

MYANMAR



**MEITI**

Extractive  
Industries  
Transparency  
Initiative



**MYANMAR  
EITI  
ANNUAL  
PROGRESS  
REPORT  
2018-2019**

**MYANMAR  
EITI  
ANNUAL  
PROGRESS  
REPORT**

**July 2018 - June 2019**



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# Message of the MEITI-MSG Chair

This is the time for contemplation our well finishing Myanmar EITI process throughout the year by publishing its Annual Progress Report for the period of July 2018 to June 2019. Together with the collaboration of all our MEITI Stakeholders, we have already submitted our 4<sup>th</sup> MEITI Report which covers the Fiscal Year of 2016-2017 for the Oil and Gas, Mining, Jade and Gems and Pearl Sectors. In the meantime, we are preparing to submit its supplementary report.

Our MEITI is accelerated with the tremendous effort by our stakeholders and now trying to be a compliant country by passing its validation process. We had started initial assessment by Initial Assessment Team from International EITI Secretariat since 2018 August. We had received Initial Assessment Report and Draft Validation Report, and also we have already sent feedback from our MSG to International EITI Secretariat. We have been waiting to receive our Validation Result.

Currently, Myanmar is implementing a lot of reforming process in accordance with the recommendations revealed on MEITI Reports. One of the significant reforming processes, which has radically captured our public interest, is the reforming process of Union Fund Account-Other Account (OA) of State-Owned Enterprises (SOEs). Moreover, MEITI is also trying to implement the establishment of Mining Cadastre System in Ministry of Natural Resources and Environmental Conservation.

Associated with our National Plans, Myanmar EITI Process is also inserted as one of the action plans into Goal-5 (Natural Resources and the Environment for Posterity of the Nation) under Pillar 3 (People and Planet) of Myanmar Sustainable Development Plan (MSDP). MSDP provides a long-term vision; a vision of peaceful, prosperous and democratic country. By implementing EITI process, we have contributed to our Nation's Development in one way.

All in all, we are striving to achieve our goals with serious aspirations to become EITI compliant country so as to have more effective governance and to be more transparency and accountability on our natural resource sector. I would like to express my gratefulness to all the stakeholders for your collaboration and efforts.

H.E U Maung Maung Win  
Deputy Minister of Planning and Finance  
Chairman of the Myanmar EITI-MSG

# Milestones

The below timeline outlines the milestones from July 2018 to June 2019.

## 2018

### July

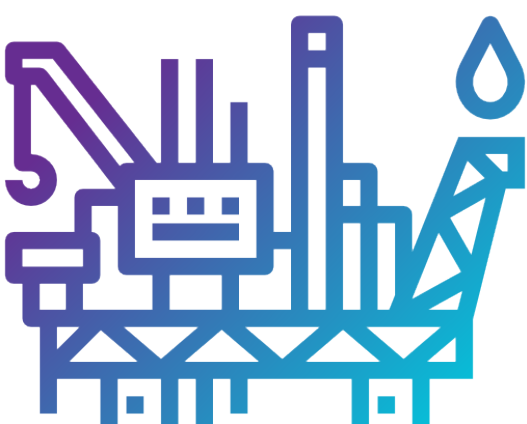
- **July 6:** Selection Sub-Committee selected Mr. Chorn Nak as Pre-Cadastre Working Group Consultant.
- **July 31:** Independent Administrator (IA) Moore Stephens presented the pre-final version of the 2014-2015 and 2015-2016 Fiscal Years (FYs) MEITI Forestry Reports at the Technical and Reporting Sub-committee meeting.

### August

- **Aug 6:** The mining cadastre Phase I consultant Mr. Enrique Ortega submitted the final report of the Mining Cadastre System conceptual design.
- **Aug 8-17:** Validation Initial Assessment team visited Myanmar and met with relevant MEITI stakeholders for the Myanmar Validation Process.
- **Aug 28:** Public debate in Tanintharyi Region was conducted by Tanintharyi SNU and MEITI-NCS.

### September

- **Sep 4:** Sagaing Region Sub-national Coordination Unit (SNU) was officially formed.
- **Sep 11:** Selection Sub-Committee selected PricewaterhouseCoopers (PwC) Myanmar as the IA for producing the 4<sup>th</sup> Myanmar EITI Report.
- **Sep 27-28:** Beneficial Ownership Capacity Building Training was held with the support of Adam Smith International.



## October

- **Oct 16:** The very first episode of MEITI Talkshow on Myanmar Radio and Television was recorded.
- **Oct 18-19:** At the 2<sup>nd</sup> Beneficial Ownership Task Force Meeting, the BO Task Force decided to assign the Ministry of Planning and Finance (MOPF) as a focal agency. Draft outline for notification issued by President Office for Beneficial Ownership Disclosure was also discussed.
- **Oct 31:** Directorate of Investment and Company Administration (DICA) was identified as Focal Agency for the Beneficial Ownership process.

## November

- **Nov 16:** Mining Cadastre Briefing and Workshop was held in Nay Pyi Taw. Shan State SNU was officially formed.
- **Nov 19:** 2<sup>nd</sup> and 3<sup>rd</sup> MEITI Reports Launch and Public Debate were held in Yangon.
- **Nov 21-22:** The BO task force representatives participated in the BO Peer Learning in Indonesia study tour.
- **Nov 25:** Pre-Cadastre Working Group Consultant Mr. Chorn Nak submitted the first progress report for the Mineral and Gemstone Pre-Cadastre.
- **Nov 26:** At 17<sup>th</sup> MSG meeting, materiality threshold and scoping of the 4<sup>th</sup> MEITI report were decided and final MEITI Forestry reports (2014-15 & 2015-16 FYs) were approved.

## December

- **Dec 6:** Initial Assessment Team from International Secretariat shared "Validation of Myanmar: Report on Initial Data collection and Stakeholder Consultation".
- **Dec 11:** Magwe Region SNU was officially formed.
- **Dec 19:** 2<sup>nd</sup> and 3<sup>rd</sup> MEITI Report Launch and Public Debate were held at Nay Pyi Taw.



# 2019

## January

- **Jan 7:** Moore Stephens (Forestry Report Independent Administrator) submitted MEITI Forestry Reports (2014-15 and 2015-16 FYs).
- **Jan 11:** Public Debate in Mandalay Region was held.
- **Jan 15:** EITI International Secretariat shared the draft "Validation Report on Myanmar Validation" by independent validator Cowater Sogema.
- **Jan 23:** Validation Workshop was organized.
- **Jan 24:** Independent Administrator PwC Myanmar submitted the 4<sup>th</sup> MEITI scoping study report.
- **Jan 29:** At 18<sup>th</sup> MSG meeting, the initial assessment report and the draft validation report were discussed, and Mining Cadastre Phase II Evaluation Committee was assigned for selection of a consultant.
- **Jan 30:** The selection of Mining Cadastre Phase II consultancy was started.

## February

- **Feb 12:** MSG's Response to the Draft Validator Report was submitted to the International EITI Secretariat.
- **Feb 21-22:** Extractive Sector State-Owned Enterprises (SOEs) Reform Workshop was conducted.
- **Feb 26:** EITI Awareness Raising at Parliament was held in Union Parliament.

## March

- **March 1:** Draft BO notification and Politically Exposed Persons Category were submitted to the Ministry of Planning and Finance (MOPF).
- **March 17:** MSG decided to produce a more comprehensive 4<sup>th</sup> MEITI supplementary Report.
- **March 19-20:** The BO Task Force Representatives joined the "Beneficial Ownership in Asia and the Pacific Regional Workshop" held in Manila, Philippines.
- **March 21:** Gem Sector GIS and Mapping Workshop was held for the Cadastre development in Myanmar.
- **March 22:** At the technical and reporting subcommittee meeting, a draft of the 4<sup>th</sup> MEITI Report was submitted.
- **March 30:** MSG approved and published the 4<sup>th</sup> MEITI Report on the MEITI website.



