



NATIONAL CONTENT POLICY



Department of

Commerce & Industry

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THE PAPUA NEW GUINEA NATIONAL CONTENT POLICY

for RESOURCE SECTORS 2023

"Securing Short-term Benefits for Long-term Gain"

DEPARTMENT OF COMMERCE & INDUSTRY

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Abbreviations and A	<u> </u>
APEC	Asia Pacific Economic Corporation
BDG	Business Development Grants
BOT	Build-Own-Transfer
CACC	Central Agencies Coordinating Committee
СЕРА	Conservation Environment and Protection Authority
CIU	Construction Industry Unit
CSA	Commercial Statutory Authority
CSU	Co-operative Societies Unit
DAL	Department of Agriculture and Livestock
DCI	Department of Commerce and Industry
DHERST	Department of Higher Education, Research, Science and Technology
DLIR	Department of Labour and Industrial Relations
DLPP	Department of Lands and Physical Planning
DMPGHM	Department of Minerals Policy and Geo-hazard Management
DNPM	Department of National Planning and Monitoring
DOF	Department of Finance
DOP	Department of Petroleum
DPMNEC	Department of Prime Minister & National Executive Council
DPE	Department of Petroleum and Energy
DOT	Department of Treasury
EEZ	Exclusive Economic Zone
FDI	Foreign Direct Investment
GDP	Gross Domestic Product
ICA	Immigration and Citizenship Authority
ICDC	Industrial Centers Development Corporation
IPA TRA	Investment Promotion Authority
IRC	Internal Revenue Commission
KMHL	Kumul Minerals Holding Limited
KPFA	Key Policy Focus Area
LanCo	Landowner Company Company
LNG	Liquefied Natural Gas
M&E	Monitoring and Evaluation
MEC	Ministerial Economic Committee
MNC	Multinational Corporation
MRA	Mineral Resource Authority
MOAs	Memorandum of Agreements
MOUs	Memorandum of Understandings
MTDP	Medium Term Development Plan
MSME	Micro, Small, Medium Enterprise
NCCMC	National Content Coordination & Monitoring Committee
NCU	National Content Unit
NEC	National Executive Council
NFA	National Fisheries Authority
NICTA	National Information and Communications Technology Authority
NTC	National Training Council
POMSOX	Port Moresby Stock Exchange
PNG PNCDSD 2010 2020	Papua New Guinea Papua New Guinea Development Strategic Plan 2010 -2030
PNGDSP 2010-2030	
DNICNICD	Danua Naw Guinaa National Contant Dalian for Daganna Contant
PNGNCP	Papua New Guinea National Content Policy for Resource Sector
RIC	Rural Industries Council
RIC RSF	Rural Industries Council Risk Sharing Facility
RIC RSF SEZ	Rural Industries Council Risk Sharing Facility Special Economic Zone
RIC RSF SEZ SOE	Rural Industries Council Risk Sharing Facility Special Economic Zone State-Owned Enterprise
RIC RSF SEZ SOE SPA	Rural Industries Council Risk Sharing Facility Special Economic Zone State-Owned Enterprise Strategic Priority Area
RIC RSF SEZ SOE SPA SDT	Rural Industries Council Risk Sharing Facility Special Economic Zone State-Owned Enterprise Strategic Priority Area Special and Differential Treatment
RIC RSF SEZ SOE SPA SDT SME	Rural Industries Council Risk Sharing Facility Special Economic Zone State-Owned Enterprise Strategic Priority Area Special and Differential Treatment Small, Medium Enterprise
RIC RSF SEZ SOE SPA SDT SME SNT	Rural Industries Council Risk Sharing Facility Special Economic Zone State-Owned Enterprise Strategic Priority Area Special and Differential Treatment Small, Medium Enterprise State Negotiating Team
RIC RSF SEZ SOE SPA SDT SME	Rural Industries Council Risk Sharing Facility Special Economic Zone State-Owned Enterprise Strategic Priority Area Special and Differential Treatment Small, Medium Enterprise

Minister's Forward



I am greatly honored as the newly appointed and incoming Minister for Commerce and Industry to present "The Papua New Guinea National Content Policy for Resource Sectors 2023" on behalf of the government.

This Policy sets a high-level policy goal and direction to ensure PNG's resource projects are well integrated with our economy. Short-term project investments must generate sustainable long-term gains for our economy and people.

This Policy must also be seen to be addressing PNG's socio-economic situations especially high rate of unemployment and poverty levels of our people. I believe that the resource sectors can contribute by creating more opportunities for Papua New Guineans in every phase of the projects.

Since independence PNG has been a small vulnerable developing economy whose growth sectors are mainly concentrated on extractive and non-extractive primary industries. Even though billions of dollar [or kina] are invested into resource development projects, significant amount of indirect benefits have leaked out of the country through business and employment opportunities, and direct imports of goods and services thus PNG economy remains stagnant.

With strong leadership and foresight of the Prime Minister Hon. James Marape, the government is now encouraging greater national participation and partnership in mining and petroleum projects as well as other non-extractive industry projects such as in agriculture, fisheries, forestry, and to some extent in major commercial projects.

The PNGNCP2023 provides a strategic policy directions and coordination mechanism for all national content matters for the resource sectors. An overarching policy framework that promotes; inclusiveness, collaboration, partnership, shared values and resources, between the State, shareholders, project operators, private sector bodies, landowners, and citizens. We must make it happen.

Respective resource industry regulators (State agencies) and Operators (companies) must align their sector-specific national content policies, plans, programs and activities with this overarching policy framework for purposes of coordination, collaboration, monitoring, and to some extent enforcement.

On this note, I acknowledge my predecessors former Minister Henry Amuli, and Hon. Soroi Eoe for their support and leadership in developing this Policy. I also commend the Department Secretary Mr David Ganaii and his Team for formulating this important Policy

Hon. Win Bakri Daki, MP Minister for Commerce and Industry

Statement by Secretary



It is a collective effort that enabled the Department of Commerce and Industry to finally deliver this first-of-its-kind government policy for the State; The Papua New Guinea National Content Policy for Resource Sectors 2023 (or PNG-NCP2023).

This Policy is high-level which aims to ensure wider and deeper meaningful integration between our domestic economy and the major foreign direct investments in the country.

The PNG-NCP2023 is an overarching policy framework that sets the course for planning and executing national content plans and programs undertaken in various resource-based projects such as in the extractive industries including; oil and gas sector and mining sector; and, the non-extractive industries including; fisheries, forestry, agriculture, livestock, and other largescale commercial and industrial development projects such as special economic zones (SEZs) and major building and construction projects.

Based on country experience and inputs from stakeholders, the Department was able to identify key policy issues relating to national content specific to PNG. These are key issues that PNGNCP is addressing through its Six Key Policy Focus Areas (KPFAs).

The Six (6) KPFAs are: (i) Domestic Procurement of Goods & Services; (ii) Supplier Development; (iii) Employment Opportunities for Papua New Guineans; (iv) Skilled Workforce Development for School Leavers; (v) Greater Equity Participation by Papua New Guinea; and, (vi) Oversight on Sustainable Development Investments for Community-based Projects.

The Six KPFAs are targeted to maximize shared values and translate short-term benefits and opportunities generated by investments into resource projects, into long-term sustainable economic growth, and improved standard of living. This is in line with the National Constitution, the Vision 2050, PNGLDS2010-2030, and the MTDP IV 2023-2027.

The KPFAs were contextualized based on the country experience with ExxonMobil's implementation of the PNGLNG Project National Content Plan.

On this note, I take this opportunity to acknowledge the support and leadership of my Minister Hon. Win Bakri Daki, MP, and thank the government, departments and agencies, provincial administrations, business organizations, professional individuals, and my staff who have collectively contributed towards the successful formulation of this important Policy.

David Ganaii

Secretary

Department of Commerce & Industry

Executive Summary

The Papua New Guinea National Content Policy for Resource Sectors 2023 provides the overarching policy context & directions towards encouraging greater national participation and partnership in major resource investments in PNG. The Government is seriously concerned about the ongoing socio-economic situations and challenges such as high unemployment rate, poverty and related social problems particularly in resource-rich provinces, towns, cities and the country as a whole. Therefore, it is the Government's ongoing effort to address these issues by creating more broad-based income-earning opportunities through business development, employment, training, improved service delivery, and local supply. Due to lack of baseline indicators, the PNGNCP will set new benchmark indicators for national content to be aligned with the MTDP [IV] 2023-2027, considering the different dynamics in size and value of investments in the resource sectors and lack of readily available industry data.

The PNGNCP2023 provides the broader definition and scope on National Content contextualized to PNG. Based on the need and absence of an overarching national content policy, the National Executive Council directed DCI to formulate and be the lead agency to develop and coordinate implementation of this policy.

The PNGNCP2023 has Six **Key Policy Focus Areas** (**KPFAs**) to categorically address the policy issues relating to national content in the country. The Six KPFA Areas include:

- **KPFA 1: Domestic Procurement of Goods and Services.**
- KPFA 2: Supplier & Entrepreneurship Development.
- KPFA 3: Employment Opportunities for Papua New Guineans.
- **KPFA 4: Skilled Workforce Development.**
- KPFA 5: Greater Equity Participation by Papua New Guinea
- KPFA 6: Oversight on Sustainable Development for Project Impacted Communities.

The above KPFA are aligned with objectives, policy responses and key action strategies for interventions in Chapter 3 [Policy Issues, Responses and Strategies]. Addressing the Six KPFA would lead towards the realization of the overarching policy goal. The KPFA would also be useful for monitoring and evaluation of performance for this Policy.

This PNGNCP KPFAs will be broadly applied across the board to the key extractive industry (mining and petroleum) and non-extractive industry (fisheries, forestry, agriculture and livestock). The services sector is considered an integral part of respective impact projects as support services. PNG can obtain massive indirect benefits by tapping into support services such as; building and construction and related engineering, warehousing and distribution, transportation (land, sea and air), information and communication technology, tourism and travel related, catering, security, education and training, health related and social, accommodation and transit, cleaning and waste management, water and power supply, finance and banking, business support (research and development, land survey, architecture, marketing and promotion, etc.), and so forth.

The PNGNCP compliments all resource sectors as an overarching policy framework and aligns with the Medium-Term Development Plan IV 2023 – 2027 as a Strategic Priority Area for economic policy reform to contribute towards PNG's transition into an upper middle-income country/economy by 2030.

The PNGNCP2023 establishes an oversight body to provide overall guidance on all matters relating to the implementation of this Policy, supported by a dedicated and professionally managed National Content Unit to be established by the Government. Respective resource sectors policy administrators, regulators and project operators are encouraged to align sector specific policies, plans and programs with the PNGNCP.

This Policy will be implemented by key stakeholders as identified in this Policy. DCI through the oversight body coordinate and monitor the implementation of this Policy. Main source of funds anticipated would be the national budget through State participation, public private partnership and donor assistance for the implementation of this Policy.

CHAPTER 1: BACKGROUND

1.1 Intent of the Policy

The intent of this Policy is to promote and encourage active participation of Papua New Guineans in major resource development projects whilst forging strategic partnership with project developers, the State and the landowners. In order for PNG to maximize values created at different phases of a project, it must actively participate as an equal partner. This partnership must be built around giving more opportunities for PNG nationals in terms of: business development and supply contracts, procurement of domestically produced and/or available goods and services, supplier development, employment, skilled workforce development, equity participation, and assessment of sustainable development investments per projects.

Therefore, this Policy is formulated to define and establish scope of an overarching national content policy framework in PNG context and set clear policy directions and arrangements for effective implementation, coordination and monitoring process for all national content programs and activities undertaken in the country. The intention is to target major resource industry projects in: mining, petroleum, fisheries, forestry, and agriculture together with livestock. Service Sector is considered as an integral part of each resource project.

1.2 Definition of National Content and Local Content

For purposes of this Policy, National Content refers to the values or indirect benefits that a resource project generates along the project value chain that contributes to the national economy, beyond the direct benefits and resource revenues. National Content has now become a policy tool that the government requires to ensure an investing company develops a budgeted national content plan and implements accordingly. An investing company sets out its national content plan to utilize national/local resources and encourage greater national participation in the projects.

Local content may mean the same thing but more specifically as the share of values offered or derived within a specific geographical area of an impact project by province, by local level government area, landowner communities, or project impacted communities. Whereas National Content may refer to a broader and more inclusive coverage of both the local and national-wide interests of all citizens directly and indirectly.

1.3 Key Policy Focus Areas

The scope of the overarching PNGNCP will cover the following Six (6) Key Policy Focus Areas in Figure 1:

Six [6] Key Policy Focus Areas [KPFA] KPFA II Domestic Procurement of Goods & Services KPFA II Supplier & Entrepreneurship Development KPFA III Employment Opportunities for Papua New Guineans KPFA IV Skilled Workforce Development KPFA V Greater Equity Participation by Papua New Guinea KPFA VI Oversight on Sustainable Development of Project Impacted Communities

Figure 1: Shows the KPFA of this Policy.

KPFA I: Domestic Procurement of Goods & Services

Due to insufficient scale of available goods and services, most investment companies in major impact resource projects directly import goods and services from foreign suppliers. Recently this practice has been seen not only as an economic leakage but also missed opportunities for nationally owned firms and suppliers. Therefore, this Policy encourages project operators to give special preferences and award contracts to national firms to procure goods and services from domestic suppliers rather than importing directly from overseas suppliers. Where goods and services not available in the country, project operator(s) must award contract(s) to competent national firm(s) to procure from recommended overseas supplier(s).

