communities.

4. Enabling Civil Society, Media, and Citizens to Engage with Evidence

PNGEITI gives citizens, CSOs, and journalists access to verified, independent information, which they can use to:

- Hold leaders and companies accountable
- Advocate for fair benefit-sharing
- Monitor project impacts and service delivery
- Educate communities and build awareness

This active, informed citizen engagement is essential for democratic governance and resource justice.

5. Encouraging Responsible Corporate Behavior

By participating in the EITI process, extractive companies operating in PNG are encouraged to:

- Fully disclose their payments
- Align with best practices in corporate governance and anti-corruption
- Engage openly with communities and government
- Avoid exploitative or illicit practices

This enhances the investment climate, fosters business integrity, and reduces the risk of conflict with landowners and local governments.

6. Pushing for Policy and Legal Reforms

PNGEITI doesn't just report data—it also makes recommendations based on findings in each annual report. These recommendations should translate to improvements in key areas such as:

- Mining and petroleum legislation
- Revenue management
- SOE transparency
- Contract and license disclosure
- Beneficial ownership registration and disclosure
- Gender and community development policies

By feeding credible, independent insights into policymaking, PNGEITI acts as a catalyst for structural change.





Current Progress on Programs & Projects

ANNUAL REPORTS

EITI Reporting (Annual)

- **Objective:** To produce annual EITI Reports disclosing revenues received from the extractive sector.

Since joining the EITI in 2014, Papua New Guinea has made steady progress in fulfilling its commitment to transparency and accountability in the management of revenues from its mining, oil, and gas sectors. One of the key requirements of EITI membership is the annual publication of EITI Reports.

- **10 EITI Reports Published (2013–2022)**
 - As of 2025, PNG has successfully published ten (10) EITI Reports, covering financial years from 2013 to 2022. These reports represent a decade of financial transparency in the extractive sector.
 - The 2023 EITI Report is complete and awaiting official publication, and
 - Preparations are already underway for data collection and stakeholder engagement for the 2024 EITI Report.
- These reports are developed under the oversight of the PNG EITI Multi-Stakeholder Group (MSG).



VALIDATION

- **Validation** is the EITI's quality assurance process, to assess a country's progress in implementing the EITI Standard and determine how well the EITI is contributing to transparency, accountability, and good governance.
- **2018 Validation:** This was PNG's first validation since joining the EITI in 2014. The EITI Board granted "meaningful progress" in implementing the EITI Standard.
- **2022 Validation:** PNG's second validation assessed progress since the 2018 validation. The EITI International Board awarded PNG an overall score of 70.5 points, indicating a moderate level of progress. The assessment focused on the 2019 financial year.
- **Next Validation – Due in 2026**

PNG's next Validation is scheduled for **2026**. Preparations are underway and include:

- Strengthening government systems to move toward **systematic disclosures** (integrating EITI data into routine government reporting);
- Expanding outreach to provincial and local stakeholders through the Subnational Roadshow and Awareness Program
- Contextualizing beneficial ownership reporting template for companies or business engaged in mining, oil and gas sector.
- Implementing recommendations from previous EITI Reports



Opportunities and Our Way Forward

1. Institutionalize EITI through Legislation (EITI Commission Bill)

The EITI Commission Bill represents a transformative opportunity to give PNGEITI a permanent institutional structure.

Benefits of institutionalization:

- Empowers PNGEITI to require timely and accurate disclosures from government entities and companies operating in the extractive sector.
- Provides for a formal governance and oversight framework, enabling clearer lines of responsibility and coordination.
- Strengthens the ability to enforce compliance with reporting standards under the EITI framework.

Institutionalization will ensure continuity of reform efforts beyond political or administrative transitions, positioning EITI as a long-term accountability mechanism embedded within national systems.

2. Improve Data Systems and Inter-Agency Reporting

A core challenge to maximizing economic benefits from extractives is the lack of real-time, reliable, and connected data across key agencies (e.g., MRA, IRC, Treasury, DPE, CEPA, BPNG).

Opportunities include:

- Developing a centralized digital reporting platform that consolidates extractive sector data from revenue agencies, license registries, SOEs, and project operators.
- Automating data submission and reconciliation processes to improve accuracy and timeliness of reports.
- Strengthening internal agency capacity to share and validate data across ministries, particularly around:
 - Tax and royalty flows
 - Production and export volumes
 - Project-level payments and infrastructure commitments
- Partnering with technical institutions and development partners to adopt global open data standards.

Improved data transparency enables smarter policymaking, reduces opportunities for corruption, and supports economic forecasting and budgeting at national and subnational levels.

3. Strengthen Subnational Revenue Management

A key goal of EITI is to ensure that resource-derived benefits reach the provinces, districts, and communities where extraction takes place.

Strengthening subnational revenue management includes:

- Clarifying which royalties and equity payments are disbursed to Provincial and Local Level Governments (LLGs) and landowner groups.
- Improving the tracking and accountability mechanisms for how funds are used at the local level.
- Supporting local administrations with capacity building on financial reporting linked to resource revenues.
- Promoting inclusive participation of local CSOs, youth, and women's groups in monitoring how extractive funds are utilized in their districts.

This ensures that extractive revenues are not only disclosed, but also effectively converted into public services, development infrastructure, and inclusive growth.

4. Expand Public Engagement through Media, CSOs, Schools, and Digital Tools

Public awareness and citizen participation are essential to building a culture of transparency and ensuring government accountability.

Key opportunities to scale up engagement:

- Partner with mainstream and community media to translate and disseminate EITI findings in local languages and culturally relevant formats (e.g., radio talk shows, visual explainers, short videos).
- Collaborate with Civil Society Organizations (CSOs) to host community forums, roadshows, and monitoring programs around EITI reporting and extractive operations.
- Carry out EITI awareness into schools and universities,
- Invest in digital communication platforms such as mobile apps, dashboards, and storytelling tools to make data accessible, engaging, and actionable for the general public.

An informed and empowered public can advocate for better use of extractive revenues and hold duty bearers accountable for sustainable resource management.



Conclusion & Call to Action

Reaffirming PNGEITI's Commitment to Transparency and Development

The Papua New Guinea Extractive Industries Transparency Initiative (PNGEITI) remains steadfast in its mission to promote openness, accountability, and good governance in the management of the country's extractive resources.

Over the years, the initiative has played a critical role in shedding light on complex financial flows, demystifying contract terms, and empowering stakeholders with credible, accessible information.

But our mission extends beyond transparency for its own sake. PNGEITI is committed to ensuring that the wealth generated from PNG's minerals, oil, and gas sectors is harnessed responsibly and fairly—to drive inclusive growth, reduce inequality, and secure a better quality of life for every Papua New Guinean.



Turning Resource Wealth into Tangible Outcomes

Despite being richly endowed with natural resources, too many communities in PNG still lack basic services such as clean water, quality health care, functional schools, and reliable infrastructure. For our nation to truly benefit from its extractive wealth, we must go beyond revenue disclosure and toward effective revenue utilization.

Let us work together to ensure that extractive revenues:

- Fund improved public services and infrastructure,
- Support local economic development and job creation,
- Promote social equity and gender inclusion, and
- Strengthen public trust in government and industry.

THANK YOU



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