## April

- **April 23:** Recommendation Consultation Workshop was held.

## May

- **May 27-28:** Myanmar EITI Reflection conference was held.

## June

- **June 10:** The selection process started for Independent Administrator of the 5<sup>th</sup> MEITI Report.
- **June 12:** PwC submitted the draft 4<sup>th</sup> MEITI supplementary report.
- **June 13:** Pre-Cadastre Consultant submitted the final report of Mineral and Gemstone Pre-cadastre Implementation.
- **June 17-19:** Myanmar delegation led by the Union Minister H.E. U Ohn Winn participated in the 2019 EITI Global Conference in Paris, France.
- **June 29:** On behalf of MSG, Technical and Reporting Sub-committee approve Annual Progress Report (July 2018 - June 2019).





**1**

# Chapter-1

General Assessment  
of the Year's  
Performance

This annual progress report covers the activities and tasks performed, the achievements and constraints faced during MEITI implementation from July 2018 to June 2019.

The 4<sup>th</sup> MEITI report, covering the oil and gas sector, including oil and gas transportation, the mineral sector, gems and jade sector and pearl sector in 2016-2017 FY was prepared and produced. It has been disseminated to the relevant stakeholders inside and outside the MEITI process. A supplementary report has been prepared and in there, all stakeholders' comments have been addressed in a more comprehensive way. The MEITI Forestry reports covering 2014-2015 & 2015-2016 FYs have been approved by the Multi-stakeholder Group (MSG) and been translated into Myanmar language.

The sector coverage for the 5<sup>th</sup> MEITI report has been agreed on, which will follow the sectors covered in the 4<sup>th</sup> MEITI reports and the Forestry sector for 2016-2017 & 2017-2018 FYs.

To support the implementation BO in MEITI process BO Task Force meetings are conducted and has approved the BO template which will be used in BO data collection and has been drafting the BO notification issued by President Office. Furthermore, during this reporting period, the EITI awareness raising has been introduced to a new level, a legislative body parliament, and to a new medium, a nationwide television channel.

Another remarkable milestone was the MEITI Reflection Conference where MSG members and all relevant stakeholders were given an opportunity to reflect and evaluate the past and current implementation and to decide on future plans.

MEITI has created a platform to discuss the reformation of extractive sector SEE/SOEs in the Extractive Sector SOEs Reform workshop where extractive sector SOE-related governance agencies openly discussed and shared the status of their processes. Another fact worth mentioning is that validation has been underway since July 1, 2018 and the result is still pending.

The Pre-Cadastre Working Group was formed and the Pre-cadastre Consultant was assigned undertaking creation of the pre-cadastre database. The consultancy for Mining Cadastre Phase II was ongoing for the development of computerized mining cadastre system.

In the following pages, MEITI activities, challenges, and outcomes throughout the year will be described.





**2**

## Chapter-2

Assessment of  
Performance Against  
Targets and Activities  
Set Out in the MEITI  
Work Plan

## 2.1 Contribution towards Broader Reform for Resource Governance

### Objective 1:

To acquire & disseminate accurate, correct and up-to-date information regarding the management of natural resources and associated material revenues in a timely manner and to make the information publicly available

The activities under this objective were undertaken in accordance with EITI Standards Requirements 2016, particularly requirement (1) oversight by the multi-stakeholder group, requirement (1.5) an agreed work plan, requirement (7.1) Public dates, requirement (7.2) Data accessibility.

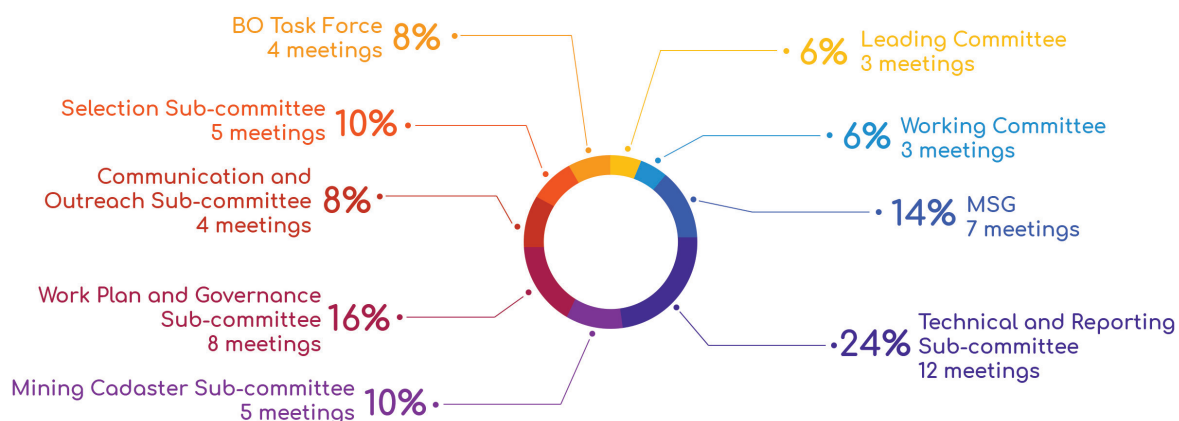
The Myanmar version of the executive summary of the 2<sup>nd</sup> and 3<sup>rd</sup> MEITI reports was published. The Information, Education and Communication materials, such as pamphlets, bags, pens, and infographics, were developed and distributed at the report launch ceremonies, public debates, SNU meetings and the 2019 EITI Global Conference. They were also distributed to the public through Civil Society Organizations (CSOs). The first episode of the Myanmar EITI Talk Show was broadcast through Myanmar Radio and Television (MRTV) and also uploaded and shared on the MEITI website and Facebook page to raise MEITI public awareness.

The media briefing for the 2<sup>nd</sup> and 3<sup>rd</sup> MEITI Reports were held in Yangon. The report launch ceremonies together with public debates for the reports, were then conducted together in Yangon and in Nay Pyi Taw. At the report launch event in Nay Pyi Taw, companies that participated in the 2<sup>nd</sup> and 3<sup>rd</sup> MEITI Reports were awarded the appreciation certificates.

The Myanmar EITI awareness raising was also delivered not only at the legislative level but also at the sub-national level. It was given to the members of parliament at the Union Parliament in Nay Pyi Taw. The MEITI processes were presented and discussed with the relevant government, companies and CSO representatives in Sagaing Region, Magwe Region and Shan State.

There were seven MSG meetings, three Leading Committee meetings, three Working Committee meetings, four Beneficial Ownership (BO) Task Force Meetings during this annual reporting period. Similarly, under the MSG oversight, a total of 34 Sub-committees meetings of Communication & Outreach Sub-committee, Work Plan & Governance Sub-committee, Selection Sub-committee, Mining Cadastre Sub-committee and Technical & Reporting Sub-committee, were held to implement the activities in the MEITI Work Plan. Moreover, MSG has approved the budget for MEITI Work Plan until 2020.

Graph 1: MEITI Meetings from July 2018 to June 2019



### Achievements

Compared to the previous years, more public debates were held for open dialogue among MEITI stakeholders and the public. MEITI has taken the first step in initiating awareness raising to the legislative level, i.e. at the Union Parliament. The national television broadcasting channel, with the largest national audience in Myanmar, was used as the public awareness platform in this period.

### Challenges

It is a challenge for EITI information and data to be easily understood by the public. It is also seen that a platform for EITI information and data to reach the public effectively is a requirement at present. Furthermore, the media understanding on EITI data has become a challenge.