In the case where a national firm lacked the capacity to procure highly technical and sophisticated equipment and machines and parts, necessary assistance be given by the project operator/developer or allow joint venture between the national firm(s) and foreign firm(s) to procure to meet project specifications and timeline. For the purpose of sustainability and long-term development aspirations, this Policy will encourage both national and foreign firms to invest into manufacturing activities to produce tailor-made goods to supply the resource development projects or industries through strong backward and forward linkages and for open domestic and foreign markets. Respective industry regulators and relevant government institutions to monitor and report on the procurement of products to the national content oversight body. [Refer to Chapter 3: 3.2; 3.3; 3.5; 3.7]

KPFA II: Supplier & Entrepreneurship Development for Local Companies

PNG as a vulnerable developing economy, has a small supplier base to supply goods and services to the impact projects in resource sectors. Hence, project developers sub-contracted mostly foreign suppliers that are readily available to deliver. As in the above case (KPFA I), PNG economy and firms lose opportunities to develop and/or strengthen its supply capabilities like a vicious circle. Mostly, national firms and in particular landowner umbrella companies and/or their subsidiaries are established when an impact project is approved for development. Hence, they lacked the ability and experience to organize themselves quickly and competently bid for supply contracts from the project developers. Where national firms lack capability and capacity to supply, the project developer must upskill to meet requirements. For sustainability and internalization of the process, the government, the national firms and project developers must collaborate in providing sustainable supplier development programs. Respective industry regulators and relevant government institutions to monitor and report on the progress of supplier development programs/activities to the national content oversight body [Refer to Chapter 3: 3.3; 3.5; 3.7; 3.9]

KPFA III: Employment Opportunities for Papua New Guineans

Unemployment is a big chronic socio-economic challenge in PNG. Loss of job opportunities amidst high rate of unemployment is a serious issue for PNG. Therefore, this Policy encourages collaboration between the Government and Investing Companies to ensure productive graduates, qualified and experienced Papua New Guineans are given employment opportunities to actively participate in the major economic impact projects. The investing companies must assist the government's efforts in addressing PNG's ongoing socio-economic unemployment problems to give first right of employment opportunities to capable, qualified and experienced Papua New Guineans. Respective industry regulators and relevant government institutions to monitor and report on the progress of employment opportunities to the national content oversight body. [Refer to Chapter 3: 3.4; 3.5; 3.7]

KPFA IV: Skilled Workforce Development

Unskilled labor and readily available skilled workforce are inherent challenges for PNG. In the absence of readily available workforce, investing companies bring foreign workers. It is also largely attributed that PNG graduates and workers lacked industry knowledge and technical skills to be recruited into industry positions straight away. This have contributed towards loss of job opportunities for Papua New Guineans in major resource projects. Therefore, this Policy aims to ensure the government and investing companies to work together in addressing the skills gap situation in PNG and build skilled based workforce for sustainability. Respective industry regulators and relevant government institutions to monitor and report on the progress to the national content oversight body. [Refer to Chapter 3: 3.4; 3.5; 3.7]

KPFA V: Greater Equity Participation by Papua New Guinea

PNG is known as a resource-rich economy and continues to attract multi-billion-dollar projects into its rich resource sectors. These projects are mostly financed by foreign sources and shareholders of companies developing the projects. After securing relevant licenses, investing companies legitimately exploit PNG's natural resources and maximize wealth for their shareholders. Both the State and resource/landowners are compensated through legitimate payments and benefits such as; equity, royalty, development levy, and tax credit schemes. Legal ownership and control remain with the developer or the foreign-based shareholders. But Papua New Guineans are not actively participating in project financing and/or equity sharing in the capital market where project investing companies have shares.

This Policy encourages Papua New Guineans to actively participate in equity share of the projects as well as participating in the capital market to buy and sell shares and take ownership and control—in the projects. This "Take Back PNG" is an open political call to the State nominees, state owned enterprises (SOEs), domestic financial institutions, national firms, trustees of landowners, landowner associations/companies, and citizens in general to participate in financing and equity acquisitions during project mobilization and/or during the operations of the projects. Respective industry regulators and relevant government institutions to monitor and report on equity participation to the national content oversight body. [Refer to Chapter 3: 3.8]

KPFA VI: Oversight on Sustainable Development of Project Impacted Communities

Basic public services such as: education, health, access roads, law and order, safe drinking water and sanitation remain as challenges, particularly in the rural areas. In fact, millions of kina has been invested and expended in this areas both by the Government and Investing Companies to address these challenges. Investing companies as part of their corporate social responsibilities invest on sustainable development programs in health, education, livelihood and enabling infrastructure. Likewise, the Government invests into this as part of its counterpart funding commitments via provision of infrastructure development grants, tax credit schemes, and so forth.

This Policy identified the need for the Government to provide necessary oversight and stock take investments from both government and investing companies to support sustainable development programs for project impacted communities and others alike. As this Policy is addressing underlying socio-economic issues in PNG, it provides avenue for proper social and economic impact assessments on the resource development project investments to determine the impact on the lives of the people. This will also trigger other interventions from the government and other development partners for partnership. Respective industry regulators and

relevant government institutions to monitor and report on the sustainable development programs and activities to the national content oversight body. [Refer to Chapter 3: 3.11; 3.7]

1.4 Historical Context

Papua New Guinea is richly endowed with natural resources with a dual economy comprised of extractive and non-extractive sector where subsistence farming accounts for the bulk of the economic activities. The extractive sectors account for 28% of GDP and 88% of total exports. This is complemented by the renewable sectors (non-extractive) comprising of agriculture, fisheries, forestry and tourism, which support over 80% of the population, yet represent only a fifth of GDP.

PNG economy heavily relies on its primary industries, particularly extraction and exports of primary commodities such as gold, silver, copper, crude oil, logs and timber, natural gas, palm oil, cocoa and copra. The primary industries are supplemented by small scale manufacturing, retailing and wholesaling, building & construction, transport & telecommunications, finance & business trade, agriculture, tourism & hospitality, forestry, fisheries and marine resources.



Figure 2 shows that LNG exported the largest volume followed by agriculture and gold. This implies that a policy shift in upstream processing activities is necessary to curtail export of raw resources and directing natural resources to onshore value addition activities.

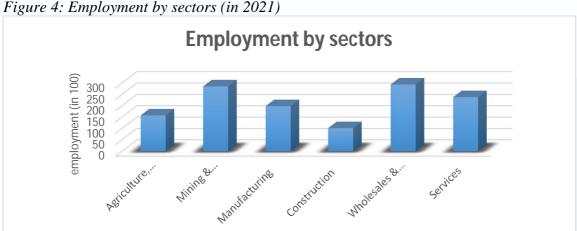
In our quest to develop this country, we have overtime seen natural resources being used as bargaining power to negotiate for benefits that will accrue to the economy as a result of hosting resource and industrial projects in the country. Although this approach worked well in developing PNG for sometimes, it has not made PNG economically independent nor establish PNG as a self-reliant economy which contradicts what is sought for in the national goals and principles of the Constitution.

GDP contribution by sectors 14,000 12,000 10,000 8,000 6,000 4,000 2.000

Figure 3: GDP Contribution by sectors (in 2021)

Figure 3 shows GDP contribution by sectors in 2021. Extraction of Crude oil contributed the largest in 2021 followed by Crop and animal production. Contribution by the manufacturing sector is very low at about 2% of the total GDP in 2021.

According to United Nations Economic & Social Commission for Asia and the Pacific, the World Bank categorized PNG as a low-middle income economy with GDP per capita of US\$2,570. The social well-being of PNG's citizens is very low with life expectancy of around 63 years. It is estimated that 87.5% of the population are living in the rural areas and are involved predominantly in agriculture sector and informal business activities. In terms of the United Nation's Human Development Index, PNG was ranked 155th out of 189 countries in 2022 and about 40% of population are living below the poverty line¹. The unemployment rate for PNG is reportedly constantly rising from 2.5% in 2016 to 2.8% in 2022.



The above Figure 4 shows employment created by sectors in 2021. Wholesale and retailing accounted for most jobs in the economy followed by the mining and petroleum. By comparison, construction sector created least jobs in 2021

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¹ PNG IFRC Operational Annual Report (1-July 2022 – 31December 2022) – Appeal number MAAPG003. reliefweb.int.

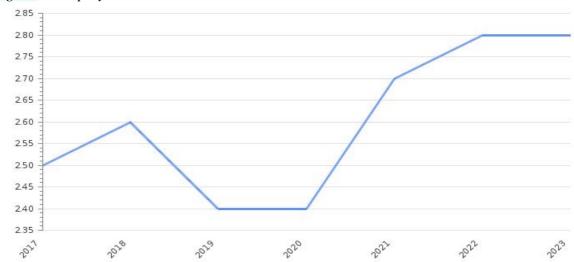


Figure 5: Employment Trend 2017 – 2023

The above is a line graph showing unemployment rate in PNG between 2017 and 2023. The maximum rate was 2.9 % and minimum was 2.4 %. In 2022, PNG's unemployment rate stood at 2.8%. Source: Data published yearly by PNG National Statistics Office.

Emanating from the aforementioned, it is evident that our effort in securing greater benefits using the national assets as leverage only amounted to securing benefits that are limited to economic rents, tax revenue and ad hoc basis of investments in economic and social sectors. It has dawned on Papua New Guineans that these benefits accruing to the country are less too moderate, and do not truly reflect the value of resource extracted from PNG's soil.

The national resources are strategic assets that if exploited through compatible policy strategies, have huge potential in not only making PNG a wealthy nation but also make PNG economically independent and self-reliant as laid down by the third National Goal of the Constitution. PNG therefore needs a policy that will set directions on how to exploit its strategic assets, quarantine the wealth of these assets and sustainably manage this wealth to improve the standard of living and bring majority of PNG citizens out of the poverty line.

The PNGNCP therefore will seek to enhance the opportunities, address challenges and constraints, and describe the necessary institutional framework to coordinate the development, implementation, monitoring, and negotiation processes of national content.

1.5 Main Resources Sectors

Agriculture

Agriculture sector supports about 85% of the population mainly in rural areas, who depend on agriculture for their livelihood as source of income, food and nutrition security. According to the World Bank, the agriculture sector accounts for 11% of total GDP and its exports accounts for about 19% of total value of exports mainly from exports of commercial crops such as palm oil, coffee, cocoa, coconut-based copra & copra oil, rubber and tea and spice crops like vanilla.

Forestry

PNG has significant forest resource which has been commercialized since the 1970s. According to data from the PNG Forest Authority, forest cover was 71.7% in 2014. This forest acts as a 'carbon sink' and plays an important part in controlling global warming. In 2010, the sector's GDP contribution fell to some 3-5%. Round logs are the main export, comprising 80%

of total exports. Other exports are mainly timber, plywood, and woodchip. Most large-scale logging projects are in the West New Britain, East New Britain, Western, and Gulf provinces. Log exports rose from K 255.7 million in 2001 to K 468 million in 2008 accounting for 3.0% of total merchandise exports.

Fisheries

Papua New Guinea has considerable marine resources, its exclusive economic zone (EEZ) of 2.4 million km² is the largest in the South Pacific. The sector has an extensive and valuable fisheries sector ranging from inland river fisheries, aquaculture, coastal beche-de-mer and reef fisheries to the prawn trawl and largescale deep-water tuna (mainly Skipjack and yellowfin), sharks, crabs, lobster and pearl oysters. Tuna remains the main product of substantial commercial value which contributes about 15% of the world's total tuna stock found in this EEZ and 70 percent of the 550,000 tons of tuna caught in PNG waters annually is taken out of the country for processing. All fish and fishery exports of PNG comprised tuna in the form of canned, frozen, dried meal; dried sea cucumber (bêche-de-mer), finfish, prawn and shrimps, shark fin, lobster, and crab. The exports of fish and fishery products from Papua New Guinea, in terms of quantity, has continued to increase annually over the last five years. In 2014, over 103,000 tons of fish and fishery products were exported to various overseas markets. In 2019, the quantity of exports was almost doubled with 196,000 tons of products exported within five years with a total export value of PGK1.3 billion.²

OIL & GAS

The petroleum sector in PNG has recently become the key driver of growth in the economy with the development of the LNG Project. It contributes around 17% to the National GDP and employs around 10% of the total employment in the mineral and petroleum sector. Economic growth levels reached 11% during the construction phase of the LNG Project. The expected lifespan of the PNG LNG Project is about 85 years and all exports are currently in raw form. The Papua, P'nyang and Pasca are underway to come onstream.

Mining

The Mining sector also remains an important contributor to the economy contributing around 13% of the total GDP and employs over 52,000 people from the total of 10 mines operating in the country. Despite an abundance of mineral deposits, according to the world bank report 2019. PNGs competitiveness in the mining sector is hampered by high capital costs and overheads as a result of infrastructure deficiencies. Very limited processing takes place incountry and more could be done to encourage further value adding and downstream processing onshore to create jobs in this sector. According to world bank, GDP growth contracted from 2.7 % in 2017 to -0.5% in 2018. Other challenges include customary land rights and location of natural resources makes logistics difficult.

1.6 Audience

This Policy generally applies to all stakeholders both in public and private, and those directly/indirectly affected by major resource project developments around the country but not limited to the following:

- PNG National, Provincial and Local Level Government departments and agencies;
- State Enterprises;
- PNG Private Sector;
- Foreign Investors;

² https://www.fisheries.gov.pg/fisheries-industry

- Project Landowners;
- Communities from project impacted areas; and
- Other Papua New Guineans and citizens

1.7 Policy Development Process

The PNGNCP had gone through an extensive consultation process both internal and externally.

