



POLICY GUIDELINE ON CHURCH AND SOCIAL SERVICES



Prepared By

**Church and Social Services
Committee**

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1. INTRODUCTION

- 1.1 The Prime Minister, Honorable James Marape, through various recent National Executive Council decisions has initiated a policy called 10% Dividend Policy (Dividend Policy or Policy) to extend the vision of service delivery in Papua New Guinea through public-private partnership programs.
- 1.2 The 10% Dividend Policy is similar to the Sovereign Wealth Fund Policy where national wealth is created and placed under the care of organization in-built quasi-trust management system (committee system) to fill in service delivery gaps often left behind by the mainstream public service delivery mechanisms in the realm of religion and community welfare and development.
- 1.3 Kumul Minerals has in place a committee system made up a management committee called the Church and Social Services Committee (CSS Committee) and a Board Committee called the Board Finance Committee (both as funding committee hereinafter) to look into the actual implementation of the Policy. However, presently there is no company guidelines at Kumul Minerals to facilitate a transparent and accountable implementation of the Policy.
- 1.4 The Board has thus tasked the CSS Committee to draft a company policy guideline to set necessary and appropriate platforms for the implementation of the Policy. This paper therefore reflects CSS Committee's effort of giving effect to the Board's directives of coming up with a company policy guideline to enable efficient implementation of the Dividend Policy.

2. POLICY

BACKGROUND

- 2.1 The National Executive Council through NEC Decisions numbered N106/2019, NG29/2019, NG30/2019, NG58/2019 and NEC Decision dated 07/2020 approved a socio-economic enhancement policy called the 10% Dividend Policy to supplement delivery service programs in the Country.
- 2.2 The Dividend Policy sits firmly within the frame of the Constitution of the Independent State of Papua New Guinea. The Preambles to the Constitution expressly dedicate Papua New Guinea as a Christian Nation. The Dividend Policy is the conceptual mirroring of the biblical tithing system which forms a cardinal practice of faith in



Christianity of which the sovereign State is a pious devotee. This Policy thus is a unique reflection of Christian values at policy level in our democracy.

- 2.3 The Dividend Policy is dedicated to take away from every earning made by the National Government through its known income sources at least a tenth or 10% and park them under an organization-inbuilt trust structure or a committee system, whichever that comes first, to fund church and social services programs and activities throughout the country.
- 2.4 Such funds would then be managed and disbursed by the respective income generators through the committee systems for the above said purposes. In this case, 10% of any declared dividends from Ok Tedi Mining Limited (Ok Tedi) would be parked with Kumul Minerals for the Dividend Policy and the funding committee would be responsible for its management and disbursement.

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- 2.5 The State through Kumul Minerals owns majority shares or 67% of the total capital shares in Ok Tedi. By law, Kumul Minerals exclusively owns those shares as a State nominee company and as such presently managing those interests.
- 2.6 Any other future State's interests in the mining industry would go down the same path in the event should Kumul Minerals holds itself out as a State equity nominee company in charge of State' equity stake. Even if Kumul Minerals undertakes mining investment programs elsewhere in Papua New Guinea but in its capacity as a privately incorporated State mining company, proceeds from such commercial ventures would still be made subject to this Policy.
- 2.7 The Dividend Policy under Marape-Basil Government came into effect in 2020. The Policy may have already been rolled out in a number of state-owned entities. For Kumul Minerals, this is a pilot run.
- 2.8 Following the first sets of dividend payments realized from Ok Tedi in 2021 financial year, the Trustee Shareholder of Kumul Minerals directed its Board and Management to utilize 10% of the 67% dividend income for the Dividend Policy with its implementations to take place as immediately as possible.

3. GUIDELINE

As pointed out earlier, at Kumul Minerals there is however no existing guidelines to implement the Dividend Policy. For that reason, the Board of Kumul Minerals through its



Management has come up with the CSS Committee which is a Management Committee constituting of senior staffs at Kumul Minerals, who would be working very closely with the Finance Committee, to draft a policy guideline to properly chart the course for the use of Kumul Minerals proceeds allocations under 10% Dividend Policy.

