



TRANSPARENCY INTERNATIONAL (PNG) Inc.

5<sup>th</sup> Floor Mogoru Moto Building, Champion Parade

PO Box 591 Port Moresby, NCD Phone 320 2188 Fax 320 189

E-mail: [tipng@daltron.com.pg](mailto:tipng@daltron.com.pg)

Website: [www.transparencypng.org.pg](http://www.transparencypng.org.pg)

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**TIPNG INVITATION TO BE INDEPENDENT OBSERVERS AT THE BSA FORUM WITHDRAWN LAST WEEK.**

Transparency International PNG (TIPNG) today expresses grave concern at the level of consultation and oversight at the LNG Benefits Sharing Agreement forum being held in Kokopo, ENB. These concerns are being raised after an invitation to TIPNG from Esso Highlands Ltd. to attend the forum as an independent observer was unexpectedly withdrawn.

TIPNG believes it was not given sufficient time to prepare for the forum given the original invitation was extended by Esso Highlands Ltd on **April 9th**, only eleven days before the initial scheduled date of the forum. Given the importance of the BSA forum and the legitimacy of its outcomes TIPNG met with Mr Robert Vanveenendaal, a senior officer with Esso Highlands to clarify the role of the Independent Observers and the processes to be followed, with a view to ensuring the integrity of the process and reporting was protected.

TIPNG was pleased with the response from Mr. Vaneenendaal, who expressed Esso Highlands commitment to transparency and it's appreciation that the involvement of Independent Observers was pivotal and very important. He confirmed that the Report from the Independent Observers was a critical document that investors, financiers, shareholders, customers and other stakeholders would look at carefully as they evaluated their involvement in the massive LNG project.

In spite of the short notice of the invitation to provide an Independent Observer TIPNG confirmed its commitment to participate and commenced a process to select a person of high calibre, with appropriate experience and aptitude to take up this role. Consequently TIPNG would like to express disappointment that the invitation was withdrawn, given its eagerness to act as an observer at the BSA forum and the gravity of the matters to be discussed.

TIPNG stands by its right to enquire and carefully evaluate it's position regarding participation, as it was unwilling to be dragged into a what it believed to be an uncertain process given the lack of consultation regarding the roles of independent observers at the BSA. TIPNG reiterates its willingness to participate as an observer on terms that would not have compromised its integrity as an anti-corruption organisation.

TIPNG was pleased to note that the Report of the Independent Observers was to be published, including on their website, and therefore it is important for the Department of Petroleum and

Energy to disclose to the public the names of the independent observers that did participate at the BSA Forum in Kokopo.

In concluding TIPNG has questioned why the original invitation was not extended by the Department of Petroleum and Energy. The role of Independent Observers and their Report is a critical element of the whole BSA process and as such the Department should have been taking a lead role in ensuring invitations were sent out in a timely manner so that organisations such as TIPNG could have responded appropriately. The silence of the Department raises concern regarding the Department's own commitment to transparency and consultation in the BSA process. TIPNG believes the Department of Petroleum and Energy, as well as the Minister for Petroleum and Energy Mr William Duma, must explain why such a critical element of the BSA forum was not or could not be handled by the Department. TIPNG believes the Department must offer comment on this important issue, particularly in the light of widespread media reports suggesting the disorganization and mismanagement of the BSA forum.

The LNG project is important to Papua New Guinea and her future generations and TIPNG stands firm to ensure that principles of transparency, accountability and fairness remain cornerstones of negotiations that take place.