- √ Cabinet deliberated and provided its NEC Decision NO: 112/2016 to formulate the Local Content and Local Purchase Obligation.
- √ NEC Decision No: 254/2021 approved the PNGNCP developed a local consult but substantially revised for alignment purposes.
- √ Outcome of the 2021 Buang Meeting comprising of DCI Ministry, Senior Management and Commercial Statutory Authorities (CSAs).
- External Views of private sector, key state agencies/ministries, resource owners, civil societies, academia, think tanks, development partners and financial institutions have been captured during private sector driven workshops and one-on-one meetings. On 8-10 June 2021 Extractive Industries Supplier Development Virtual Workshop organized by ExxonMobil; On 4th August 2021 Exxon Mobil Community Advocacy FM100 Talk Back with Panelists from DCI and APEC Business Group hosted by Radio announcer Douglas Dimagi.
- √ Internal consultative workshops were held at Kokoda Track Motel, Sogeri in June 2021 and the second consultation workshop were held at Tuhava on the 22nd of August to the 04th of September 2022.
- √ DCI completed a nationwide stakeholders consultations covering the national capital district government and private sector and the four regions: New Guinea Islands including Autonomous Region of Bougainville (AROB), Highlands Region, Southern Region, and MOMASE Region. Consultations were launched by Hon. Soroi Eoe, the then Acting Minister for Commerce and Industry on the 20th of March 2023. The Final Stakeholders Validation completed on the 25th of August 2023, at the APEC Haus, Port Moresby.



CHAPTER 2: POLICY CONTEXT AND DIRECTION

2.1 Overarching Goal

PNGNCP2023 to contribute towards fostering deeper and wider economic integration between major investments and domestic economy directly or indirectly in support of the State's efforts to sustain economic growth, improved quality of life, and transform PNG into an upper middle-income country by 2030.

2.2 Objectives

The key objectives of this Policy are aimed at achieving the PNGNCP overarching Goal by securing short-term indirect benefit opportunities created at every phase of impact projects for long-term gains:

- Establish an effective overarching policy and institutional framework to provide leadership, guidance, coordination, and monitoring of all national content programs in the country. *Chp3: 3.1*
- Encourage more PNG firms to participate in business spin-offs and supply contracts to procure or supply consumable goods and services sourced domestically but import if not available in the country. Chp3: 3.2
- Encourage development of a strong backward linkages between impact projects and domestic suppliers to supply domestically sourced goods and services. *Chp3: 3.2; 3.9*
- Establish permanent supplier and entrepreneurship development program to support and prepare national/local companies to supply goods and services in the country. Chp3: 3.3; 3.4; 3.9
- Promote utilization of domestically available goods and services and manufacturing activities to meet the project demands and supply domestically and abroad. Chp3: 3.2; 3.3; 3.9
- Encourage collaboration between the Government and Investing Companies to ensure productive graduates, qualified and experienced Papua New Guineans are given more employment opportunities to actively participate in the major economic impact projects. *Chp3.2; 3.4*
- Provide capacity building and skills development programs to address skills gap between the education system and the resource industries for Papua New Guineans. *Chp3: 3.5*
- **Establish** a transparent process for negotiating and facilitating benefit sharing agreements for all legitimate Parties in any resource development project agreement. *Chp3*: 3.6
- Encourage greater equity participation by Papua New Guineans to actively participate in the capital market to buy and sell shares as owners of the projects, generate more wealth as shareholders, and retain earnings in the economy. *Chp3: 3.8*
- Strengthen the roles of respective State Negotiations Teams to negotiate resource-based project agreements and secure better negotiated national content benefits and opportunities for Papua New Guineans. *Chp3: 3.10*

- Provide oversight on all both public and private investments into sustainable development for project impacted communities in promoting national content goal and objectives for respective resource sectors. *Chp3: 3.11*
- NCCMC in collaboration with individual members and other partners to establish a central database system to collate all industry data, process, store and disseminate relevant statistics and information on the key indicators of national content. *Chp3: 3.7*

2.3 Principles

The implementation of this Policy will be guided by the following fundamental principles which shall be adhered to by all stakeholders:

I. Development Goals and Directive Principles of the National Constitution

The PNGNCP will be implemented on the basis of the following National Goals and Directive Principles: [i] Integral Human Development; [ii] Equality and Participation; [iii] National Sovereignty and Self Reliance; [iv] National Resources and Environment; and, [v] Papua New Guinea Ways.

II. Promotion of a friendly business investment climate

The Policy will be implemented with a view to improving the business and investment climate of PNG. The interests of investors shall be considered when implementing the policy to ensure no obstacles created in doing business in PNG. The provisions of the Policy will therefore be crafted to ensure a balance between the interests of investors to ensure that they are not unduly affected while facilitating benefits for the domestic MSMEs.

III. Strengthening of Local Private Sector

Strengthening and development of the Local private sector is the overarching goal of this Policy to ensure Local MSMEs participation is integrated with foreign Investors for direct participation in economic development.

IV. Maintain Good Governance, Transparency and Accountability

The Policy also recognizes the need for good governance, transparency and accountability in implementing the various policy measures for the purpose of monitoring procurement, assessing of the amount of local Content and review of employment and training of PNG citizens. Running transparent systems will be vital to garnering the support of all players in the successful implementation of the Policy.

V. Institutional Capacity Building

With the limited skilled labor in many sectors of the economy, this Policy will ensure to facilitate the development of a skilled work force in PNG. The Policy is also building the capacity of trade support institutions such as Universities, Technical Colleges and Government Institutions as well as the private sector.

VI. Special and Differential Treatment (SDT)

This Policy will adhere to PNG's international and regional obligations especially those arising from its memberships to the World Trade Organization (WTO) and Asia-Pacific Economic Cooperation (APEC). As a vulnerable developing economy and a lower middle-income country, PNG will maintain WTO rules for SDT to introduce national content policy and Reserved Activities List to develop local MSMEs and industries.

VII. Mutual Cooperation

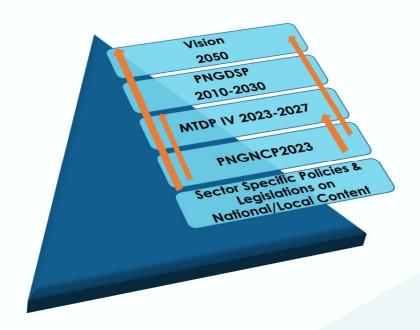
The successful realization of the goals of this Policy shall be determined by the level of cooperation and transfer of technology between Government and the private sector actors. The Policy will promote coordination between different stakeholders in a manner that encourages mutual cooperation and transfer of technology, skills and knowledge to Papua New Guineans and local companies.

2.4 Core Government Policies and Legislations

The PNGNCP is a new policy framework that will be implemented in harmony with the other existing policies and legislations that they will complement each other to achieve the desired goals and objectives of the government.

In Figure 6 below explains the linkages of this PNG NCP with overarching Vision 2050, MTDP and other sector specific policies and legislations.

Figure 6: Policy Linkages with PNG Vision 2050, MTDP and other Legislations



2.4.1 Constitution

The Constitution is the mother-law that sets a strong direction towards self-reliance as an independent nation and focuses on the National Goals and Directive Principles: [i] Integral Human Development; [ii] Equality and Participation; [iii] National Sovereignty and Self Reliance; [iv] National Resources and Environment; and, [v] Papua New Ways. This is the number one principle adopted by the PNGNCP2023.

2.4.2 Vision 2050

Under the wealth creation pillar of the Vision 2050, it raises the concern that not enough has been done to support and empower Papua New Guineans to create wealth from the country's

vast renewable and non-renewable natural resources. In light of this, this Policy will now give emphasis to developing natural resources with greater national participation through its Five KPFAs. The PNGNCP aligns with Vision 2050 to ensure Papua New Guineas are given more preferences and opportunities to participate and benefit from major resource investments.

2.4.3 PNG Development Strategic Plan 2010-2030

The PNGDSP 2010 – 2030 contains the basic development principles of the constitution of PNG. It re-emphasizes the fundamental directives to progress PNG into a middle-income country by 2030. The PNGDSP objectives broadly captures the directives and goals of the constitution such as: Integral human development; Equality and participation; National Sovereignty and Self-reliance; Natural resources and environment; and Papua New Guinea Ways. The PNGNCP2023 adopts these broad development objectives as its number one Principle (I) to guide in the formulation and application of the Policy.

2.4.4 Medium Term Development Plan IV 2023-2027

MTDP IV 2023 - 2027 elaborates on the policy directives of PNGDSP into achievable targets with specific indicators for all economic sectors. It focuses on increasing revenue and wealth creation and sustainable socio-economic development. The MTDP IV has twelve (12) Strategic Priority Areas and Deliberate Intervention Programs. In the MTDP IV under the Strategic Priority one focuses on the Strategic Economic Investment with specific Deliberate Intervention programs for specific sub sectors. The MTDP IV under the SPA1 and its respective DIPs for the subsectors identified key investments such as commercial agriculture, mining and petroleum, downstream processing, banking and finance, micro, small and medium enterprises, national tourism and cultural development, trade and investment, manufacturing and land development. National Content Policy has specifically captured one of the Government's Strategic Priority Policy Reform Area in the MTDPIV2023-2027.

2.4.5 Sector Specific Policies & Legislations

2.4.5.1 Oil and Gas Act 1998

Being an Act that governs exploration for and production of petroleum in PNG, including offshore area, and the grant to traditional landowners and Provincial Government and Local Level Government of benefits from projects for the production of petroleum, and the processing and transportation of petroleum products. PNGNCP provides the broader policy directions for the Petroleum Sub-Sector National Content Policy. Also, it provides the framework for greater collaboration, coordination, reporting and monitoring national content policy matters. Hence, petroleum sector regulator will be a member of the NCCMC.

2.4.5.2 Mining Act 1992

Being an Act that regulates all minerals existing on, in or below the surface of any land or beneath the waters within the boundaries of Papua New Guinea, and related purposes. PNGNCP provides the broader policy directions and framework to achieve national content goal and objectives through the implementation of the mining sector mandatory plans for business development, procurement, employment, training, succession (localization of management positions), community compensation, and others as required by the Mining Act, Mining Development Contract and/or project specific agreements. Also, it provides the

framework for greater collaboration, coordination, reporting and monitoring national content policy matters. Hence, mining sector regulator will be a member of the NCCMC.

2.4.5.3 Mineral Resources Authority Act 2018

Establishes Mineral Resources Authority to perform its functions and exercise its powers under this Act on matters relating to mining and management, exploration and development of PNG's mineral resources sector. MRA will be part and parcel of implementing the PNGNCP in the mining sector with particular emphasis on facilitating plans and reports from the mining companies and to some extent exploration companies included.

2.4.5.4 Kumul Minerals Holding Limited Authorization Act 2015

Being the Act that establishes the Kumul Minerals Holding Limited (KMHL) as a commercial enterprise to conduct mineral exploration, development, production, processing and marketing activities, including all related upstream, midstream and downstream activities. PNGNCP provides the broader policy directions and framework to achieve national content goal and objectives through the implementation of the mining sector mandatory plans for business development, procurement, employment, training, succession (localization of management positions), community compensation, and others as required by laws within the sector. The PNGNCP recognizes KMHL as an important implementor in the mining sector within its law and governance system to contribute towards the realization of the goal and objectives of this Policy.

2.4.5.5 Fisheries Management (Amendment) Act 2015

The main aim of this Act is to promote long-term conservation, management, and sustainable use of the marine resources of PNG, administered by the National Fisheries Authority. The PNGNCP provides the broader policy directions and framework to achieve national content goal and objectives through the implementation of the fisheries sector mandatory plans for business development, procurement, employment, training, succession (localization of management positions), community compensation, and others as required by laws within the fisheries sector. This Policy recognizes fisheries administration or management as important in implementing the fisheries laws and governance system to contribute towards the realization of the goal and objectives of this Policy. The regulator of the fisheries industry is a member of the NCCMC to report on the national content plans and reports from the Investing Companies in the fisheries industry.

2.4.5.6 National Forest Policy 1991 and Forest Act 1991

The Policy sets the direction and Act give effect to the National Goals and the Directive Principles particularly to (a) manage, develop and protect the Nation's forest resources and environment in such a way to conserve and renew them as an asset for the succeeding generations; (b) maximize PNG nationals to participate in the wise use and development of the forest resources as a renewable asset; (c) utilize the nation's forest resources to achieve economic growth, employment creation and industrial and increased "downstream processing of the forest resources; (d) encourage scientific study and research into forest resources so as to contribute towards a sound ecological balance, consistent with the National development objectives. The PNGNCP provides the broader policy directions and framework to achieve national content goal and objectives through the implementation of the national forest policy and regulation. Hence, this Policy aligns itself to collaborate with the regulator of forestry industry to ensuring plans within its laws encourage; business development, procurement,

employment, training, succession (localization of management positions), community compensation, and others. The regulator of the forestry industry is a member of the NCCMC to report on the national content plans and reports from the Investing Companies in the industry.

2.4.5.7 PNG National Employment policy 2021-2031

This Policy aims to reduce poverty by fostering employment growth based on decent work and enabling social inclusion and maintaining sustainable livelihoods to develop Papua New Guinea. The PNGNCP provides the broader policy directions and framework to achieve national content goal and objectives through the implementation of the National Employment Policy and related laws particularly on foreign employment, training, succession/localization, minimum wages, and so forth. Thus, contribute towards the realization of the goal and objectives of the PNGNCP. The regulator of labor and employment is a member of the NCCMC to report on the national content plans and reports on employment, training and localization from the Investing Companies in the industry.

2.4.5.8 Investment Promotion Act 1992

Being an Act that provides for promotion of investment in the interest of national, social and economic development and for this purpose the Authority was established. IPA manages and implements the Companies Act 1992, the Business Names Act, the Business Incorporation Act, the Association Incorporation Act, and the Reserved Business Activities List. The PNGNCP provides the broader policy directions and framework towards the achievement of the national content goal and objectives. This Policy aligns with IPA Act and related laws for ensuring national firms including landowner companies and their subsidiaries are formally registered to participate in spin-off businesses. Also, to ensure foreign firms do not enter into business activities that are reserved for national firms including landowner companies and MSMEs in general.

2.4.5.9 Small and Medium enterprise (SME) Policy 2016

This Policy was designed to support and grow the SME sector in order to create new employments opportunities, achieve sustainable economic growth through non-resources sector, and achieve a fair and equitable distribution of wealth through majority citizens' ownership of business activities. The SME Policy 2016 is undergoing review to be replaced by a Micro Small and Medium Enterprises Policy (MSME). The PNGNCP provides the broader policy directions and framework towards the achievement of the national content policy goal and objectives. The PNGNCP2023 aligns with the MSME Policy to ensure 100% PNG owned and operated MSMEs are supported well to participate as competent suppliers of goods and services in resource as part of the domestic private sector.