4. RATIONALE

PURPOSE

- 4.1 The Guideline seeks to set up a reliable, transparent and effective project approval and procurement and fund disbursement mechanism for the wise and economic use of State's resource in the form of the Dividend Policy under the Marape-Basil Administration to provide or assist, supplement or boost service delivery in Papua New Guinea targeting the area of religion and community welfare and development.

OBJECTIVES

- 4.2 The Guideline seeks to assist the National Government deliver basic and needed services in the area of religion and community welfare and development within the reach of every Papua New Guinean through avenues other than the main public service delivery machineries with the primary view to widen, buttress and sustain holistic and comprehensive citizens' human social developments.

5. OVERVIEW

- 5.1 The Policy is fixed within the impact radar of religion and community welfare and development sector characterizing common and basic human developmental needs.
- 5.2 Areas of need are not limited to but include faith, cultural and intellectual transformation, institutional programs, infrastructure and human capacity development, utilities provision and necessary funding assistance.
- 5.3 Those needs would be viewed under two sub-sectoral heads for convenience of management and they are:
 - a) Religion; and
 - b) Social Services.
- 5.4 Kumul Minerals through CSS Committee and Finance Committee shall then provide the necessary public-private partnership platforms for appropriate engagement of



private service providers to effect the social services programs drawn up or to be drawn up under these sub-sectors.

- 5.5 The engagement of private service providers shall go through a stringent project proposal appraisal and vetting process to qualify for and access funding.
- 5.6 The Committee would ensure effective management of funding resources by employing appropriate screening valves such as identifying pressing and concrete social service needs throughout the country, determining the type of projects to be undertaken in or awarded to the assessed locality of need, inviting appropriate bidders to participate in projects bids, determining quality of work and appropriateness of budget, mapping out expectations of desirable outcomes and managing post-project issues.
- 5.7 The funding committee shall conduct itself with all reasonable fairness and equality, tactfulness, openness of mind and peruse an evidence based and bias free course at all times when dealing with bidders, short-listing and selections and project funding.
- 5.8 Basic accounting management principles, standards and practice such as acquittals and reporting measures are integral elements in the entire policy implementation process hence shall play a predominant role in the actual use of Policy funds.

6. COMMITTEE

- 6.1 The funding committee is made up both the CSS Committee and Finance Committee and both are in place to driver the implementation of the Dividend policy.
- 6.2 The Board is in charge of the Finance Committee whilst the CSS Committee is under the care of the Management.

FINANCE COMMITTEE

- 6.3 The CSS Committee shall report to the Finance Committee on any matters of business transacted under the Dividend Policy.



CSS COMMITTEE

6.4 The CSS Committee is made up of randomly selected staff of Kumul Minerals ranging from senior executive members and ordinary contract employees. These by title are:

- a) Kumul Minerals Managing Director;
- b) Chairman of Kumul Minerals Finance Committee;
- c) Kumul Minerals Chief Financial Officer;
- d) Kumul Minerals Lawyer; and
- e) Kumul Minerals Internal Auditor.

6.3 A quorum for any CSS Committee meeting is three fifth or more of the Committee membership composition.

Kumul Minerals Managing Director & Chairman of Kumul Minerals Finance Committee

6.4 The Managing Director for Kumul Minerals and Chairman of Kumul Minerals Finance Committee are the most senior members of the Committee. They are expected to provide strong leadership and supply adequate and reliable advice on matters of policy on public funding and project procurement.

6.5 They must also ensure a high level of coordination exists and prevails between the funding committee and Kumul Minerals Board for efficient implementation of the Policy.

Kumul Minerals Chief Financial Officer

6.6 The Chief Financial Officer of Kumul Minerals is also a senior member of the Committee and is responsible for providing strong leadership in the area of finance, audit, accountancy and general commercial management with the ultimate aim of ensuring optimal use of scarce resources with a goal orientated attitude.