Images from MEITI Multi-stakeholder group meetings, sub-committee meetings, report launch events and public debates implemented by the oversight of MEITI multi-stakeholder group



Vice Chair, MSG Chair and National Coordinator in MSG meeting



Organizing work plan at Work Plan & Governance Sub-committee



MSG Chair delivering opening speech in a Report Launch



Public debate organized in Mandalay



Discussing MEITI Report at Technical & Reporting Sub-committee meeting



MSG and related stakeholders participating in MSG meeting



MSG member presenting findings of 2<sup>nd</sup> and 3<sup>rd</sup> MEITI Reports in Report Launch event

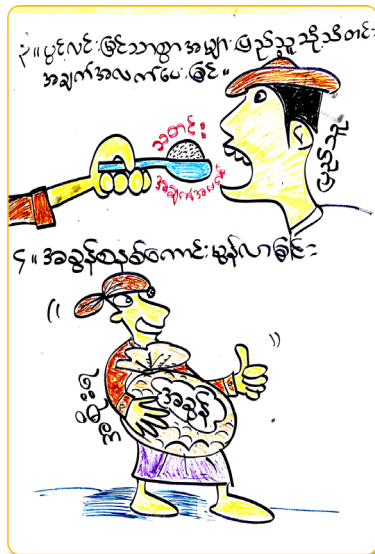
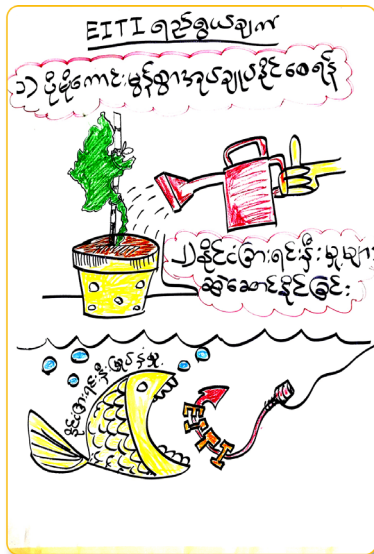


Public debate organized in Nay Pyi Taw

**Objective 2:**

To create an enabling environment for the effective implementation of the EITI Standard

The activities under this objective were undertaken in accordance to the EITI Standards Requirements 2016, particularly requirement (4.5) transactions related state-owned enterprises (SOEs), requirement (7.4) review the outcomes and impact of EITI implementation, requirement (8.3) validation deadlines and consequences.



EITI objectives, benefits and challenges illustrated by cartoonist Lai Lung

**Myanmar EITI Reflection Conference**

Myanmar EITI Reflection Conference was conducted to evaluate MEITI implementation on May 27-28, 2019, in collaboration with Natural Resource Governance Institute (NRGI). The MSG and MEITI stakeholders discussed the progress of MEITI implementation and explored future plans in that conference.



### Extractive Sector SOEs Reform Workshop

The SOEs Reform Workshop on Extractive Sector was held on February 22-23, 2019 with the participation of the MSG members, relevant government agencies and development partners. Government agencies presented current implementation frameworks and challenges and way forward and future plans were discussed.

### Recommendation Consultation Workshop

On April 23, 2019, the Recommendation Consultation Workshop was conducted with the participation of MEITI Working Committee, MSG and other relevant stakeholders including related government agencies and observers. During the workshop, the MEITI stakeholders discussed and shared the implementation of the recommendations from 1<sup>st</sup> to 3<sup>rd</sup> MEITI reports and from validation process. The outcomes of these discussions will be reflected in the 4<sup>th</sup> MEITI supplementary report expected to publish by the end of June 2019.

### Validation

Myanmar has been undergoing validation since July 1, 2018. The Initial Assessment Team from the International Secretariat visited and discussed with the MSG representatives from each constituency, the relevant organizations, civil society organizations outside of MEITI processes, and media during the validation of Myanmar EITI on August 8-17, 2018. The Initial Assessment Report by the International Secretariat and Draft Validation Report by the Independent Validator Cowarter Sogema were later received in December 2018. The Validation Recommendation Workshop was conducted with the participation of MSG and related stakeholders to discuss the recommendations from these reports in January 2018. The MSG discussed these reports and submitted "MSG Comments for Validation Report" to the International Secretariat on February 12, 2019. The final Validation Report and the Validator's Response to MSG Feedback was delivered to MSG on February 18, 2019. Since then, Myanmar is waiting for its validation result. During the 8th EITI Global Conference in Paris, France, Myanmar validation result was discussed at the Validation committee meeting on June 17 and the 43<sup>rd</sup> EITI Board meeting on June 18, and it has not been finalised yet.



Initial Assessment Team met with MSG Chair and Working Committee members in Nay Pyi Taw.

### **Sub-national Coordination Units (SNUs)**

Sub-national Coordination Units have been established across the country with the objectives of supporting decentralization to the Regions and States as described in the EITI standard, and to cooperate with all relevant stakeholders in enhancing sustainability in social and economic development with the least environmental impact in compliance with international standards in governing natural resources. The Union Minister's Office of MOPF issued two notifications for the Formation of the SNUs covering all regions and states in Myanmar; one notification dated December 13, 2017 addressing Chief Ministers in Mandalay Region, Magway Region, Tanintharyi Region, Sagaing Region, Shan State and Rakhine State and one notification dated October 5, 2018 addressing the regional governments of Kachin State, Kayah State, Kayin State, Chin State, Bago Region, Mon State, Yangon Region and Ayeyarwaddy Region. The main functions of the SNUs are coordination, task management, capacity building, networking and communication.

During this reporting period, three SNUs were formed in Sagaing and Magway regions, and Shan State. To date, there are currently five SNUs formed in regions and states of Myanmar. At the 17<sup>th</sup> MSG meeting on November 26, 2018, the MEITI – MSG decided to invite the representatives of the SNUs to MSG meetings regularly to have better communication and information exchange between MSG and SNUs. The representative attendees participated in MSG meetings and discussed their concerns of respective SNUs.

### **Achievements**

The Myanmar EITI Reflection Conference can be regarded as the very first reflection conference among EITI implementing countries and it has been very productive in terms of discussions, evaluating achievements and challenges, and exploring future plans. Furthermore, having SNUs enforces the EITI implementations at a sub-national level and supports long-term EITI goals.

### **Challenges**

It is necessary to review how to link between the MSG and the SNUs to work together between Union and State levels in implementing EITI activities. In order to increase the participation of the Regions and States in the EITI process, more awareness programs and capacity building have to be carried out and cooperation between the Union and Regions/States has to be strengthened.

The lack of fund allocation in the existing MEITI work plan to perform the implementation activities in SNUs is one of the challenges. This issue needs to be reflected and addressed in future MEITI comprehensive work plan. Besides, each SNU needs to set up their own work plan synchronized with the main MEITI work plan. In that way, there will be better linkage between union level and sub-national level MEITI implementations.

## Sub-national Coordination Unit (SNU)

During the reporting period, Sagaing and Magwe Regions and Shan State SNUs were formed. The remaining regions and states will be continued to form in coming period. This aims to implement EITI process at region and state level by having a better collaboration between union-level and sub-national level.



National Coordinator delivering the opening speech in Sagaing Region SNU Formation Workshop



Relevant Stakeholders participating in Shan State SNU Formation Workshop



Relevant Stakeholders discussing at Shan State SNU formation



Related Stakeholders joining in Magwe Region SNU Formation Workshop



National Coordination Secretariat Official Presenting EITI and MEITI Process



Relevant Stakeholders participating in Sagaing Region SNU Formation Workshop



MSG member explaining MEITI Process in Shan State SNU Formation Workshop



Relevant stakeholders of Magwe Region discussing for SNU formation

### Objective 3:

To support implementation of sustainable development and natural resource governance reforms through the successful execution of EITI.