2.4.5.10 National Trade Policy 2017-2023

Number One Goal of this Policy is to build a stronger and resilient domestic economy based on diverse production in competitive and sustainable sectors especially in manufacturing and services, inclusive of MSME participation in downstream processing and value adding to increase PNG's export capacity and contribute towards a sustainable balance of payments with the aim to increase growth of manufacturing and services sectors. The PNGNCP provides the broader policy directions and framework towards the achievement of the national content policy goal and objectives. Hence, aligns with the National Trade Policy to apply multilateral

trading rules in the application of the PNGNCP Rule number VII Special and Differential Treatment and others like the non-discriminatory national treatment for national firms and products.

2.4.5.11 National Procurement Act 2018

The National Procurement Act provides the mechanism for proper coordination and monitoring of government procurement practices that meets the needs of the State and its citizens. It basically aligns with international best practices and promotes fair competition for government contracts. The National Procurement Commission Board (NPC Board) is the regulator that oversees procurement operations for all public and statutory bodies. The PNGNCP provides broader policy directions and framework towards the achievement of the national content policy goal and objectives. Hence, aligns with the NPC Board functions to ensure major public procurement bids and award of contracts are undertaken transparently according to set procedures within the procurement processes, guidelines and the governance system.

Figure 7: Enabling Environment with core Government Policies and Legislations



The above diagram shows key enabling policy areas that would interact through the PNGNCP in support to realize the overarching national content goal and objectives. Other cross-cutting issues will be addressed on case-by-case basis within existing policies and legislations.

CHAPTER 3: POLICY ISSUES, RESPONSES & STRATEGIES

This section presents key issues, policy responses and key intervention strategies to address the issues.

3.1 Establish overarching policy and regulatory framework on national content

Local content plans are developed and executed by operators in respective industries in different form and size as part of benefit agreements for parties under respective regulations and project agreements. However, in the absence of a national content policy and regulatory framework, these billion-kina programs are pursued in isolation on an ad hoc and uncoordinated manner by various sector regulators and operators which led to significant loses on national content benefits and opportunities such as in the construction phase of the PNGLNG Project when more foreign firms and workers were brought in from overseas. Hence, the Government through the National Executive Council directed the Department of Commerce and Industry to lead in the drafting and coordination and monitoring of the implementation of an overarching National Content Policy for resources sector.

3.1.1 Policy Response

Establish an effective overarching policy and regulatory framework to provide leadership, coordination, monitoring and evaluation of all national content programs in the country.

3.1.2 Key Strategies

- i. DCI will formulate a legislation to regulate national content programs in the resource investments in close collaboration with respective industry regulators and other key government institutions and agencies.
- ii. DCI to establish national content coordinating body (NCCMC) to coordinate and monitor the implementation of the PNGNCP and a National Content Unit to provide secretariat support to NCCMC.
- iii. NCCMC to encourage alignment of specific sector national/local content policies, legislations, plans, programs, activities and allocated funds with the overarching PNGNCP to ensure policy coherence, direction, implementation and monitoring towards achieving sufficient economic integration through national participation in the different stages of resource projects.
- iv. NCCMC to develop monitoring and compliance protocols for the national content policy.
- v. NCCMC to encourage Public Private Partnership to support, promote and implement the PNG National Content Policy.

3.2 Procurement of Goods & Services Domestically

There is disconnection between the resource sectors and wider domestic supply-chains. Not much of economic integration in terms of awarding more procurement/supply contracts to national firms to supply and utilize domestically available commercial products. Investing

companies have not fully exhausted domestic supply-chains with national firms and industries. Even though it is costly but some significant considerations must be given to the nationals in terms of supply contracts to source products from within the country and if not import.

As a developing economy, PNG faces inherent challenges such as insufficient scale of or wide range of goods, lack required goods and services, inadequate management skills to bid for contracts, and lack of reliability and quality assurance. Where national firms lack the capacity to supply and/or procure, the Developer must invest into upskilling of the domestic suppliers to supply them. For sustainability purposes, the State will also play a role in encouraging manufacturing activities to support major investment projects and potentially for export to expand the sectors.

3.2.1 Policy Response

Encourage utilization of national firms and locally available products (goods and services) for supply and/or procurement with major investment projects.

3.2.2 Key Strategies

- i. The Investing Companies to utilize domestically available products supplied by national firms, and where products not available in the country allow national firms to import either solely or joint venture with a foreign firm to procure.
- ii. Where national firms lack technical competencies for procuring highly sophisticated machines and equipment, project developer must provide upskilling training and/or allow them to partner or joint venture with a foreign competent firm to learn from.
- iii. NCCMC will require respective resource sector regulators to facilitate and submit copies of the national content plans and reports to DCI or NCU to assess business development and procurement activities as it is done with the mining projects.
- iv. NCCMC to encourage investing companies to establish procurement office in the country and award supply contracts to national/local companies to procure goods and services from them.
- v. The Government through NCCMC and the regulator will ensure Investing Companies provide capacity building programs for national firms supplying goods and services in support of anything that the State does to ensure quality and reliability of domestic supplies.

3.3 Insufficient Scale of Available Goods to Supply in Huge Quantities

PNG's manufacturing sector's contributions towards the gross domestic product is rather small and below by average at 2% of the total GDP. It is also heavily dependent on imports such as food items, clothing and safety accessories, electrical and electronic appliances, fuel lubricants, light to heavy duty equipment and machineries and so on. Often, investing companies procure goods and services from foreign suppliers because of not many adequate suppliers in the country. This include repair and maintenance services. PNGLNG Project was a good example of this where it brought in foreign firms to supply the project and nationals missing out.

3.3.1 Policy Response

Promote utilization of domestically available goods and services and increase manufacturing activities to supply domestically and abroad.

3.3.2 Key Strategies

- i. The Government through the Ministry of Commerce and Industry promote and encourage manufacturing activities in the country to ensure wide range of goods and services are available for projects to procure.
- ii. DCI to formulate a manufacturing policy to provide a policy framework to guide.
- iii. NCCMC to ensure regulator and SNT when negotiating sector specific project agreements to consider opening local accounts in PNG banks for saving retained earnings, debt servicing, payment of dividends and supplies in kina currency (PGK).
- iv. NCCMC to consider awarding incentives to investors that effectively implement the PNGNCP.
- v. Manufacturing Industry firms shall be encouraged to use at least not less than 50% of domestically available inputs to the final product.
- vi. The State will avail government support in the form of tax concessions only during the project construction phase and in the initial years of project operation.
- vii. The State will issue tax concessions to encourage the development of project infrastructure and to ensure the firms break even at the initial years of production.
- viii. If tax holidays are granted outside of the above project phases, the State will treat that as capital injection by the government and the government shareholding in the firm shall grow in tandem with the government forgone revenues.
 - ix. Support and build capacity for out-grower schemes for Agricultural products to supply large firms and manufactures.
 - x. Project operator to source products from local MSMEs. Where there is no PNG entity to render the required service and it becomes necessary to employ a foreign entity, that entity shall operate in partnership with another registered PNG company on a 49-51 joint venture arrangement.
 - xi. The foreign entity shall furnish a local participation plan (business plan) in consultation with PNG JV partner which shall describe the roles and duties of each partner.
- xii. The State will give more preference to award project development contract to a bidding company that includes the highest level of PNG national content.
- xiii. NCCMC through regulators encourage investing companies to partner with government to provide capacity building for national firms to procurement/supply standards.
- xiv. NCCMC to encourage landowner companies to invest into manufacturing activities through partnership or joint venture with foreign firms to supply the projects, the country or export markets abroad.

3.4 Supplier Development for Local/National companies

Inherently, local companies particularly the landowner umbrella companies and/or their subsidiary MSMEs lack the competencies to meet the contract requirements and the ability and experience to bid for supply contracts with project developers. Whilst a project developer plays key role in identifying and providing training for its local suppliers, many of the suppliers are foreign based. This is one area of economic leakage that does not help in building PNG economy. National firms should be engaged to build PNG economy and address a lot of unemployment and poverty issues in the country. Where national firms/land owner companies lack capability and capacity to supply, the project developer must upskill domestic supplier(s) to meet international standards they require for compliance. For sustainability and internalization of the process, the government, the national firms and project developers must collaborate in providing sustainable supplier development programs for the local companies. Priority must be given to legitimate landowner holding companies and their subsidiaries. Other citizen-owned and operated MSMEs must also be given the same treatment. Respective industry regulators and relevant government institutions to monitor and report on the progress to the NCCMC.

3.4.1 Policy Response

Establish a permanent supplier development program/facility for local companies to provide capacity building, upskilling, coaching, business advice, and manage a credible database system linked to all projects in the country

3.4.2 Key Strategies

- i. The Government through NCCMC will enter into a public private partnership arrangement to collaborate with a credible institution with a reputable entrepreneurship development program to provide supplier development support services.
- ii. The Government through NCCMC will enter into a memorandum of understanding (MoU) with credible institution to create a dedicated new program within its existing system, capacities and capabilities to provide supplier development services and database for industrial profiles and list of suppliers for major investment projects.
- iii. The Government through the Ministry of Commerce and Industry, regulators and other sector specific agencies to encourage competent national firms both in the supply of either goods or services to bid for procurement or supply contracts with major investments projects.
- iv. The Investing Companies operating in respective sectors to provide business development and spin-off opportunities to national firms particularly the landowner umbrella companies.
- v. NCCMC through DCI identify and support landowners to form umbrella companies with sub-contracting arrangements with smaller Associations / SMEs within its landowner associations to share business opportunities from different stages of the resource projects.
- vi. NCCMC through DCI to ensure there is clear powers and functions of all landowner associations and umbrella companies through respective constitutions and manage their interactions through proper conduct of meetings and correspondences at all times.

- vii. NCCMC through DCI to assess eligibility requirements and allocate business development grants once approved and directed by NEC or respective project MOAs to support eligible landowner umbrella companies and/or landowner associations, and their subsidiary companies to start businesses.
- viii. DCI to develop standard administrative guidelines on the disbursement, coordination, monitoring and evaluation of business development grants administered by the government to the landowner umbrella companies for new resource projects.
- ix. NCCMC to encourage existing domestic supply-chain enterprises or industries with good track records to diversify and compete in other highly competitive and complex businesses in any major domestic supply-chain.
- x. The Government through the Ministry of Commerce and Industry ensure MSMEs bidding for supply contracts meet relevant ISO standards and other requirements of the resource investments.
- xi. The Government through the Ministry of Commerce and Industry encourage serviceoriented firms to tap into direct and indirect business opportunities created by major resource investments such as; transportation, warehousing, transit and accommodation, travel agents, catering, security, cleaning, tourism and hospitality, health and fitness, private education, ICT services, and so forth.

3.5 Job Opportunities for Nationals

There has been a major concern that investing companies employ foreign workers over equally qualified and experienced nationals for job opportunities especially in the major resource projects top management positions and also true for technical occupations. There is also a need for Government through the regulators to work together with investing companies to ensure job opportunities are fairly given to qualified and experienced Papua New Guineans. Also due to the unpreparedness of the PNG workforce as well as shortages of specialized skills and occupations demanded by this project, more jobs were and still are offered to foreign workers to address the skills gap in the country.

PNG Government must take serious responsibility to prepare PNG workforce and close the skills gap in order to secure more job opportunities from the major resource projects. If this is not done, it is inevitable practice that investing companies will bring in foreign workers to meet skills gap to work in the projects. Thus, PNG will continue to miss out on new job opportunities that mostly temporary but high impact through training and exposer. Besides, unemployment rate for PNG is very high at 2.8% (2022) and still climbing up which leads to socio-economic situations in the country. Hence investing companies must give special considerations to employ as many PNG nationals as possible for job opportunities.

3.5.1 Policy Response

Give priority and preferential treatment to employ qualified and skilled nationals.

3.5.2 Key Strategies

- i. NCCMC to receive National Content plans and reports submitted by the investing companies to regulators regarding employment opportunities for qualified and skilled nationals, particularly at the executive and Board levels.
- ii. Investing companies are encouraged to nationalize managerial positions with qualified Papua New Guineans over a period of time according to their succession plan.
- iii. Investing companies to provide capacity building enabling competent participation in managing and running Global Corporations in PNG and abroad.
- iv. NCCMC to ensure that investing companies submit employment and succession plans to DLIR for its assessment, approval and report it to NCCMC for monitoring purposes.
- v. NCCMC to work with the Dept of Higher Education, Research, Science and Technology (DHERST) to provide leadership in addressing the skills gap situation in the country to ensure that more graduates are trained and actively engaged to pursue careers in their respective industries and sectors.
- vi. NCCMC to work with the DHERST and the National Skills Development Authority through its industry Skills Group (ISG) to create and share database with DoE's Labor Management Information system to track, profile and provide readily available workforce when required by resource industries.
- vii. NCCMC to work with the Department of Education (DoE) to establish a database system to profile and track graduates from universities and technical colleges for purposes of securing job opportunities in the resource industries from technical to supervisory roles.
- viii. NCCMC to work with DHERST to assist with measurement and monitoring of knowledge and technical skills transfer from resource industries to nationals and provide its report for national content assessment purposes
 - ix. NCCMC to work with the DHERST and DoE to develop appropriate curricula relevant to skills demanded by the resource industries.
 - x. NCCMC to encourage DHERST and DLIR to collaborate with credible training providers to offer international standard Training programs that are recommended by investing companies with international exposure and field experience.
 - xi. DCI, SMEC, NISIT to ensure MSME bidding for supply contracts to the resource projects must meet ISO standards and other quality standards required by investing.
- xii. NCCMC to coordinate and maintain a database for qualified PNG citizens under each respective resource sectors.
- xiii. Encourage collaboration with technical and tertiary institutions for job market requirements, particularly for development and resource projects as well as manufacturing sector and R&D.