Kumul Minerals Lawyer & Internal Auditor

6.7 The Kumul Minerals' Lawyer and Internal Auditor ought to provide tradition secretarial help to the Committee from time to time including keeping records of projects, progress and projections under the Dividend Policy and providing necessary reporting on such matters.

6.8 They may also undertake research work and prepare and present draft papers on



such requested topics.

7. PRINCIPLES OF CONDUCT

7.1 The funding committee (Committee) shall conduct itself within the general purview of critical participatory spirit, openness of mind, good judgement and quick consensus reaching bearing in mind the ultimate aims and goals of the Policy.

7.2 In that regard, the Committee will as closely as possible observe these general guidelines:

- a) Any discussion, meeting or discourse must be conducted with reasonable care and all tactfulness taking into account the professional worth of the fellow Committee members.
- b) Any discussion, meeting or discourse must give due care in the handling of confidential and sensitive materials or any information that would otherwise harm or potentially harm the company or a colleague, be it inside or outside of the Committee circle.
- c) Fair opportunity must be given especially to the service providers that wish to compete for project funding opportunities at Kumul Minerals. In other words, funding opportunities must be bias free and merit based.
- d) The members of the Committee must use fair and reasonable and accredited standards in appraising and screening project proposals or before reaching any decision on a proposed project and its related use of funds. Any decision in that regard made must be evidence based, standard appreciative and justifiably sound.
- e) Any decision or action or omission on the part of or by the Committee must consider all factors of impact or always give a fair share of view to such factors as may be considered relevant or ordinarily be taken to account.
- f) Any decision or action or omission on the part of or by the Committee must not lose sight of unique social composition, cultural values and local perspectives of the Papua New Guinean lifestyles, social organizations and worldviews.



8. SCOPE OF FUNDING

8.1 Kumul Minerals shall set aside 10% of every declared dividend from Ok Tedi of State's 67% shares once the payment is made to Kumul Minerals for the implementation of the Policy.

8.2 The 10% allocation is confined to Religion and Social Services developmental programs as set out below.

RELIGION

8.3 The Dividend Policy was initiated fundamentally to nourish the spiritual wellbeing of the citizens hence a larger stake of the 10% allocation would go towards addressing religious agendas. Numerically, 70% of the funding would support church programs and related activities.

8.4 The Committee would be guided by the following heads of program under Religion:

- a) Church-run health Services;
- b) Church-run Schools; and
- c) Church Projects and Programs other than those listed under paragraphs (a) and (b).

Church-run Health Services

8.5 Church-run Health Service needs include:

- i) maintenance work on existing aid posts, clinics or rural health centers or general hospitals including staffs' houses that are owned and operated by the accredited denominations of Christian religion of faith;
- ii) assist provide logistics supports for medical supplies to rural healthcare centers on random basis or as-and-when needed basis; and
- iii) funding basic health kits or facilities and other medical equipment to needed health care spots, be it aid posts, clinics or rural health centers or general hospitals.

Church-run Schools

8.6 Church-run Schools funding projects are confined to:

- i) supply of student tables and chairs and other basic school furniture;



- ii) water tanks;
- iii) maintenance and repair work on existing classrooms and dormitories;
- iv) Fund minor landscaping and beautification projects within the vicinity of the learning institutions;
- v) Stuffing library and resources centers; and
- vi) Building resource centers.

Other Church projects and programs

- 8.7 Church projects and programs other than those listed above may be funded on the basis of exceptional needs and proper justifications in which case the thumb rule is those projects must be geared toward developing and nurturing spiritual well-being of the learnt populations of the concerned school or institution or general developmental welfare of every Papuan New Guinean society.

SOCIAL SERVICES

- 8.8 The remainder 30% would go towards assisting social services. However, the nature and extent of social services funding are more generic due to the fluidity of its activity composition.

- 8.9 Below is only a convenient list serving more as a general directional signposts to the use of funds:

- a) Education;
- b) Health;
- c) Recreational activity;
- d) Special Appeals; and
- e) Nature Disaster.