The activities under this objective were undertaken in accordance to the EITI Standards Requirements 2016, particularly requirements (2.1) legal framework and fiscal regime, requirement (2.2) license allocations, requirement (2.3) register of licenses, and requirement (4.8) data timeliness.

### Legislative Institutionalization

At the 19<sup>th</sup> MSG meeting, it was decided to write up the draft Terms of Reference (TOR) to appoint a legal consultant to review the legislative institutionalization of EITI in Myanmar. The draft TOR was discussed at the Technical and Reporting sub-committee and later submitted to the MSG. Hence, the procedure to appoint the legal consultant will be continued and the necessary actions will be taken in accordance with the consultant's recommendations.

### MEITI Report

MSG approved the 4<sup>th</sup> MEITI Report on March 30, 2019 and published the 1<sup>st</sup> and 2<sup>nd</sup> Forestry Reports as well. These reports are prepared in accordance with some EITI Standard 2016 requirements. The following processes were undertaken for the reports:

#### 1. Selection process for Independent Administrator of 4<sup>th</sup> MEITI Report

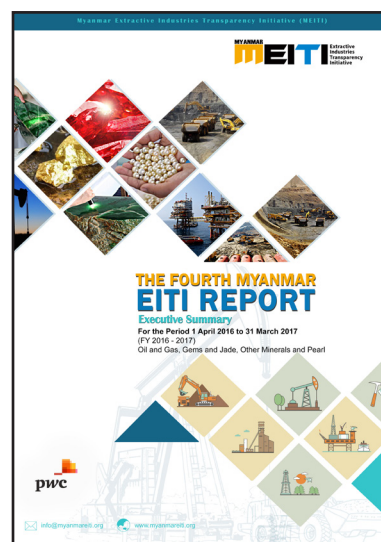
MEITI announced a Request for Expression of Interest (REOI) on June 26, 2018 for choosing an Independent Administrator (IA) for the 4<sup>th</sup> MEITI report for 2016-2017 Fiscal Year. The contract between MOPF and IA (PriceWaterhouseCoopers Myanmar - PwC) was signed through reciprocal mailing as of September 28, 2018.

#### 2. Reporting Process

PwC had started their reporting process on October 1, 2018 and discussed with the relevant MEITI stakeholders about the scope of work and the methodology. The following phases took place during the reporting process:

##### *Scoping Study Phase*

For the scoping study, IA had consulted with various stakeholders such as relevant government agencies about receiving the required information and data, representatives



from Myanmar Economic Holding Public Company Limited (MEHPCL) and Myanmar Economic Corporation (MEC) for their participation and updated situation, MSG representatives from Myanmar Alliance for Transparency and Accountability (MATA), and NRGJ for receiving additional information and input.

#### ***Preliminary Analysis Phase***

After getting all the required information and data from the relevant ministries, the IA made a preliminary analysis and presented it to the MSG to decide the materiality threshold for the 4<sup>th</sup> MEITI report at the 17<sup>th</sup> MSG meeting. MSG decided the threshold as oil and gas including transportation; gems and jade; other minerals; and pearl. MSG decided a total of 172 companies, consisting of 41 oil and gas companies, 4 oil and gas pipeline transportation companies, 84 gems and jade companies, 31 mining companies and 11 pearl companies that represented 94% of total extractive revenue to the government, to be involved in the 4<sup>th</sup> MEITI report.

The following revenue streams from the extractive sectors were included for reconciliation:

- all tax, non-tax and in-kind payments made by extractive companies in scope and revenues received by the government agencies
- all transfers made by SEE/SOEs to the government agencies

The following approaches on revenue were decided to be unilateral which does not form part of the reconciliation process:

- Unilateral disclosure for oil and gas downstream sector obtained from government agencies
- For the extractive companies not selected in scope, unilateral disclosure obtained from the government agencies;
- Unilateral disclosure from reporting companies for social payments, social security board contributions and contributions to State/Region social development funds;
- Unilateral disclosure from reporting companies for personal income tax payments; and unilateral disclosure from reporting SEE/SOEs for revenue from the sale of state's share of production.

#### ***Data Collection, Reconciliation and Investigation of Discrepancies Phase***

During the data collection and investigation of discrepancies phases, the in-scope companies and the respective government agencies became aware of MEITI processes and trained in how to fill out the reporting template.

Two stakeholder meetings were conducted between the relevant government agencies, in-scope companies and IA in order to reduce the prolonged process and to fasten this phase.



Reporting Template Training organized for Private sector in Yangon



Reconciliation meeting held for Oil and Gas sector in Yangon

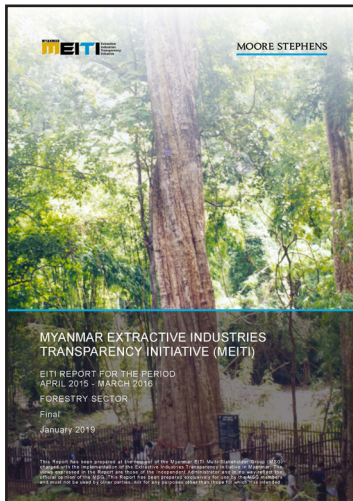
MEITI stakeholders and IA discussing 4<sup>th</sup> MEITI report.

### ***Producing Final Report and Getting Approval of 4<sup>th</sup> MEITI report by MSG Phase***

IA submitted the pre-final report to MSG on March 24, 2019 and MSG discussed it in 20<sup>th</sup> MSG meeting held on March 26, 2019. The required information, and the feedback provided by the International Secretariat were discussed to be in line with EITI Standards. The final report was uploaded on the MEITI website and submitted to the International Secretariat as of March 30, 2019 with the approval of the MSG.

In the report, 155 out of 172 companies participated and some of the companies did not participate because they were relinquished and do not exist in Myanmar anymore. Although the 4<sup>th</sup> MEITI Final Report was submitted within the deadline, there were a lot of stakeholders' comments that had not been addressed. MSG and the IA agreed on producing a more comprehensive supplementary report that will reflect stakeholders' comments. The supplementary report is expected to be produced by the end of June 2019.

## Myanmar EITI Forestry Reports for FY 2014-2015 and 2015-2016



MSG decided to produce an MEITI Forestry Sector Report because Myanmar has a total area of 68 million hectares of forest.

MEITI Forestry reports have been approved by the 17<sup>th</sup> MSG meeting in November 2018. IA, Moore Stephens, had then submitted the final report on January 7, 2019 covering CSOs' comments. These reports were translated into Myanmar language. The printing of these English and Myanmar versions are now underway in June 2019.

### Activities to Publish Hydro Power Sector Report

It was decided at the 14<sup>th</sup> MSG meeting in June 2018 to produce a hydro sector report and it has been discussed in MSG meetings since then. It was discussed several times with relevant government agencies at MSG meetings, the MEITI Working Committee meeting and the Leading Committee meeting. MSG and National Coordination Secretariat (NCS) officials also visited the relevant government agencies and discussed with the related government officials. Since then, the production of a hydro sector report is still under discussion.

### Myanmar Mineral and Gemstones Cadastre System

The first phase of the Mining Cadastre project commenced with the appointment of a consultant in October 2017 to undertake a conceptual design for the Cadastre System. The consultant's report highlighted that pre-cadastre unit and integration of the cadastral information must be implemented before the development of a Mineral Cadastral System is undertaken. In connection with this, the Pre-Cadastre Working Group was formed and the Pre-cadastre Consultant was assigned from August 15, 2018 to March 31, 2019 undertaking creation of the pre-cadastre database and pre-cadastre archive, adoption of a new codification system and recodification of cadastre documents and files, etc. The final report of the Mineral and Gemstone Pre-cadastre was submitted to MSG and relevant government officials in June 19, 2019.