- xiv. NCCMC to work in consultation with Department of Labor to align existing Labor policies and legislations to address the skills gap situation faced in the country.
- xv. Investing companies and recruiting agencies are encouraged to give special considerations for employment and training opportunities to the PNG nationals in any project across the country.
- xvi. All investors willing to invest in PNG must submit a Training and Employment Plan to the Government through NCCMC as established by this Policy.
- xvii. For positions not held by PNG citizens, the investor must submit a detailed Succession Plan that will stipulate that nationals will understudy the expatriates for a specified period of time before taking over.
- xviii. NCCMC to ensure regulator enforces employment and succession plans mandatory before the issuance of work permits for foreign companies operating in the country.
- xix. All Foreign Direct Investments (FDI) & Multi-National Corporations (MNCs) will make application for expatriate quotas to the Immigration and Citizenship Authority (ICA). The application must be detailed and include job titles, description of responsibilities, the duration of the proposed employment in PNG and any other information required for purposes of implementing the provision of this Policy.
- xx. In all cases, remuneration packages for expatriates must be equal to the national expertise. NCCMC is to recommend to the Department of Labor and Industrial Relations and other responsible line agencies to revise and improve existing legislations.

3.6 Capacity Building and Skills Gap for School Leavers

There seems to be disconnection between the mainstream education system and industries in terms of industry knowledge and technical skills required by respective resource industries. Industries need specialized skills that are limited in PNG. The industries cannot absorb significant number of school leavers into various occupations due to lack of readily available qualified and skilled national workforce. They (investing companies) invest into recruiting best applicants and train them for various occupations within respective industries and continue to coach them. While this is so, there is also an inevitable need for national education, training and labor institutions to collectively address the skills gap in the country. There must be a clear linkage between PNG's education systems and skills required by the industries based on labor market demands not just for PNG but worldwide. Furthermore, the government and industry must collaborate to address the unemployment problem by absorbing unemployed school leavers annually.

3.6.1 Policy Response

Provide capacity building and training for skills development and preparedness of a skilled workforce in the resource sectors.

3.6.2 Key Strategies

i. NCCMC to support DLIR, industry regulators and project operators in promoting workforce development, employment, and training for nationals to be engaged or engaged with any resource projects.

- ii. Regulators under their jurisdictions to support investing companies with skilled labor and if required demand not met ensure investing companies provide national content training plans on how they would develop their workforce mainly to engage nationals to work in their projects.
- iii. NCCMC to require all companies to submit training plans to Department of Labour Industrial Relations and Immigration for its assessment and approval.
- iv. NCU to liaise with all credible training providers both from the government and private sector to develop industry profile with specific data, statistics or information on labor demands, skills and occupation, employment opportunities, suppliers demanded, training programs, sustainable development programs, and so forth
- v. Department of Higher Education, Research, Science and Technology (DHERST) or National Training Council (NTC) to develop a system to measure the extent of the transfer of knowledge and technical skills from the investing companies to the nationals.
- vi. DoE and DHESRT to align the education curriculum of tertiary, vocational, technical, and commercial education/training institutions to meet the job demand of the growth sectors of the economy, such as mining, oil and gas, fisheries, agriculture, etc. to produce industry specific skilled workforce.
- vii. The Government to encourage collaboration between DLIR, DHERST, DoE, and NTC, with private sector driven entrepreneurship and supplier development programs to address the skill gap for the industries.
- viii. The Government through education and labor sectors including the DHERST, DoE, National Training Council, DLIR and private training institutions to establish a competent "Skills and Occupational Development Authority" to manage skills-oriented workforce development for the resource industries in the country.
 - ix. Government and Non-state actors (private sector and NGOs) to encourage skills development for productive youths through on-the-job training, internships and artisanal apprenticeships in established industries and firms.
 - x. DLIR and DEHERST to work together with investing companies to ensure graduates from the tertiary institutions (universities, technical colleges) are given significant job training opportunities and exposure in the resource industries.
 - xi. Government through DHERST and DLIR to collaborate and partner with foreign industrial enterprises to ensure relevant systems are adopted to monitor transfer of knowledge and technical skills from the investing companies to the nationals.
- xii. NCCMC to collaborate with DHERST and DLIR to ensure training programme are relevant and accredited to international standards to meet the job market worldwide.
- xiii. NCCMC to collaborate with regulators for labor and employment, education, and National Research Institute to conduct a comprehensive study on the existence of Skills Gap in the country to inform policy makers and industries.
- xiv. Enhance, deepen and broaden capability and international competitiveness of our people and businesses to support the resource industries.

xv. Create and support cluster-based developments with other industries that have a natural synergy with the particular sector and which may have the capacity to diversify and or sustain the economy after the resource is depleted.

3.7 Proper Coordination and Monitoring on National Content Negotiations and Benefit Sharing Agreements

There has been lack of proper coordination and monitoring of benefit sharing negotiations and agreement between the developer, the State (national, provincial, local level governments) and resource landowners. Past experiences showed instances were important party missing out or the percentages of benefits are unevenly distributed which led to aggrievances and court disputes causing delays on benefits and short-term opportunities. Political, bureaucratic and minority of individuals interference compromises and hinders completion of benefit sharing agreements-processes.

3.7.1 Policy Response

Establish a transparent process for negotiating and facilitating benefit sharing agreements for all Parties in any major investment project.

3.7.2 Key Strategies

- i. NCCMC to ensure project proponents of any resource sector to follow good governance protocols to negotiate and settle on benefit sharing agreement.
- ii. NCCMC members and/or resource industry regulators dealing with benefit sharing arrangements to report to NCCMC to ensure transparency in distributing benefits equitably amongst all legitimate parties to a project agreement.
- iii. In the absence of any formal process, NCCMC in consultation with regulator will facilitate benefit sharing negotiations and agreement for legitimate parties to a project agreement.
- iv. The State through NEC to avail business development grants as start-up capital for legitimate landowner umbrella companies to prepare themselves during the project initiation or mobilization stages and undertake early project works.
- v. Before benefit sharing forum, the Government through NCCMC and the sector regulator and project developer to conduct social-mapping to identify landowners and project impact communities to support them before commencement of an impact project.
- vi. Ministry and/or the State Negotiating Teams must invite NCCMC for its guidance on non-monetary or the indirect benefits when negotiating projects as well as when negotiating benefit sharing with project developers and landowners.
- vii. Respective sector regulators must inform NCCMC on the legally binding direct benefits from the developer and government such as equity, royalty, development levy, tax credit scheme, special project grant, business development grant, infrastructure development, and so forth.

3.8 Availability of Statistics on National Content investments and development projects

Access to readily available, relevant, and regularly updated reliable statistics on economy and sector specific industries is a major concern for planning, policy interventions, and development purposes. Currently, individual sector regulators and operators manage their own database tailored to their needs and cannot be accessed easily. Some agencies had signed memorandum of understanding or agreement to share information.

There is lack of central database administrator to manage industry and project specific data such as; GDP contribution, total annual export value, number of people employed, number of people trained, total contracts and value of contracts, (foreign firms and national firms), list of suppliers, goods manufactured in the country or imported, etc. Such information is required for monitoring purposes and submitted to the rightful authority for official use.

3.8.1 Policy Response

Establish a central database system to produce and avail relevant and updated industry specific statistics and information for national content assessments.

3.8.2 Key Strategies

- i. NCCMC to develop a database system to collate, store, process and disseminate specific statistics or information on resource projects and industries as part of national content performance.
- ii. Establish and empower NCU with appropriate tools and expertise to coordinate, collate, store, process and disseminate relevant and updated data and information.
- iii. Establish a portal and/or database to hold national content data and information from each resource sector.
- iv. Promote PNGNCP amongst other stakeholders for compliance purposes and information sharing.
- v. Enhance the capacity of existing institutions to share information with the NCU/NCCMC.
- vi. Promote PNGNCP amongst concerned stakeholders for data and compliance purposes.
- vii. Through their commerce divisions, each provincial administration and/or the local level governments, must strive to establish information and data units to collect, store and share key national content information on the industries and resource projects operating in their province and/or district.
- viii. NCCMC to enter into MOUs/MoAs with relevant state agencies including provincial and local level governments to share information on economic and industry specific data in various sectors under their jurisdiction for purposes of developing and monitoring key indicators for national content.

3.9 Local Participation and Ownership In the Resource Development Projects

Since independence, PNG has trod and strived as a resource-rich economy and continued to attract multi-billion-kina projects into the resource sectors. However, most resource projects are legally funded, owned and controlled by foreign shareholders. This can be seen as another economic leakage. Greater national participation must be promoted to encourage Papua New Guinea state owned enterprises, financial institutions, firms and citizens to participate in the capital market to buy and sell shares as well as to partner with developers to develop PNG's natural resources. Thus, maximize wealth creation for citizens as dividends to be paid in dollars from return-on-investment earnings.

3.9.1 Policy Response

Encourage and facilitate greater equity participation by Papua New Guinea including state institutions, citizens and private firms.

3.9.2 Key Strategies

- i. NCCMC to raise awareness and encourage SOEs, domestic financial institutions, trustees of landowners, landowner companies and others to participate in equity (acquisition) and/or buy shares from the companies or shareholders
- ii. Conduct more awareness and training on the participation of national investors to participate in equity contributions in major resource projects
- iii. Securities Commission of PNG to do more awareness and facilitate more Nationals to participate in capital market to buy shares in state, developer and resource/land owners' equity participation in resource or industrial projects.
- iv. The Government to determine, negotiate, and secure an acceptable increase in percentages of shareholding for the State and the resource or land owners in specific impact project agreements with the project developers.
- v. Citizens must also be encouraged to participate in the exploration companies thus various legislations governing them need to facilitate where appropriate.
- vi. Encourage and facilitate foreign shareholders in existing projects to explore options to sell their shares to the nationals through National securities Commission/Port Moresby Stock Exchange.
- vii. State Negotiating Team to negotiate and secure higher State equity in all projects.

3.10 Dominance of Foreign Firms in Business Opportunities

Whilst PNG welcomes and remains open for foreign investments, it has experienced many instances were foreign firms become more and active participants in business opportunities created by resource development projects in the country. PNG is a developing economy with so much wealth in natural resources but continues to underperform in national content indicators like; lack of business opportunities for nationals/locals, underutilization of potential domestic suppliers, unskilled workforce, lack of ownership in major projects, and unsustainable practices to name a few. There are instances were many foreign entrepreneurs

infringing on both reserved and restricted activities for PNG citizens in the project areas as well as in the districts and provincial township of project sites. The government through IPA is stepping up with necessary amendments to the IPA ACT to enforce the law to ensure more opportunities are given to PNG national/local businesses to step up to compete in businesses.

3.10.1 Policy Response

Encourage nationally owned and operated micro, small and medium enterprises/industries to actively participate in business spin-offs and progressively bid for medium to large business contracts from major impact projects on commercially competitive basis.

3.10.2 Key Strategies

- i. Ensure that PNG Reserve Activities List administered by IPA is continually enforced and supported by NCCMC and observed by foreign companies.
- ii. DCI to liaise with IPA to review the Reserved Activities List to ensure business spin-off opportunities are reserved for PNG Firms only and apply penalties for non-compliance.
- iii. Encourage both national and foreign firms to engage in the Restricted Activities administered by IPA through joint venture arrangement.
- iv. The Government through IPA review the current foreign investment threshold of K250,000 to be increased to K1million on case-by-case basis, particularly for large scale foreign direct investments with minimum of US\$1billion.
- v. The government through State Negotiating Team negotiate respective percentage interests for joint venture with foreign firms including 51- 49 based on agreed commercial terms and the Government to ensure effective shareholding and management controls.
- vi. The government through Ministry of Commerce and Industry (DCI, IPA, SMEC, NISIT, ICDC, CIU, CSU, RSF) work closely with respective industry regulators and project operators to ensure national/local firms are competitive, reliable and comply with strict quality management system required by the project operators.
- vii. The Government through DCI to ensure both existing and prospective project operators in the country submit business development and procurement plans and reports submitted to DCI through sector agencies to be assessed for monitoring and evaluation purposes.
- viii. The Government through DCI to ensure foreign project developers to comply with the existing project agreements by not colluding with foreign subsidiaries directly by awarding contracts but should be outsourced to local firms with the same capacity.

3.11 Negotiation Skills and Strategies for Major Impact Projects

The process of negotiating multi-million and billion-dollar projects in the country is significantly an important part in securing national content benefits. However, it has been observed that State lacked negotiations skills which led to loss of opportunities for business development, management positions/employment, training of unskilled labor, shareholding, and unmonitored sustainable development programs. Some of the key issues identified are: lack of negotiation skills, inexperience to develop strategies, determine country position

through proper consultation (key stakeholders including land/resource owners), and apply tactics to secure best deals for PNG national content. Building a negotiation team requires careful consideration as well as to determine and manage stakeholders' positions. This requires a lot of planning, budgeting, time and commitment of the government and negotiating partners.

3.11.1 Policy Response

Strengthen the roles of respective State Negotiating Teams to negotiate resource-based project agreements particularly on national content benefits and opportunities for nationals with investing companies.