- 8.10 Nevertheless, proposal appraisal under this arm of programs would go through a stringent process where considerable regard shall be given to appropriateness of project type, project or funding duplicity free, costs consciousness, quality control, well balanced planning, private ownership and communal benefits.

FUNDING BREAKUP SUMMARY

10% Break-up

- 8.11 The table below summarizes the 10% dividend proceeds allocation from Kumul



Minerals for church and social services under the Dividend Policy as a 100% whole.

Sector	Allocation
Church	70%
Social Services	30%

Church

8.12 The table below summarizes Church 70% from the 10% dividend proceeds allocation from Kumul Minerals as a 100% whole.

Church Agenda	Allocation
Church-run Health Services	30%
Church-run Schools and Institution	30%
Other church Project and Programs	40%

Social Services

8.12 Fund allocations for social services is flexible due to wide area of needs therefore there is no specific apportionment of percentage. In that sense, 30% for social services will be variably used depending on the nature of each of the respective project submissions made and submitted to the Committee as long as they are within the ambits of the general guidelines as set out in this paper.

9. PROJECT & FUNDING

SERVICE PROVIDERS

9.1 The church and social services funding shall reach the end users through private service provider service provision channel. The meaning of service providers in this context is not confined to business entities or incorporated companies therefore may also include non-profitable bodies and charity organizations, namely the churches.



9.2 However, any service provider must meet the following minimal requirements to qualify for any project funding:

- i) It must be a duly incorporated company or registered body under the PNG Laws;
- ii) It must have a provable trade or business in practice or charitable operations under currency;
- iii) It must have a regular and consistent cash flow plan; and
- iv) It must have favorable accounts statement.

PROJECT OWNER

9.3 In any event of funding, Kumul Minerals is the project owner and the services providers are contractors and sub-contractors. Therefore, Kumul Minerals is responsible for setting out the project specifications, requirements, project type, project request and project delivery methods.

REQUEST METHOD

Open Selection

9.4 Only major projects may be publicly advertised in which case the world at large can participate in this project funding. There is no limitation to the service providers that may wish to bid for projects under this category.

9.5 Kumul Minerals will make it its business to inform the public by courier advertisements setting out the specifics of such projects.

Closed Selection

9.6 Other projects may require limited participation by the service providers. The characteristics of the projects to be undertaken under this category will determine the kind of service provider to be engaged.

Random Selection

9.7 Under random selection, Kumul Minerals has the exclusive right to choose whoever it desires to work with on any designated project depending on the nature of the need in a particular locality or region.

PROJECT PROPOSAL

9.8 The service providers must send their respective project proposals to the Committee. The



proposals must clearly set out the project background, scope of work to be undertaken and the estimated budget of the work.

9.9 It is advisable to apply privately to Kumul Minerals first and raise the issue of need for funding prior a proper proposal is put in.

9.10 In that regard, any project proposal must observe these requirements:

- i) The proposal must give a fair and adequate demographical overview of the service target area.
- ii) The proposal must be evidence based and properly backed with factual references.
- iii) The proposal must point to or reflect a social need that is pressing in a community or particular locality.
- iv) The proposal must clearly demonstrate that if the subject pressing need is met the end users would be relieved in a fundamental way.
- v) The proposal must also address durability and sustainability aspects of a project.

BENEFIT DISTRIBUTION

9.11 Funding of church and social services under the Dividend Policy shall be equally and fairly distributed amongst all twenty-two (22) Provinces of the Country.

9.12 No recipient of funding for any project under this program shall qualify for multiple funding at least within two years of the date of initial receipt of funds.

10. COMMITTEE GUIDELINE

The Committee must observe these guidelines to screen service providers and the project proposals:

- a) History of providing quality services which must be supported by documents evidencing actual work or record of work.
- b) Service provider must have a favorable credit history which must be admitted upfront.
- c) Service provider must show adequate capacity to undertake projects with genuine and authentic proof of skills, tools and labor.
- d) The project costings in the proposal must as far as possible reflect true or professional skills of project submission and management to the exclusion of wildguessing and baseless assumptions.