A briefing and multi-stakeholder workshop "Mineral and Gemstone Licensing Reform in Myanmar" was conducted on November 16, 2018 at Nay Pyi Taw with senior officials from Ministry of Natural Resources and Environmental Conservation (MONREC) to inform and build consensus on the next steps of licensing reform in the mining and gemstone sectors covering the development of the Mining Cadastre, decentralization of small scale and artisanal mineral and gemstone licensing and reform of the ASM (Artisanal and Small-scale Mining) sector in Myanmar.

The Request for Expression of Interest (REOI) for Mining Cadastre Phase II Consultancy was released on December 26, 2018. The Mining Cadastre Consultancy Evaluation Committee was formed with 8 members including four from government, two from the private sector and two from CSOs for selection of the Mining Cadastre Phase II Consultancy. The Mining Cadastre Consultancy Evaluation Committee reviewed six EOIs on January 30, 2019. The Request for Proposal (RFP) was issued on March 1, 2019. The Mining Cadastre Consultancy Evaluation Committee reviewed technical proposals from three companies on April 30, 2019 at Myanmar Gem Enterprise, Nay Pyi Taw. The selection process is now being processed in accordance with the procurement procedures. The Consultancy for Mining Cadastre Phase II is expected to be appointed soon and the Cadastre Phase II is to be carried out in the near future.



Mining Cadaster Sub-committee Meeting held for procurement of Mining Cadaster Phase II Consultant Selection



Mining Cadaster Sub-committee meeting held for third mission of Consultant Mr. Enrique Ortega

MEITI stakeholders participating in Mining Cadastre Workshop

### Beneficial Ownership (BO) Implementation in Myanmar

During this period, the BO Task Force has been formed. The BO task force has discussed the potential of BO implementation in Myanmar during the Task Force meetings. The current process and the future plans of BO implementation in Myanmar are mentioned in Chapter 6: Implementation of Beneficial Ownership Disclosure Plans.



### Capacity Buildings and Study Tours

Different capacity building programs were provided to the relevant MEITI stakeholders under the oversight of the MSG throughout this annual reporting period. “Regional Peer Learning Session on Beneficial Ownership” held in Indonesia was attended by four BO Task Force members and one officer from NCS in November 2018. The Asia Pacific Regional BO Workshop in Manila was attended by three BO Task Force members and one local media sponsored by the International Secretariat. The two days capacity building training on the Oil and Gas sector was conducted for the MSG, MSG Alternates, Sub-committee members and NCS representatives with the cooperation of Oil for Development Programme (NORAD). Moreover, the mining cadastre workshop was held with the collaboration of MONREC, World Bank, NRGi and NCS to provisional departments under MONREC, relevant regional ministers and related developed partners. In September 2018, on behalf of MSG, three representatives, each from Department of Mine, Department of Geological Survey and Mineral Explorer, Myanma Pearl Enterprise, attended the International Conference on Artisanal and Small-scale Mining and Quarrying (ASM18) with at Zambia funding from MEITI.

Myanmar delegates led by MEITI Leading Committee member, the Minister of Ministry of Natural Resources and Environmental Conservation (MONREC), attended 8<sup>th</sup> EITI Global Conference in Paris, France in June, 2019. In the delegation, there were two Government MSG representatives, one private MSG representative, three CSO MSG representatives, the National Coordinator, two senior NCS officials, one government representative, one private representatives and one CSO representative. Myanmar delegation displayed a country stand in the National Innovation Exchange and participated in discussion sessions, side events and side meetings.



Myanmar EITI delegation team met with outgoing EITI Chair and Officials in Paris



Union Minister U Ohn Winn delivering speech at the 8th EITI Global Conference

Myanmar EITI delegation and EITI Indonesia delegation

During the trip, Myanmar delegates had meetings with several stakeholders at the international level. The Union Minister of MONREC not only met with the outgoing EITI Chair and officials from the International Secretariat but also participated as a speaker in the EITI stakeholders Forum showcasing Leadership on the Transparency Agenda. The Union Minister, National Coordinator, Myanmar Ambassador in France and other senior delegation members held a meeting with Deputy Minister, Auditor General and National Coordinator of Indonesia EITI team as bilateral meeting between the two Countries to share the EITI experiences, decentralisation experiences in Indonesia as well as area of Public Financial Management and BO experienced of Indonesia.

The meeting with C.E.O of NRCI from the United States of America was held at the same venue to have to discuss present and future collaboration in Myanmar Extractive Industries on going development programs.

The national coordinator and senior NCS officials joined the National Coordinators meeting together with the national coordinators from other 52 EITI implementing countries. Four CSO representative and two senior NCS official attended the 43<sup>rd</sup> EITI Board meeting as observers. The private MSG representative presented under the topic of Myanmar Democratic Transition and Myanmar EITI. The government MSG representative also participated as a speaker in the side-event on Artisanal and Small-scale Mining.

To ensure smooth financial procedures, capacity building in financial knowledge was provided to the EITI Unit of the Budget Department under the Ministry of Planning and Finance (MOPF) and NCS by a financial management consultant in June 2019.

### Achievements

Closer collaboration between the MSG and other organizations including government agencies is a baseline achievement.

The two-day training in the Oil and Gas sector provided a better understanding on international practices in the Oil and Gas field for the MSG and relevant stakeholders. This learning experience helped MEITI stakeholders in the reporting process.

Although there were challenges faced during the 4<sup>th</sup> MEITI preparation period, MEITI MSG and

stakeholders were able to publish the 4<sup>th</sup> MEITI reports which reflected the comments of MSG, Sub-committees, government agencies, CSOs, and other relevant stakeholders and covered the EITI Standards 2016. An achievement that can be seen in the 4th MEITI report is that the status of Other Accounts has been clarified.

Regarding the Mining Cadastre Development, the study tour to Zambia was very productive because Myanmar could learn many interesting facts from a country currently utilizing a cadastre system. This has supported the development of a Cadastre in Myanmar. MEITI is consulting with different stakeholders to enact a National Gemstone Policy Statement in which important factors that are also in line with the requirements of EITI standards, such as establishing a Myanmar Mineral Cadastre System, that mining should be monitored and production should be declared in order to establish a good management of natural resources, the disclosure of beneficial owners, the development of gemstone valuation process, environmental and social impact management (EIA & SIA), setting up of a Sovereign Wealth Fund or National Resource Fund and the establishment of responsible mining, traceability and certification of responsible process are mentioned.

Moreover, before passing the Gemstones Law, consultations with the public in Regions and States were conducted to get their comments and feedback to be transparent. MEITI continues to work towards including EITI requirements in the new bylaw. An amendment to be made in mining rules that Initial Environmental Examination (IEE) reports should be prepared with directives of the Environmental Conservation Department instead of having to submit IEE reports in line with the procedures of Environmental Impact Assessment prescribed in environmental conservation law is being discussed for small-scale and artisanal activities that will be managed by the States and Regions.

**In accordance with the requirement (7) of the 2016 EITI standard, accessibility of extractive industry data and debate among the stakeholders and public debate could improve governance in extractive sector.**

The BO Task Force has been formed in accordance with the BO Road Map. The BO Task Force members who attended "Regional Peer Learning Session on Beneficial Ownership" learnt from BO processes of other EITI implementing countries and later shared their knowledge with the rest of the BO Task Force which was a great contribution to BO implementation in Myanmar. The draft BO notification by President Office that is expected to notify before August 2019 will be another achievement for MEITI in the BO register. Another achievement is that the BO Focal Agency has been appointed with reference to the BO Road Map. The data collection for Phase I is now being prepared with the oversight of BO Task Force and MSG. In the near future, a number of training programmes for BO information template and guidelines will be organized in collaboration with the focal agency and with the assistance of Natural Resource Governance Institute in August 2019.