3.11.2 Key Strategies

- i. NCCMC will collaborate with respective regulators of the industries to ensure State's negotiating teams and respective legitimate land or resource owners are well prepared for negotiating extractive and non-extractive economic impact projects in the country.
- ii. NCCMC will collaborate with respective regulators to identify qualified and experienced negotiators and present them to the National Executive Council for endorsement.
- iii. NCCMC will collaborate with respective regulators and credible nominated training service provider to prepare state negotiating team on strategies and tactics before they project agreements.
- iv. NCCMC to collaborate with respective regulators and developers to respect any timebound project negotiations as a matter of priority importance.
- v. NCCMC will ensure respective state negotiating team to exchange negotiations notes with project developer on desired interests.
- vi. NCCMC will ensure respective state negotiating team to exchange negotiations notes with national government, provincial and local level governments, project developer on desired interests.
- vii. NCCMC to collaborate with respective regulators to organize forums to endorse negotiation positions.
- viii. NCCMC through respective industry regulators assess the negotiation process to ensure national content benefits are negotiated well.
 - ix. NCCMC to ensure relevant industry profile information are provided in support of the project negotiations undertaken by the state negotiating teams for respective industry.
 - x. NCCM to ensure national content benefits (businesses opportunities and development, jobs, training, shareholding and sustainable development) are maximized adequately.
 - xi. NCCMC to ensure nominated training provider develops Training Modules on Negotiation Skills for PNG including standard negotiation guidelines.
- xii. The Standard Negotiation Guideline should create a win-win situation between the State, the investor/developer and the resource/land owners ensuring that the State and the resource/land owners maximize their participation and ownership in the project development on commercial terms.

3.12 Oversight on sustainable development programs

Provision of basic services to the rural areas has been a challenge since independence. Both the State and investing companies have been committed through negotiated undertakings, contracts and/or obligations under respective project agreements to provide sustainable development programs/activities as part of their corporate social responsibilities in the case of project developers and counterpart funding from the State. Despite of millions of kina expended on these programs, there is no measure of its impact on the lives of the people. There is lack of proper oversight, coordination and impact assessment particularly where these programs are delivered. In cases where project operators comply with their reporting undertakings/obligations on sustainable development, the government's timely feedback has been lacking. Furthermore, there is also lack of baseline indicators or data to measure socioeconomic performance impact of projects. These are some of the issues that need to be addressed to ensure national content programs are monitored and evaluated properly in the country.

3.12.1 Policy Response

Provide an effective oversight on both public and private investments into sustainable development programs for each project with the aim to ensure economic growth is inclusive, broad-based and improve its population's welfare.

3.12.2 Key Strategies

- i. NCCMC to provide the leadership and oversight on sustainable development programs for project impacted communities in all the resource development projects through respective sector agencies.
- ii. NCCMC to ensure programs on sustainable development activities in project impacted communities are regularly reported to the regulating department/agency in respective resource sector and copies shall be submitted to the chair of the NCCMC for monitoring and evaluation purposes.
- iii. Subject to respective sector specific policies, regulations and project agreements, NCCMC to encourage constant dialogue on sustainable development programs with respective sector regulators and project operators.
- iv. A project operator shall comply with its reporting obligations or undertakings under respective project agreements and laws to provide relevant data and information required by the State through their regulators to NCCMC for purposes of M&E and/or impact assessment, and government feedback.
- v. The government and respective resource sector project operator must work together to establish baseline data on impact assessments on environment, social, and economic aspects of sustainable development.
- vi. The government to ensure social and economic impact assessments are carried out as a mandatory requirement at the inception of a project to serve as baseline indicators on national content.

CHAPTER 4: IMPLEMENTATION PLAN

4.1 Administration

PNGNCP will be administered by the following.

4.1.1 Department of Commerce and Industry (DCI)

DCI as the central coordinating agency of the National Content Policy, will provide overall leadership through its chairmanship of the NCCMC to oversee the implementation of the PNGNCP for the Resource Sectors. DCI will establish the NCCMC and NCU to administer the policy implementation for coordination, monitoring and evaluation.

4.1.2 National Content Coordination and Monitoring Committee (NCCMC)

The NCCMC will play an oversight role in providing high level advice and guidance on all matters concerning national content for the resource sectors. It will mainly encourage collaborative efforts, data and information sharing, community advocacy, and gauge government feedback on the reports on national content produced by project operators in respective resource industries. The chair of the NCCMC will report directly to the Minister for Commerce and Industry on matters that require ministerial or the Cabinet considerations. Members will also have the freedom to report directly to their ministers on collective decisions.

4.1.2.1 Functions of the NCCMC

The NCCMC will execute following high level functions.

- Provide oversight role to ensure PNGNCP is effectively implemented at the sectoral level by sub-sector policy administrators, regulators, and project operators in respective resource sectors.
- Ensure PNGNCP is effectively implemented by the national government, provincial governments, and the local level governments under their jurisdictions.
- Ensure the PNGNCP is effectively implemented by project operators through their individual national content programs and activities.
- Ensure respective administrative and regulating agencies under their jurisdiction to require submission of national content plans to DCI for its compliance assessment and notification to this Committee.
- Ensure members of this committee support and facilitate the required implementation reports of the national content programs and activities undertaken by project operators within their jurisdictions.
- Ensure members to share data and information for purpose of monitoring and evaluation of the PNGNCP implementation.
- Ensure a national content database system is established to collate, process, store and disseminate relevant statistics and information for overall monitoring and socio-economic impact assessments.
- Ensure all members to subscribe to the national content database system for information sharing and easy access for purposes of their organizations.
- Provide oversight and guidance to any State Negotiating Team established for negotiating specific economic projects on national content plans and programs to be submitted by investing companies to the NCU for assessing together with regulators.

• Ensure quarterly meetings are held to deliberate on the reports submitted to the NCU by the project operators through their regulators in respective resource sectors for continuous government feedback and guidance.

4.1.2.2 Composition of the NCCMC

The NCCMC shall consist of the following members:

- i. Secretary or his/her alternate not lower than First Assistant Secretary (FAS) level from the Department of Commerce and Industry who shall be the Chair of the Committee
- ii. Chief Secretary's alternate not lower than FAS level of the Department of Prime Minister and NEC
- iii. Secretary or his/her alternate not lower than FAS level of the Department of Treasury
- iv. Secretary or his/her alternate not lower than FAS level of the Department of Labor and Industrial Relations (DLIR)
- v. Secretary or his/her alternate not lower than FAS level of the Department of National Planning and Monitoring (DNPM)
- vi. Secretary or his/her alternate not lower than FAS level of the Department of Petroleum
- vii. Secretary or his/her alternate not lower than FAS level of the Department of Minerals Policy and Geo-hazards Management
- viii. Secretary or his/her alternate not lower than FAS level of the Department of Agriculture
- ix. Secretary or his/her alternate not lower than FAS level of the Department of International Trade and Investment
- x. Secretary or his/her alternate not lower than FAS level of the Department of Provincial and Local Level Affairs
- xi. Chairman or his/her alternate of the PNG Chamber of Mines and Petroleum
- xii. Managing Director for National Energy Authority
- xiii. Managing Director for National Fisheries Authority
- xiv. Managing Director for PNG Forest Authority
- xv. A nominated representative from the Manufacturing Council of PNG
- xvi. A nominated representative from Rural Industries Council (RIC)
- xvii. A nominated representative from the PNG Business Council

The Committee shall invite representatives of other government departments and agencies, provincial government, local level government, professional bodies, private sector bodies or any other, where it deems appropriate. These members will be co-opted whenever required.

4.1.3 National Content Unit (NCU)

DCI will setup the NCU to provide the administrative and secretariat support to the NCCMC in coordinating and monitoring of the implementation of the PNGNCP. NCU is a dedicated Unit that will function independently but supported administratively by the DCI and members of the NCCMC in ensuring it remains fully resourced and competently managed.

4.1.3.1 Functions of the NCU

The main role of this Unit is to provide administrative and secretariat support to the NCCMC. NCU will mainly perform the following functions:

- Undertake daily operations, develop work and execute work programs/activities, prepare annual budget and financing, and reporting to the NCCMC through the chair.
- Facilitate and/or implement decisions of NCCMC meetings.

- Schedule and organize all meetings for NCCMC, prepare meeting agenda and meeting outcomes.
- Receive, appraise, evaluate and approve national content plans and reports submitted to the NCCMC.
- Liaise with sector administrators and regulators to ensure project operators plan and regularly submit reports on the national content programs and activities.
- Prepare NEC submissions, high level briefs and other tasks as determined by the NCCMC
- Conduct awareness on the PNGNCP for resources sector 2023-2027 to ensure all stakeholders understand and appreciate the Policy.
- Establish and manage a central database system to collate, process, store and disseminate statistics and information on all resource projects and industry.
- Facilitate business development grants to support landowner companies for new resource projects.
- Conduct annual review of this Policy.
- Convene meetings of the NCCMC where required.
- Prepare ministerial briefs and submissions, press releases, etc.
- Other functions as and when assigned by the chair of the NCCMC.

4.1.3.2 Composition of the NCU

DCI will setup the NCU to provide the administrative and secretariat support to the NCCMC in coordinating and monitoring of the implementation of the PNGNCP. NCU is a dedicated technical Unit and will function independently but supported administratively by the DCI and members of the NCCMC in ensuring it remains fully resourced and competently managed.

4.2 Institutional Context and Arrangements

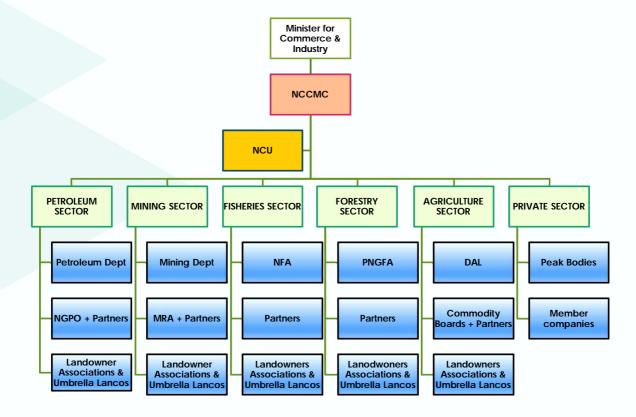
The PNGNCP promotes All-of-Government Approach to implement this Policy.

4.2.1 Policy Oversight, Coordination and Monitoring

The institutional arrangement for PNGNCP does not overlap each other but provides a clear institutional linkage for oversight, leadership, coordination and monitoring of national content programs and activities. This includes key regulators and operators within respective sectors.

Private sector is also included as operators and businesses affiliate to private sector peak bodies like the chamber of Mines and Petroleum, Manufacturers Council of PNG, PNG Chamber of Commerce and Industry, Business Council of PNG, Rural Industries Council, PNG MSME Council, and so forth.

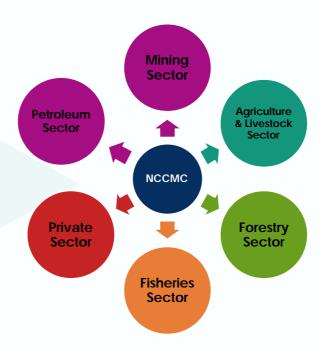
Figure 8: Structure of the Policy Oversight, Coordination and Monitoring.



The above diagram (Fig.8) shows the reporting structure of policy oversight, coordination and monitoring for the PNGNCP. The chair of the NCCMC only reports to the Minister for Commerce & Industry for policy and matters that requires political considerations. Respective Departments / regulatory bodies will also report through to their ministers. Private Sector is also included with the five targeted resource sectors as an important partner in implementing the policy through its advocacy and membership. All the sector/industry regulators are included with their policy arms and partners.

Note also the inclusion of landowner associations and umbrella landowner companies which is a significant move to give them a voice and space to address their issues relating to national content within the respective sectors. Furthermore, note that whilst the provincial and local level governments are represented by the National Department of Provincial and Local Government Affairs, administratively they can also be part of as Partners with respective regulators where their interests are concerned. Partners are those agencies including the State (national and provincial and local government administrations) and Non-State Actors (private sector & civil society) that are collaborating within respective sectors. Under this Policy, sector regulators are expected to facilitate and provide their national content plans and reports within their respective bylaws, policies and mandates.

Figure 9: NCCMC Coordination Framework



The above diagram (Fig.9) shows the important operational linkages of NCCMC with the main target resource sectors. Private Sector is included because it is an important part of an impact project that creates values. Private Sector also represents businesses involved in producing and distributing goods and services to the industries and projects. NCCMC will play an oversight role in providing effective leadership, coordination and monitoring of the implementation of the PNGNCP2023.

4.2.2 State Negotiating Teams (SNTs)

The SNTs are not permanent bodies. They are established by the State through the regulators and in cases of significance by NEC to negotiate major economic impact projects in the resources sector. PNGNCP recognizes the important role they play in negotiating project agreements in respective sectors which includes national content for PNG. Hence, it is important for respective chairpersons of SNTs and regulators provide updates and reports of the negotiation positions, and/or negotiated terms and conditions on national content to the NCCMC for collective considerations and assessments to ensure PNG receives the best negotiated project agreements on national content.

4.2.3 Public Private Partnership

The roles of the government and the private sector are intertwined in an economy and PNG is no exception. While the government creates conducive policy and regulatory environment to attract investments to meet its development goals and objectives, the private sector invests to maximize shareholders wealth. Hence, both the government and private sector enter into partnership to find a balance. When both functions effectively the economy progresses well, there is improvements in the standard of living and the socio-economic status. Hence, the PNGNCP recognizes the importance of public private partnership by way of addressing the Five KPFAs identified in this Policy.

Figure 10: Relationship between the Government, the Private Sector and the Economy

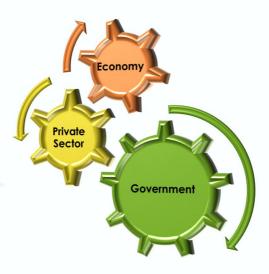


Fig.10 diagram shows the importance of public private partnership in the economy. The economy progresses when the State provides conducive policy and regulatory environment for private sector investment, business, production, consumption, trade, employment creation and improved quality of life.

4.2.4 Key Coordinating and Implementing Institutions/Agencies

The table below summarizes some key roles and responsibilities that are expected to be carried out by key organizations and agencies that will be engaged in the implementation of the Policy.