- e) Project Proposal they must be supported with project materials listing and their corresponding quotations from renown suppliers and distributors.
- f) Service provider must show or demonstrate ability to provide necessary and proper acquittals.

11. METHOD OF COMMUNICATION

The proposal must be addressed to the Finance Committee or the Managing Director of Kumul Minerals (FC/MD) who will then be responsible for tabling it at the CSS Committee meeting where project screening and evaluation would take place.

12. PROPOSAL EVALUATION

12.1 Proposal Evaluation for all church and social services projects shall be done by the CSS Committee.

12.2 The CSS Committee must take the following into account whilst evaluating project proposals:

- a) All the project proposals from the competing service providers must be addressed to the FC/MD in triplicate form.
- b) CSS Committee shall be in actual receipt of the project proposals and furthermore carry out necessary screening and appraisal of the proposals in consideration of the criteria set out in this paper.
- c) Any notable discrepancies may render a proposal disqualified and any point of contention must be quickly and adequately resolved.

12.3 At the end of the evaluation process, a single service provider will be selected for every earmarked project and only the approved proposal shall be funded.

13. APPROVAL

13.1 Any service provider that meets all the funding criteria and in the opinion of the CSS Committee is eligible for funding shall be selected and be referred to the Finance Committee for final screening.

13.2 The Finance Committee's view on any selected service provider or project proposal referred to it by the CSS Committee shall constitute a recommendation to the Board.

13.3 The Board's subsequent decision on any matter of projects concerning the church and social services is final for purposes of authorizing necessary funding.



13.4 Once the Board's decision is known, CSS Committee then in writing shall notify the successful project proposer or service provider of the Board's decision.

13.5 The notice to successful service provider must or should:

- a) contain a congratulatory note.
- b) advise on the company's policy and outcome expectations in relation to church and social services projects.
- c) request for relevant account bank details.
- d) advise on the details of the manner and methods of project funding.
- e) Notify on post-funding obligations.

14. RELEASE OF FUND

14.1 All payments from Kumul Minerals for church and social services projects under the Dividend Policy are to be made to the approved service providers through their suppliers or distributors.

14.2 No cash or any other form of payment is allowed to be paid directly to the service provider at every step of the funding except the last 10% of the project costs in consideration or as a profit mark-up for delivering services.

14.3 If a church is directly involved in any project, the 10% profit mark-up will not apply and the funds shall go directly to the suppliers and distributors.

14.4 Kumul Minerals Chief Financial Officer will be responsible for the release of all funding to do with church and social services projects under the Dividend Policy.

16. FUNDING METHOD

All project funding shall be released in three phases. In the first phase, a 60% upfront payment of the total project costs will be made available to the service provider through their respective suppliers. Once the work is under progress, upon a satisfactory report of the work progress, another 30% will be released. Towards the completion of the project, a 10% payout shall be made directly to the service provider to enable finishing touches and achieve project completion or to be accounted as profit mark-up for its own business.

17. FUNDING ACQUITTALS

17.1 Upon receipt of goods and services by the service providers from its suppliers or distributors, the service providers shall prepare and submit necessary acquittals to the



CSS Committee.

- 17.2 The CSS Committee must further furnish those acquittals to the accounts through the Office of Chief Financial Officer within 7 days of receipt.
- 17.3 No Acquittals given would mean a service provider may not be considered for any future project request.

18. REPORTING

- 18.1 The CSS Committee will also prepare and present to the Finance Committee a quarterly report on the programs and progress of funding under the Dividend Policy and the Finance Committee shall table such report before the Board.
- 18.2 The copies of all quarterly reports shall be sent to the Trustee Shareholder as part of a quarterly brief.
- 18.3 The copies of all quarterly reports shall be kept with the Accounts for annual audits and other external purposes.