Group Photo in BO Asia Pacific Workshop in Manila (source: eiti.org)



2<sup>nd</sup> BO Task Force meeting held in Nay Pyi Taw



BO Task force member presenting experience of BO Asia Pacific Workshop in the 4<sup>th</sup> BO Task force meeting

### Challenges

While producing the 4<sup>th</sup> MEITI report, the Office of the Auditor General of the Union had some limitations to hire international organization that did not register through the Myanmar Accountancy Council (MAC), which had a huge impact in choosing an IA. As a consequence, hiring an organization which was registered according to MAC Law but did not have enough experience in EITI reporting process and was not familiar with EITI standards, resulted in a big challenge for producing the 4<sup>th</sup> MEITI report. During the reporting period, a lot of challenges were encountered including non-disclosure of required information until the deadline. Even though submitted in time, the quality of the 4<sup>th</sup> MEITI report was not as expected due to limited coordination and limited trust from all key stakeholders in-country. There were also some HR capacity issues from the incompetent IA and project management of NCS during scoping study until near to the end of producing the entire report.

To implement BO in Myanmar, it is required to link with other laws related to extractive sector enacted in Myanmar such as the Myanmar Mines Law and Mines Rules 2018. There is a challenge in collecting the BO data by the focal agency. That is a necessity to verify whether the data is correct or not. Then, data is to be transformed into information and reported as a published document. In this situation, NCS has a lack of technology for data verification and the focal agency has difficulties to take a

position to publish a report.

Besides, it needs time to reach private sector understanding in BO register. In future, the BO register will be reflected with the Myanmar Company Online System (MYCO) in DICA. Meanwhile it is necessary to raise awareness in the extractive sector.

As for the challenges in Mining Cadastre development, one single map has to be used and there is a challenge in simplifying the licensing procedures in mining, jade and gems and pearl sectors and speeding up the duration for exploration and mining rights before using the Cadastre system to accomplish the Mining Cadastre.

According to the law, after amending the Myanmar Mines Law 2015, the respective Regions and States are granted with authority to issue permits for small-scale and artisanal mining sites and some Regions and States have begun to issue permits. Although decentralization should be implemented, there can be a problem of duplication as the Cadastre is currently being implemented only at the Union Level. In addition, as some Regions and States grant only a small number permits, this leads to illegal mining. To address these challenges, there should be a national strategy for small-scale and artisanal mining because only when a Database System that records the permit areas in Regions and States has been developed, there will be a linkage with the Union Level as well as improvement in transparency.

For the gem sector, there is a need to remap all of the gemstone tracts due to the poor quality of current gemstone geospatial data. That work can take place concurrently with the main cadastre development but it will be a separate and large piece of work that will require a reasonable budget, a TOR and recruitment of a new consultant as well as capacity building for MGE staff, both in the head office and field sites.

Activity No.	Category of Activity	Activities	Output	Completed	On-Going	Not Started	Completed in previous years
<b>Objective 1: To acquire &amp; disseminate accurate, correct and up-to-date information regarding the management of natural resources and associated material revenues in a timely manner and to make the information publicly available</b>							
<b>1.1 Communication and Outreach</b>							
1.1.1	MEITI Report Launch	Report Print	Printed EITI Standard , 2 <sup>nd</sup> and 3 <sup>rd</sup> MEITI Reports in English Version and Executive Summary and distributed the public and all stakeholders				
1.1.2	Forestry Report Launch	Report Print	Reports will be ready in end of June 2019				
1.1.3	MEITI Report Launch (Including Dinner)	Media including TV, Radio, events and activities includign press release	2 <sup>nd</sup> and 3 <sup>rd</sup> MEITI Reports Launch held in Yangon, Nay Pyi Taw				
1.1.4	Forestry Report Launch	Media including TV, Radio, events and activities includign press release	1 <sup>st</sup> and 2 <sup>nd</sup> Forestry Reports Launch will held in July 2019 cooperate with Forest Trends				
1.1.5	Public Debates	Public Gathering/Debate and Road Show	Four Public Debates held in Yangon, Mandalay, Tanintharyi Regions and Nay Pyi Taw				
1.1.6	Prints and Publication	Other prints and IEC material development	Printed Infographic, Phamplet, Bags, Pen				

Activity No.	Category of Activity	Activities	Output	Completed	On-Going	Not Started	Completed in previous years
1.1.7a.	Website	Redesign, regular update and maintenance MEITI Website & on-line library	Updated Myanmar EITI Website				
1.1.7b.	Video Production and Broadcasting	Video Production and Broadcasting	Video production is not started yet but MEITI Talk show part 1 broadcasted in MRTV channel				
1.1.8	Web-portal and Infographic	Open data, Infographic and updated data	Infographics and open data pages published in MEITI Website and published				
1.1.10	National EITI Conference	National EITI Conference	To organize later				
<b>Objective 2: To create an enabling environment for the effective implementation of the EITI Standard</b>							
<b>2.1 HR, Operation and Office Administration</b>							
2.1.1	MOBD Operational Cost	MOBD Staff travel and Office Supplies	Ongoing in implementation				
2.1.2	NCS Operation Cost -Salaries	NCS Staff Salaries	Ongoing in implementation				
2.1.3a	NCS Operation Cost	NCS Overheads ( Utilities, Travel, Communication service, Maintenance, Stationary, consumable material and other miscellaneous)	Ongoing in implementation				

Activity No.	Category of Activity	Activities	Output	Completed	On-Going	Not Started	Completed in previous years
2.1.3b.	Consultant support service	Additional Travel and Accommodation costs to support consultants (BO, Cadastre etc)	Assigned staff accompanying with pre-cadaster working group consultant in field trip to support				
2.1.4	NCS Operation Cost - Rent	NCS Office Rental	Contracted new NCS Office for 1 year				
2.1.5	Office Set Up Cost	Equipment and Furniture	Ongoing in implementation				
2.1.6	Fund raising	Secure alternative funding from development partners	Not started, to take action near future				
2.1.7	Fund raising - Advocacy	Secure increased government contribution to EITI	Not started, to take action near future				
2.1.8	MSG Meeting	MSG Meeting	In this period, 15 <sup>th</sup> to 21 <sup>st</sup> MSG Meeting conducted				
2.1.9	Sub-committee Meeting	MSG Sub-Committee Meetings	In this period, (34) times Sub-committee Meeting conducted				
2.1.10	Translation Fee for related documents		Ongoing in implementation				



Activity No.	Category of Activity	Activities	Output	Completed	On-Going	Not Started	Completed in previous years
<b>2.2 Workplan and Governance (APR, M&amp;E - Review workshops)</b>							
2.2.1	M&E	Review of annual progress (workplan), produce annual activity/progress report	EITI Reflection Conference held in May 2019, cooperated with NRCI				
2.2.4	Implementation of EITI report Recommendations Workshop	Workshop to develop the workplan for implementation of EITI recommendations	Recommendation Consultation Work Shop held in April 2019				
2.2.5	Implementation of EITI report Recommendations Workplan	Implement the workplan for EITI recommendations	A series of consultation on recommendations has been made but the plan has not been discussed yet				
2.2.6	SOE Reform Workshop	Two - day workshop on SOE situations and future reform plans for extractor sector	SOE Reform workshop was held in February 2019				
2.2.7	Validation	Data Collection and Stakeholder Consultation workshops for initial assessment	Validation Assessment activities were in August 2018				
2.2.8	Validation (TBC with MOBD)	Contribution to International Secretariat					