Table 1. Key Organizations and their responsibilities

Organization	Responsibilitie
Organization	Kesponsionine

Department of Commerce and Industry (DCI)

- Provide leadership to establish and support the NCCMC as an oversight body in providing high level policy advice and guidance on all matters relating to the implementation of the PNGNCP for the Resources Sector.
- Prepare, coordinate budget submission to secure dedicated funding for PNGNCP implementation including initial set up and equipping of the NCU to support the NCCMC process.
- Allocate sufficient office space and setup the NCU.
- Maintain regular dialogue and consistently engage with the CSAs for advocacy, PIP support, and information sharing to ensure PNGNCP is effectively implemented in line with their functional responsibilities.
- Develop a legislation on National Content for Resources Sector to regulate all investments and programs on national content in the country.
- Develop baseline indicators for social and economic impact assessments for the implementation of the Policy.
- Support regulating agencies to assess business development and procurement plans of investing companies or project operators to ensure compliance to PNGNCP objectives.
- Support regulating agencies to assess business development and procurement reports of project operators to ensure compliance to PNGNCP objectives.
- Encourage manufacturing industries to foster value addition and economic diversification.
- Promote growth and development of competent local businesses to participate in spin-off and other businesses contracts from the resource projects and the economy in general.
- DCI to enter into MOUs/MOAs with NCCMC members or other key partners where necessary to collaborate and share resources, information and activities.

Commercial Statutory Authorities (CSAs) of the Ministry of Commerce and Industry

- IPA to support PNGNCP to administer registry and maintenance of companies, foreign certification, intellectual properties, private property registry, and Reserved Activities List in ensuring national and foreign firms comply with all the laws that are administered by IPA.
- SMEC to support PNGNCP through supplier enterprise development programs for legitimate MSMEs to undertake spin-off businesses effectively.
- NISIT to support PNGNCP to ensure landowner companies and MSMEs are complying with ISO standards when supplying goods and services to the impact projects.
- Cooperative Societies Unit to support PNGNCP to mobilize and register community-based groups such as youths, women, church,

families, and communities as a whole to be listed to supply local produces to the impact projects.

- Construction Industry Unit to support PNGNCP in registering, training and ensuring MSME Construction National Firms that the quality of goods and services they provide are of acceptable standards.
- Risk Sharing Facility (RSF) to support PNGNCP through its administration of the Government's SME Agricultural Support Grants to cater for those community-based MSMEs to engage in indirect and spin-off business activities mainly in areas where major agricultural projects are located.

Department of National Planning and Monitoring (DNPM)

- Participate and support implementation of PNGNCP as a member of the NCCMC
- Monitor implementation of PNGNCP in line with the MTDP IV 2023 - 2027
- Support NCU and NCCMC to build baseline data from implementing the PNGNCP and report on key annual targets.
- Facilitate the establishment of the National Content Development Fund including business development grants for new projects to support LanCos.

Department of Treasury (DoT)

- Participate and support implementation of PNGNCP as a member of the NCCMC
- Facilitate funding for setting up NCU to coordinate, support and undertake implementation, monitoring and evaluation of NCP.
- Allocate specific budgets for the sector under annual national budget appropriation.
- Release timely operational budgets for coordination and implementation of this Policy.
- Provide fiscal guidance and grant approvals on implementing agencies' revenue other than monies appropriated under the national budget appropriation bill.
- Establish pro-investment macro policies to drive private sector investment and economic growth.

Department of Labor and Industrial Relations (DLIR)

- Participate and support implementation of PNGNCP as a member of the NCCMC.
- Continue to assess and monitor plans and reports relating to employment, training and succession of management positions in resource projects.
- Legislate and administer the Reserved Occupational List for the resources sector.

Department of Petroleum

- Support implementation of PNGNCP as a member of the NCCMC.
- Develop a Petroleum Sub-sector National Content Policy to provide specific guidance and interventions on issues specific to petroleum industry.
- Align its policies and regulatory practices on national content in line with the overarching PNGNCP.
- Promote and facilitate onshore downstream processing of petroleum products
- Participate in State Negotiations on National Content investment.

- Support NCCMC through National Skills Development Authority and the Industry Skills Group (ISG) to develop and monitor skills for workforce readiness.
- Strengthen the capacity of education and training institutions to provide the competencies required by the resource sectors.
- Promote R & D in collaboration with other implementing agencies and the private sector.
- Promote the development of relevant educational curriculum with the participation of the private sector/NGOs so as to meet the needs of the current and emerging labor markets.
- Establish registry of qualified nationals.
- Develop Training Modules on how to negotiate national content interests as part of large-scale project agreements.

Internal Revenue Commission (IRC)

 Support implementation of the PNGNCP to ensure appropriate tax concessions are executed to allow national firms actively participate in the resource development projects.

Central Bank of PNG

Support implementation of the PNGNCP by exploring the option to facilitate investing companies to open local bank accounts to conduct their day-to-day business operations including payment of goods and services, debt servicing, dividend payments, etc.

National Content Coordination and Monitoring Committee (NCCMC)

- Coordinate and provide overall guidance in the implementation of the policy.
- Undertake activities to disseminate and popularize the policy (awareness).
- Assist sub-sectors develop their sub-sector National Content.
- Monitor the progress of the National Content Policy.
- Prepare implementation reports and submit to Department of National Planning and Monitoring (oversight).

Department of Education (DoE)

- Promote the development of relevant education curriculum with the participation of the private sector so as to meet the needs of the current and emerging labor market.
- Identify and strengthen the capacity of education and training institutions to provide the competencies required by the resource sectors.

Department of Provincial and Local Level Government (DPLLG)

- Streamline National Content Programs and Activities within the respective Provincial, Districts and Local development plans.
- Participate in the National Content programs, projects and plans.
- Promote awareness on extractive and non-extractive activities, operations, projects and opportunities within their jurisdictions.
- Participate in monitoring and evaluation of National Content aspects and implementation within their jurisdictions.
- Represent the Provincial and Districts/LLGs in the NCCMC.

Department of International Trade & Investment

- Support the implementation of PNGNCP.
- Encourage investments into growth sectors and infrastructure.
- Encourage citizens to own and control major resource projects through greater equity participation.
- Secure market access for value added PNG Made Products and services.

Mineral Resource Authority (MRA)

- Provide regulatory services to mining companies on matters of National Content.
- Participate in State Negotiations on National Content matters within their mandate.

Department of Mineral Policy and Geo-Hazard Management

- Collaborate with MRA to ensure alignment of their polices and regulatory practices to facilitate onshore downstream processing of minerals.
- Participate in State Negotiations on National Content matters within their mandate.

Kumul Minerals Ltd (KML)

• Support the implementation of the PNGNCP under their jurisdiction and look at the options for greater equity participation and partnership in the mining projects.

Kumul Petroleum Holdings Ltd (KPHL)

• Support the implementation of the PNGNCP under its jurisdiction and look at greater equity participation and partnership in the petroleum projects.

Provincial Governments

- Participate in the implementation of the National Content programs, projects and plans.
- Promote awareness on National Content activities, operations, projects and opportunities within their jurisdiction.
- Participate in monitoring and evaluation of National Content aspects and implementation within their mandates.
- Provide economic data for NCCMC purposes.

District/Local Level Governments

- Participate in the implementation of the National Content programs, projects and plans.
- Promote awareness on National Content activities, operations, projects and opportunities within their mandates.
- Participate in monitoring and evaluation of National Content aspects and implementation within their jurisdiction.

Private Sector Peak Bodies

- PNG Chamber of Mines and Petroleum to support the implementation of the PNGNCP through its advocacy to its members in the extractive industry. Share data and statistics on industries with NCU for data collection purposes.
- Manufacturers Council of PNG to support implementation of the PNGNCP through its advocate to its members to encourage manufacturing activities and supply of goods and services required by impact projects as well as sharing of business information with the NCU or NCCMC. Share data and statistics on industries with NCU for data collection purposes.
- PNG Chamber of Commerce and Industry to support implementation of the PNGNCP through its advocate to its members to supply of goods and services required by resource projects as well as sharing of business information with the NCU or NCCMC. Share data and statistics on its national content programs.

- Business Council of PNG to support implementation of the PNGNCP with its advocacy programs in facilitating conferences and workshops to create open dialogue on national content matters for government to government, business to business, government to business, and business to customers conversations.
- PNG Fisheries Industry Association to support implementation of the PNGNCP through its advocacy towards its members. Share data and statistics on fisheries industry and projects with NCU for data collection purposes.
- PNG Forest Association to support implementation of the PNGNCP through advocacy towards its members and share data and statistics on forestry industry and projects with NCU for data collection purposes.
- Private Sector driven professional organizations (PNG MSMS Council, Engineers, Science & Technology, etc. Doctors, to support implementation of the PNGNCP by providing professional and technical services needed by resources project operators. Share data and statistics on its profession, pool of skills and membership with NCU for data collection purposes.
- **IBBM** through its Enterprise Development Center to support implementation of the PNGNCP by collaborating with the NCCMC/NCU under PPP to build a credible database system to collate, process, store and disseminate relevant statistics and information on specific resource projects and industries (such as; labor and skills requirements, business opportunities, etc.
- PNG EITI (PNG Extractive Industries Transparency Initiative (PNGEITI) to provide updated reports on key indicators for purposes of national content analysis and reporting particularly for extractive industries.

International Development Partners

- Foreign Missions (like EU, Australia, New Zealand, USA, China, India, UK, France, Japan, Philippines, etc.) established in the country to support implementation of the PNGNCP as development partners by directly/indirectly providing technical and financial assistance to address some of the issues identified in this Policy which fall in line with national priorities.
- International Organizations such as World Bank, United Nations, etc, represented in the country to support implementation of the PNGNCP as development partners by directly/indirectly providing technical and financial assistance to address some of the issues identified in this Policy which fall in line with national priorities.

Commercial Statutory Authorities (CSAs) of the Ministry of Commerce and Industry

- **IPA** to support PNGNCP through to administer registry and maintenance of companies, foreign certification, intellectual properties, private property registry, and Reserved Activities List in ensuring national and foreign firms comply with all the laws that are administered by IPA.
- **SMEC** to support PNGNCP through supplier enterprise development programs for legitimate MSMEs to undertake spin-off businesses effectively.
- **NISIT** to support PNGNCP to ensure landowner companies and MSMEs are complying with ISO standards when supplying goods and services to the impact projects.
- Cooperative Societies Unit to support PNGNCP to mobilize and register community-based groups such as youths, women, church, families, and communities as a whole to be listed to supply local produces to the impact projects.
- Construction Industry Unit to support PNGNCP in registering, training and ensuring MSME Construction National Firms the standards of goods and services they provide are of acceptable standards.
- Risk Sharing Facility (RSF) to support PNGNCP through its administration of the Government's SME Agricultural Support Grants to cater for those community-based MSMEs to engage in indirect and spin-off business activities mainly in areas where major agricultural projects are located.

CHAPTER 5: MONITORING AND EVALUATION (M&E)

The implementation of this Policy will be closely monitored and evaluated to ensure this Policy remains relevant and applicable to achieve desired goal, mission and visions.

The M&E for PNGNCP will maintain the status quo reporting process undertaken by the respective project operators, regulators and the State. It will follow the current good governance and regulatory practices to assess the impacts of implementing the PNGNCP. *Annexure 1*. Shows the PNGNCP2023 Monitoring & Evaluation Framework.

5.1 Mandatory Reporting

This is the regular mandatory reports produced and submitted to the State by project operators in resource industries per their respective project agreements and good regulatory practices. NCCMC will only receive the plans and reports from the regulators to assess national content objectives and provide a State feedback on compliance, policy and/or related matters.

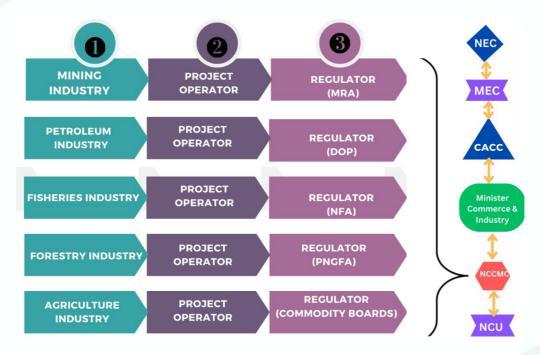


Figure 11 (above) Shows the reporting process from the resource sectors.

Respective Project Operator (developer company) submits its plan and report to the regulator (State agency). Respective Regulator further submits the plan or report to NCCMC. NCCMC through its NCU analyses the plan or report and presents a summary report to NCCMC to note, consider and provides a State feedback. Where national content issues that require NEC considerations, it is submitted to the Minister for Commerce and Industry to raise it. NCCMC members will also report through their respective ministers.

NCCMC requires regulators to ensure their mandatory project implementation reports are submitted to the NCU for assessment and facilitation of government feedback through the NCCMC.

5.2 Annual Reporting

DCI will provide updates and briefs on the implementation of the PNGNCP in its annual reporting process. The Department will produce as part of its overall performance report to the government. The Minister for Commerce and Industry may present NEC Information Paper for updates and information and/or even present a ministerial statement on the floor of parliament on the performance of the PNGNCP2023.

5.3 Policy review

The PNGNCP will be reviewed based on monitoring and evaluation reports every three years after commencement of implementation. The review will be undertaken by NCU in consultation and support of the NCCMC based on new policy directives, change in industries and other internal and external factors.

5.4 National Content Plan and Reporting

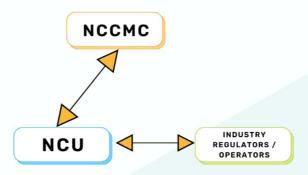
The NCU will receive National Content Plans and the Implementation Reports for assessments, validation and approval through respective regulators.

A Project Operator will develop and submit its National Content Plan to respective regulator for approval and further forward the same to the NCU for NCCMC noting and feedback in ensuring consistency with the PNGNCP2023 and other relevant laws and policy expectations.

The State requires the Project Operator to further submit report(s) on the implementation of its National Content plans and programs to respective regulator, which then submits further to the NCCMC for a collective State or Government feedback.