19. MISCELLANEOUS

OUTLOOK

- 19.1 Kumul Minerals' long term goals under the leverage of the Dividend Policy is to set up an incorporated foundation through the use of revolving funding method to bolster service delivery in the under-disguised-untouched part of Papua New Guinea under this initiative.
- 19.2 Revolving funding method means investing the seed funding for Dividend Policy in interest bearing deposits in the first instance, then take away any interests build-up on investment from the seed deposits and reinvest the seed deposits.
- 19.3 Depending on the periodic accumulation of pool of funds generated in interests on investment, Board may then decide to set up a foundation for proper coordination of church and social services programs.

FINANCE POLICY

- 19.4 This paper will form part of the Company's finance policies.

GUIDELINES REVIEW

- 19.5 This paper shall be subject to review and will be reviewed by the CSS Committee



upon Board's request or directives from time to time.

CHECKLIST

- 19.6 For users' convenience, a separate checklist has been derived from the guidelines and is attached as ANNEXURE to this paper.

20. CONCLUSION

This is the policy paper for Kumul Minerals on the implementation of the 10% Dividend Policy under the Marape-Basil Administration.



ANNEXURE

CSS PROJECT EVALUATION CHECKLIST			
Heading	Question	Answer (Yes/No)	Comments
Project	<p>Does the project to be funded under Dividend Policy fall under anyone of these categories?</p> <p>a) Church-run health Services; b) Church-run Schools; c) Church Projects; d) Programs; and e) general social services program</p>		
	<p>If the project to be funded under Dividend Policy is a Church-run health service project, then it must be confined to the following developmental activities:</p> <p>a) Maintenance work; b) logistics supports for medical supplies; and c) funding basic health kits and other medical equipment.</p>		
	<p>If the project to be funded under Dividend Policy is a Church-run school project, then it must be confined to the following developmental activities:</p> <p>a) supply of tables, chairs and other basis school furniture; b) sanitation and ventilation facilities; c) maintenance and repair work; d) Minor landscaping and beautification work within school vicinity; e) Stuffing library and resources centers; and f) Building Resource Centers.</p>		
	<p>The general social services program must or must be:</p> <p>a) Public Service orientated; b) Enhance labor mobility; c) Encourage social empowerment; d) Capacitate public or private institutions, bodies or groups; e) maintain and improve public basic utilities;</p>		



	<ul style="list-style-type: none"> f) promote healthy and hygiene and healthy living; g) Promote environment conservation; h) Cultivate financial literacy; i) Promote general literacy; j) Initiate and instill life and survival skills and knowledge; or k) Any two or more of the above. 		
Service provider	Is the service provider a duly incorporated company or registered body under the PNG Laws?		
	Is the service provider a regular tax payer or does it have a properly issued tax payer's TIN code with IRC?		
	Any service provider under the Dividend Policy must be based or situated or carry on business in Papua New Guinea		
	Is the service provider a going concern entity on proof of official records?		
	Does the service provider has a favorable credit history on proof of official records?		
	Does the service provider have any history of similar project(s) undertaking in the past? If so, does such past record warrants the requested project funding?		
Project Proposal	<p>Is the project proposal for which funding is requested is in order taking into account the below considerations?</p> <ul style="list-style-type: none"> a) The proposal must give a fair and adequate demographical overview of the service target area. b) The proposal must be evidence based and properly backed with factual references. c) The proposal must point to or reflect a social need that is pressing in a community or particular locality. d) The proposal must clearly demonstrate that if the subject pressing need is met the end users would be relieved in a fundamental way. 		



	e) The proposal must also address durability and sustainability aspects of a project.		
Project Approval	Whether or not all the project funding criteria have been met and therefore the service provider is qualified for necessary approvals?		
Funding	Is the funding under the Dividend Policy in the given year equally and fairly distributed amongst all twenty-two (22) Provinces of the Country?		
	Is the funding under the Dividend Policy in accordance with 70 Church and 30% Social Services break-up?		
	The service provider applying for funding must not apply for more than once in at least two years from the date of initial receipt of funding		
Reporting	Has the Committee in receipt of any financial reports from the funded service provider at the completion of the funded project?		
	Is the financial report from the service provider in order for purposes of proper acquittal and necessary reporting?		
	Should the service provider be considered for further or future funding based on the reports before the Committee?		





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