Activity No.	Category of Activity	Activities	Output	Completed	On-Going	Not Started	Completed in previous years
<b>2.3 Sub-National Coordination Unit (Formation and Functioning)</b>							
2.3.1	<b>SNU Formation and Coordination</b>	Establishing Sub-National Coordination Units at State and Division level and further coordination with Union EITI	Formed three SNUs in Saging , Magway regions and Shan state				
2.3.2	<b>SNU Meetings / Workshops</b>	Supporting regular meetings /workshops	Formed SNU held meeting in their states and regions with their own cost. MSG is still discussing to support them				
2.3.3	<b>Coordination between MSG and SNU</b>	Review and evaluate reports from SNU and determine coordinate consistent response to issues raised. MSG to establish internal monitoring and evaluation mechanism on workplan implementation	National Coordination Secretariat Office and MSG Members cooperated in SNU Meetings and debates. SNU Members are invited to attend regular MSG Meeting, Workshops				

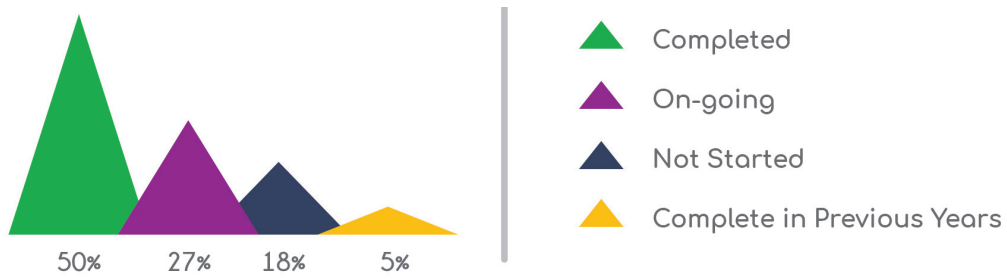
Activity No.	Category of Activity	Activities	Output	Completed	On-Going	Not Started	Completed in previous years
<b>3.1 Technical and Reporting (IA main report, Forestry, BO, Mining Cadaster, SOE, Review of Artisanal Mining, Feasibility studies, Sub-national study, Implementation of recommendations, &amp; other technical studies)</b>							
3.1.1	Legislative institutionalization	Research to recommend legal options to EITI institutionalization	MSG drafted TOR for hiring consultant to conduct research for EITI Law				
3.1.2	Legislative institutionalization	Developing a draft EITI Law or amendments to Sectoral Laws	After hiring consultant, it will be developed based on its report				
3.1.3 a	EITI Reconciliation Report	Independent Administrator and procure firm each year for the annual report (including scoping study)					
3.1.3 b	EITI Reconciliation Report	Report reconciliation and Reporting entities workshops - Main IA	4 <sup>th</sup> MEITI Main Report published on March 30, 2019				
3.1.4 a	Forestry Reconciliation Report	IA - First report	MSG Approved 1 <sup>st</sup> and 2 <sup>nd</sup> Forestry Reports.				
3.1.4 b	Forestry Reconciliation Report	Reporting entities workshops - Forestry IA					
3.1.4 c	Hydro Reconciliation Report	Independent Administrator and procure firm each year for the annual report (including scoping study)	Still discussing in MSG Meetings				

Activity No.	Category of Activity	Activities	Output	Completed	On-Going	Not Started	Completed in previous years
3.1.5	Mineral and Gemstone Cadaster	Design Phase	Preliminary, Intermediate and Final Report, Mineral Cadastre Conceptual Design TOR for Phase II have been done by Consultant				
3.1.6 a	Mineral and Gemstone Cadaster	Pre-cadaster Working Group Consultant	One Pre-cadaster working group consultant was hired and already done his assignment				
3.1.6 b	Office Set Up Equipment for Pre Cadaster working group		Already supported to pre-cadaster working group				
3.1.6 c	Office Set up- Furniture for Pre-Cadastre working group		Already supported to pre-cadaster working group				
3.1.6 d	ARC, GIS Software		Plan to do after Phase II Consultant is employed				
3.1.6 e	Maps, Stationery		Stationery were supported to pre-cadaster working group, negotiation for map				
3.1.7	Mineral and Gemstone Cadaster Consultant	Development and installation of cadaster	Recruiting for Phase II Consultant				
3.1.8	Mineral and Gemstone Cadaster Equipment	Purchase of IT equipment and furniture	To install, after recruiting Phase II Consultant				

Activity No.	Category of Activity	Activities	Output	Completed	On-Going	Not Started	Completed in previous years
3.1.9	<b>Research Study</b>	Study of Artisanal and small scale mining (including illegal mining)	Not started				
3.1.10	<b>Research Study</b>	EITI related research according to MSG including Feasibility Study (Hydro/ Fishery, etc)	Not started				
3.1.11a.	<b>Beneficial Ownership</b>	Development of Workplan, Communication Plan, Capacity Building Plan and Pilot Project	BO Work Plan, Communications Plan, Capacity Development Plan, Pilot Project had been already done				
3.1.11b.	<b>Beneficial Ownership</b>	Domestic Consultant	Appointed BO Coordinator in NCS Office				
3.1.12	<b>Beneficial Ownership Meetings</b>	BO workshops and Taskforce Meetings	4 times BO task force meetings had been organized				
3.1.13	<b>Beneficial Ownership</b>		Still implementing the activities in BO Work Plan (capacity building, data collection, study tour, etc.)				

Activity No.	Category of Activity	Activities	Output	Completed	On-Going	Not Started	Completed in previous years
<b>3.2 Training and Capacity Development (Capacity Development for 3 MSG entities, MOBD, NCS &amp; SNU capacity building)</b>							
3.2.1	Capacity Development	Implement Capacity Development Plan (MSG, Private Sector, Government, CSO, Media, EAOs, MOBD, NCS, Parliament and others)	2 days Capacity Development Training held for MSG and related stakeholders cooperated with NORAD and EITI awareness workshop was held in Union Parliament				
3.2.3	Capacity Development - Study Tour	MSG Study Tours	4 participants form MONREC attend ASM Conference in Zambia on behalf of MSG				
3.2.4	Capacity Development - EITI events	EITI Global/ Regional Conferences and Board Meetings	Myanmar Delegation led by Union Minister of MONREC attended and participated in 2019 EITI Global Conference in Paris				
3.2.5	Financial Management Training (MOBD/NCS)	MOBD Financial management capacity development	"One Financial Consultant hire for Financial Management"				
<b>Total implementation status</b>				<b>26</b>	<b>15</b>	<b>10</b>	<b>3</b>
<b>Total implementation percentage</b>				<b>50%</b>	<b>27%</b>	<b>18%</b>	<b>5%</b>

**Graph 2: MEITI Work Plan Implementation Status from July 2018 - June 2019**



**Graph 3: MSG Decisions (July 2018 - June 2019) Assessment against MEITI Work Plan**

Total Decisions During  
**2018-2019**  
APR Period



- Related to Work Plan Objective 1 - 4
- Related to Work Plan Objective 2 - 22
- Related to Work Plan Objective 3 - 63
- Decisions unrelatable to Work Plan - 23



**3**

# Chapter-3

Assessment of  
Performance against  
EITI Requirements



**MSG Oversight**

MSG meetings are held monthly to review the current MEITI implementations and discuss the future MEITI plans. This regularization practice enforces the MSG to share their respective sectors' situations regularly and to explore the possible ways to strengthen better extractive sector governance. See Appendix: A for the MSG attendance for 15<sup>th</sup> to 21<sup>st</sup> MSG meetings during July 2018 to June 2019.

MSG also regularly reports to the MEITI Leading Committee and the MEITI Working Committee. This connection enables more effective MEITI implementations, the provision of timely, quality data and necessary guidance to ensure smooth operations. The Government of Myanmar has actively taken the lead in implementing the EITI through the Ministry of Planning and Finance to cooperate in the implementation MEITI process by the respective Union Ministries, Union Level Organizations and State/ Regional Government sustainably under the Union Government Notification No. 76/2018 dated June 29, 2018. This notification supports the mainstreaming of MEITI. Besides, MSG interacts with the MEITI sub-committees and assign the sub-committees to discuss relevant issues thoroughly.