NCU in consultation with NCCMC, regulator and project operator to conduct M&E on the implementation of the PNGNCP as and when required.

Figure 12: Diagram showing simple National Content Plan/Report flow Chart



The above diagram (Fig.12) shows the simple flowchart for all national content plans and reports submitted to NCCMC through respective industry regulators from project developers within their by-laws and agreements. The Industry Regulators will submit the plans, and/or reports if already implementing. NCCMC will consider and provide State feedback. NCU will receive, register, analyze, compile, generate summary report, and present to NCCMC for its considerations. Relevant approvals will be given according to sector specific laws, policies and agreements/arrangements and only report to the NCCMC. If required, the Minister for Commerce and Industry will be advised to bring submissions on issues that may require the attention and decision of the National Executive Council.

ANNEXURE 1

PNG National Content Policy for Resource Sectors 2023 - Monitoring and Evaluation Framework

Ref #	MAIN FOCUS AREA OF THE POLICY	POLICY GOAL / INDICATOR	DEFINITION How it is calculated?	BASELINE What is the Current	TARGET What is the Target	DATA SOURCE How will it be measured	FREQUENCY How often will it be measured	RESPONSIBILITY Who will measure It?	REPORTING Where will it be reported?
	1 OLIC 1	INDIC/ITOR	carculated.	Value?	Value?	measureu	it be measured		reporteu.
3.1	Regulation of National Content for Resource Sectors	Formulate regulation to enforce national content requirements to be complied with	The proposed regulation will ensure the State, landowners and companies to comply with the policy implementation	National content is unregulated and uncoordinated so will establish its baseline data to determine its full current value	National content to be regulated by 2024	PNGNCP provides the process to collect baseline data to establish and measure national content performance	Quarterly	DCI	NCCMC/Minister /NEC
3.2; 3.3	Procurement of Goods & Services Domestically	Encourage utilization of locally available products (goods and services) from local suppliers for major investment projects.	Percentage of total spend on locally produced goods and services as compared to foreign direct procurement by project operators	Recent reports generally showed total percentages of locally procured goods and services much lower than foreign direct procurement.	Gradually increase current percentages of locally procured goods and services to 60% of the total procurement as compared to foreign direct procurement by 2028.	By assessing and monitoring procurement plans and reports submitted by investing companies via regulators [Baseline data on sectoral procurements to be collected & determined]	Quarterly	DCI/NCU/Regulators	NCCMC/Minister/ NEC /Parliament
3.4; 3.10	Supplier & Entrepreneurship Development	Establish a permanent supplier	Percentage of total spend on supplier and	Recent reports generally showed total	Gradual increase current	By assessing the procurement plans	Quarterly	DCI/NCU/Regulators	NCCMC/Minister/ NEC /Parliament

		development program to provide capacity building, upskilling, coaching, business advise, and manage a credible database system for local	related entrepreneurship development compared to number of successful national/local companies	percentages of locally engaged much less than foreign direct suppliers.	percentages of locally engaged companies to 60% by 2028	and reports of the project developers [Baseline data on domestic suppliers by sectors to b collected & determined]			
3.5	Employment Opportunities for Papua New Guineans	Increase employment of qualified and skilled citizens to occupy management or supervisory positions	Total number of qualified and skilled nationals employed for management and supervisory roles in major investment projects	From reports, most management jobs are occupied by foreign workers	Gradual increase of citizen workers to occupy management positions to 60% by 2030	By assessing employment and localization plans and reports of the companies. [Baseline data on sectoral employment & localization to be collected & determined]	Quarterly	DLIR/NCU/Regulator s	NCCMC/Minister/ NEC /Parliament
3.6	Skilled Workforce Development	Provide capacity building and skills training for school leavers to develop workforce in the resource sectors.	Total number of nationals trained and working and readily available for any technical jobs in the resource sectors	From reports, few nationals are selected, trained and employed by the companies	Gradually increase the number of well-trained citizens & instantly employed graduates from current levels to a 80% of total workers in	By assessing the training plans and reports facilitated by DLIR [Baseline data on sectoral procurements to be collected & determined]	Quarterly	DLIR/DHERST/DoE NCU	NCCMC/Minister / NEC/Parliament

					every sector				
3.7; 3.9; 3.11	Greater Equity Participation by Papua New Guinea	Encourage and facilitate greater equity participation by Papua New Guinea State, institutions, citizens and private firms.	Percentage share of equity held by the PNG State, National Firms, or citizens compared to the rest of the equity shares per sectoral projects	All mining sector has 30% of equity plus Ok Tedi is 100% nationally owned and Porgera currently negotiated as 51-49% owned and control by the State Other sectors would be determined case by case	by 2030 Generally, increase equity participation and partnership by PNG institutions and citizens by 2030 and beyond	By assessing outcomes of negotiated project agreements or arrangements of each resource project. [Baseline data on equity participation by sector to be collected & determined]	Case by case	NCU /Regulators	NCCMC/Minister / NEC/Parliament
3.8	Oversight on Sustainable Development of Project Impacted Communities	Provide an effective oversight on both public and private investments into sustainable development programs to ensure greater impact on quality of life of the project impacted communities and others	Percentages and /or total value of amount spent on sustainable development programs compared to socio-economic impacts of beneficiary community(ies)	Companies invested millions of kina into sustainable development investment programs and activities but not being fully accounted for by sector	Impact assessment on sustainable development investments per project by sector with State feedback commencing at the end of 2024 and beyond	By assessing both the State and Company investment reports on sustainable development programs and activities. [Baseline data on investments on sustainable development programs by sector to be collected & determined]	Quarterly	DNPM/NCU/ Regulators	NCCMC/Minister / NEC/Parliament

ANNEXURE 2

Key Terms and Definitions

The following are key definitions provided for purposes of this Policy as it applies to PNG context.

Rockward Linkages	Polationshing astablished by an investing company with
Backward Linkages	Relationships established by an investing company with their suppliers for procuring goods and services. In this case, this Policy refers to business partnership between the investing company and the individual Papua New Guineans/PNG companies to supply available goods and services.
Benefit	A current positive development or advantage or profit gained from an investment.
Benefit Sharing Agreement	An agreement that specifies the distribution and sharing of benefits between all affected stakeholders arising from the development of a natural resource.
Business Development Grant	Refers to an amount of funds approved by NEC as seed capital to support the establishment of landowner companies to participate actively in any approved resources development projects to start businesses with the investing companies.
Business Development Plan	A detailed Plan of Action document that is developed by the investing company on how it plans to provide business opportunities and programs to support local businesses. The Plan is submitted to DCI for assessment and approval.
Capital Investment Plan	Refers to a detailed plan of how an investing company acquires its physical assets for use in a project – such as land, vehicles, machinery, equipment, buildings, and financing, etc.
Direct Benefits	Refers to legitimate payments that an investing company directly makes to the government and landowners in the form of tax, royalty, compensation, development levy or other agreement direct payments for the use of or extraction of or processing of a natural resource.
Indirect Benefits	refers to non-monetary benefits offered to national economy and citizens such as; business spin-offs, supply contracts, purchase of goods and services domestically available, employment for citizens, capacity building and skills training, shareholding opportunities, and other community development obligations created at different project stages by a resource developer.
Domestic Private sector	Broadly refers to all domestic operators in the private sector space such as businesses, industries, manufacturers, distributors [including shipment, trucking, and storage warehouse, etc.], merchandisers, lenders, SOEs and other State promoted SME programs co-operatives, construction firms and so forth.

Employment Plan	Refers to a detailed plan developed and submitted to the Government by an Investing Company providing list of direct and indirect employment opportunities and localization of positions to be held by foreign workers.
Entrepreneurship Development	Capacity building of locally engaged suppliers to meet the company requirements for quality and standards.
Export Plan	Refers to a detailed plan on how an investing company will export its products by commodity, value and destination.
Foreign Investor	Means any person, corporation, body or association of persons that is not a citizen which makes or proposes to make an investment in the country (Ref: IPA Act 1992).
Import Plan	Refers to a detailed plan on how an investing company imports its goods and services from overseas by commodity, value and destination.
Indirect Benefits	For purposes of the PNGNCP2023, it refers to non-monetary benefits such as business spin-offs and contracts, employment, skills training, and other related development opportunities created at different stages by a resource project developer.
Industry Regulator	For the purpose of this Policy, refers to any State Authority that regulates an industry by law or an act of Parliament. E.g. Under MRA Act 2018 (Amended) is the regulator of mining industry, Department of Petroleum regulates the petroleum industry under Oil & Gas Act 1998, NFA regulates fisheries industry under Fisheries Management Act (Amended) 2015, PNGFA under Forest Act 1991 regulates the forestry industry, respective Commodity Boards for agricultural commodities like coffee, coconut, rubber, spice, etc. are also industry regulators.
Investing Company	It may refers to a prospecting company or a newly established company or an existing company that is wholly foreign owned or nationally owned or joint venture company that is certified to operate a resource development project or investment project in PNG.
Landowner Company (Lanco)	A Lanco is a national enterprise mainly owned by legitimate landowners from a particular project area registered by IPA to do business with a project developer.
National / Local Resources	Often refers to financial and nonfinancial contributions to a project by a host country in terms of land, Labor, capital and entrepreneurship.
National Content	Refers to the values or indirect benefits that a resource project generates along the project value chain that contributes to the national economy, beyond the direct benefits and resource revenues. National Content has now become a policy tool that the government requires to ensure an investing company develops a budgeted national content plan and implements accordingly. An investing company sets out its national content plan to

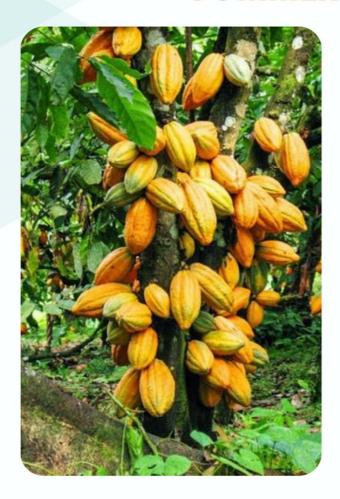
	utilize national/local resources and encourage greater national participation in the projects.
National Content Coordination and Monitoring Committee	This is the committee to oversee, coordinate and monitor the implementation of PNGNCP.
National Content Plan	A detailed national content business plan developed by an investing company and submitted to the government
	through the regulator/NCCMC on what opportunities and shared values for beneficiaries it intent to create.
National Content Policy	This refers to the PNG Government's national policy that provides overarching policy directions and coordination mechanism to ensure major impact projects in the extractive and non-extractive industries are well integrated with the national economy through indirect value creation, beyond legitimate payments and direct revenues. It broadly promotes sustainable and inclusive economic growth and development through greater national participation of citizens in the resource projects.
National Enterprise (National Firm/PNG Firm)	Means an enterprise more than 50% of which is owned directly or indirectly by a citizen, unless the control exercisable in law or by any agreement between the shareholders, or by agreement between the shareholders or the enterprise and a third party, or in practice, is maintained by a person other than a citizen. (Ref: IPA Act 1992)
National Participation	Greater and active involvement of Papua New Guinean citizens and operators in all levels of the government, private sector and civil society in a project value chain to improve quality of life.
Opportunity	An expectation about gains from shared values or positive spin-off, future profits, revenues and benefits of future positive developments. (Analysis of benefits, opportunities, costs and risks - BOCR)
Poverty	A situation or way of life that arises as a result of the inability to access resources or lack of it to meet basic human needs that affect the quality of life that people can enjoy. E.g. Unemployment, hunger, illiteracy, illnesses, low sanitation and hygiene, etc.
Procurement	The process of sourcing engineered plant and equipment, bulk materials, manufactured items and equipment required to meet defined technical and performance requirement.
Procurement Plan	A Plan of Action Document developed by investing company detailing the list of supplier companies and their origins/locations, contracts and value of the contracts, goods and services to be procured by value and origin. This Document is submitted to DCI together with a Plan of Procurement for assessment and approval.
Procurement Contract	A legally binding agreement awarded to a successful bidder by a project operator to procure goods and services from a supplier(s).

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Project Agreement	Refers to a binding document that spells out specific
	undertakings/commitments agreed to by the Parties.
Reserved Business Activities	List of business activities reserved for Papua New
List	Guineans to do certain business.
Resource sector	Refers to non-renewable (petroleum and mining) and
	renewable (agriculture, fisheries, forestry) sectors.
SMEs (Small Medium	PNG owned and operated registered businesses or
Enterprise)	companies.
Socio-economic status	Defined as a combination of a person's level of income,
	education and occupational and social status.
State Negotiating Team	Comprises of government officers from key departments
(SNT)	and agencies negotiating impact project agreements for
	the resource sectors.
Strategic Asset	A valuable natural resource or commodity that can
G	potentially generate socio-economic benefits for PNG.
Supplier Contract	A legally binding agreement awarded to a successful
11	bidder by the client (operator) to an external supplier of
	goods or services. (Also see Procurement Contract)
Supply-chain	A network of individuals and companies who are involved
Tr y	in creating a product and delivering it to the customer or
	consumer.
Training Plan	Refers to a detailed plan developed by an Investing
C	Company to train national employees and submit to the
	DLIR.
Umbrella Company	A holding company that owns a controlling interest in
• •	other companies or subsidiaries. It can negotiate and
	secure supply contracts from investing companies and do
	business with or provides subcontracting services to its
	subsidiaries.



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WHAT DO WE DO?

- Promote Conducive
 Economic Environment
 Through Public Private
 Partnership (PPP)
- Promote Value Adding of PNG's Natural Resources Through Downstream Processing and Manufacturing Activities
- Encouraging Private Sector Growth through Micro, Small and Medium Enterprises & Industries
- Encourage Income Earning Opportunities through business spin-offs and contracts, employment, training, shareholding, etc.
- Encourage & monitor national content in major resource investments.