Deputy Minister Dr. Ye Myint Swe from MONREC delivering speech in MEITI Awareness raising at Union Parliament



Private Sector MSG representative participating in EITI Reflection Conference

CSO Sector MSG representative participating in EITI Reflection Conference

The Private sector representatives from oil and gas, mining and gems and jade actively participated in MSG meetings, sub-committee meetings and workshops. The representatives also contributed in dissemination of MEITI information within their networks. MSG regularly invited MEHPCL and MEC,

which were considered as SEE/SOEs, as observers to MSG meetings and workshops. The representatives from MEHPCL were able to share their transition from SEE/SOEs to public listed company during MSG meetings and workshops. The strong engagement of CSO representatives can be seen at both MSG meetings, sub-committee meetings and workshops. It is seen that they regularly share the MEITI activities with sub-national level CSOs as well.


On the other hand, further improvement is needed through an increased seniority of government and private participation in the MSG. During the MEITI Reflection Conference, MSG agreed to review and reform MSG membership and governance structure. There were several discussion at MSG meetings and Workplan and Governance sub-committee meetings for MSG to revise the TORs, update the MSG selection process and membership criteria and MSG will follow through these discussions in third quarter of 2019. At the same time, MSG will be exploring ways to overcome structural challenges of the implementation structure of MEITI to respond effectively to the needs of the MEITI process and the requirements of the three constituencies.

Currently, the three-year MEITI work plan is publicly accessible, was produced in a timely manner and is updated annually, with objectives aligned with national priorities. The work plan also includes specific activities to follow up on recommendations from EITI Reports and provides for plans to address legal barriers to EITI implementation.

MSG recognized the need to revise the work plan that will cover a wider scope of work MEITI will undertake in future. The work plan will be polished to be in line with EITI requirements and corrective action plans (as a result of the anticipated validation results in June 2019). The MSG Chair as well as MEITI Working Committee Chair directed to establish a Core Grant Reviewing Team including Development Assistance Coordination Unit chaired by State Counsellor or Foreign Economic Relations Department under MOPF in order to continue preparing the MEITI work plan in line with Myanmar Sustainable Development Plan and other development programs of the Government of Myanmar.

## Myanmar Sustainable Development Plan (MSDP)

The MSDP provides a long-term vision; a vision of a peaceful, prosperous and democratic country. Founded upon the objective of giving coherence to the policies and institutions necessary to achieve genuine, inclusive and transformational economic growth, this MSDP has been developed to reinvigorate reform and promote bold action. MSDP is firmly aligned with the SDGs, the 12 Point Economic Policy of the Union of Myanmar, and various regional commitments which Myanmar has made as part of the Greater Mekong Subregion (GMS) Strategic Framework, the ASEAN Economic Community (AEC) and many others.




**3**  
Pillars

**5**  
Goals

**28**  
Strategies

**251**  
Action Plans

Pillar 1: Peace & Stability	Pillar 2: Prosperity & Partnership	Pillar 3: People & Planet
Goal 1 Peace, National Reconciliation, Security & Good Governance  Goal 2 Economic Stability & Strengthened Macroeconomic Management	Goal 3 Job Creation & Private Sector-led Growth	Goal 4 Human Resources & Social Development for a 21st Century Society  Goal 5 Natural Resources & the Environment for Posterity of the Nation



The implementation of MEITI is closely aligned with the Myanmar Sustainable Development Plan (MSDP) Pillar 3: People and Planet and Goal 5: Natural Resources and the Environment for Posterity of the Nation, Strategy 5.5: Improve land governance and sustainable management of resource-based industries ensuring our natural resources dividend benefits all our people, Action Plans 5.5.4: Greatly accelerate all necessary measures to meet requirements for EITI implementation and Sustainable Development Goal (SDG) target 12.2 for sustainable management and efficient use of natural resources. The strategic outcome for implementing MEITI is prudent and transparent management of natural resources revenue.

### License and Contracts

Myanmar EITI reports contain the required disclosures on the legal framework and fiscal regime governing the extractive industries.

For mining Sector, Mining Law was amended in 2015 and followed by Mining rules that were enacted in 2018 in line with the updated Mining Law. The relevant rules and regulations are already publicly available online on [www.mining.gov.mm](http://www.mining.gov.mm). The Mining Rules was promulgated in 2018 but it is not ideal, the MSG notes that there has been some improvement according to EITI standards.

In gems and jade sector, Myanmar Gemstone Law was approved by the Parliament as Pyidaungsu Hluttaw Law No. (4) in January 2019 which annulled the 1995 Gemstone Law, making improvements to the legal framework governing jade and gemstones. Gemstone Rules are being discussed and under consultation with stakeholder engagement to be in line with Gemstone Law and International Standards. The final draft of 36 Myanmar Gemstone Policy Statements was approved at the Myanmar Gemstone Supporting Committee meeting held on 13 December 2018 and the committee organized workshops in Myitkyina, Mogok, Monywa and Mandalay to collect inputs from all relevant businesses and stakeholders, and incorporated such inputs in preparing the draft policy with the assistance of foreign resource persons, and called monthly meetings to discuss, debate and get consensus on the content of the draft policy. Stakeholder consultations on the preparation of policy, law and rules have been done as one of the outcomes of implementation of EITI process in Myanmar in order to be transparent and inclusive.

Under this government, new license allocation in oil and gas, gems and jade and mining sector had been stopped and in the forestry sector, forest extraction has been stopped for a period in some regions and significantly reduced extraction amount and exportation of log have been banned to take into account accountable and environmental crime. In 2019, new applications for mining areas have been started to accept but, they were being implemented to be in compliance with the International Standards.

Regarding the license register, implementation of mining cadaster are underway and which is implemented in accordance with MEITI reports' recommendations. It is aiming and trying to incorporate the gemstone licenses in this cadaster. See Myanmar Mineral and Gemstones Cadastre System for detailed information in Chapter 2.

There is no policy on contact disclosure in Myanmar. However, stakeholders agreed to review the Production Sharing Contract (PSC) in the oil and gas sector, Performance Compensation Contract (PCC), Improved Petroleum Recovery Contract (IPR), the PSC in the mining sector, licenses and all contracts of the jade and gems sector to improve the terms and conditions of new contracts in the Reflection Conference Workshop. It is necessary to make the consultations and agreements between companies and government agencies in extractive sector to disclose the contracts because there are confidential clauses in some contracts and stakeholders from government agencies discussed that feed backs from Attorney General Office (AGO), Office of the Auditor General of the Union (OAG), Myanmar Investment Commission (MIC) and other relevant agencies are required for contract disclosure. Therefore, the essential requirement of disclosing contracts in all sectors is political will and strong support from the government.

With regards to beneficial ownership progress in Myanmar, BO notification by President Office is on progress to disclose beneficial ownership information of companies in the extractive sector to be compliant with 2016 EITI Standards. The detailed information of BO implementation in Myanmar is available at Chapter 6.

Moreover, state-owned enterprises belong to all the people and are an important force in any country's economy. In Myanmar, state economic enterprises (SEEs) are particularly important, generating approximately 50 percent of Union fiscal revenues, largely from the natural resource sector. Partly on account of the 1989 SEE/ SOE law, SEE/ SOEs enjoy extensive autonomy and monopoly powers over different sectors of the economy. Since 2012, the Union government has initiated reform efforts that were intended to enable SEE/ SOEs to operate commercially, so as to eventually stand on their own feet. However, the reforms implemented thus far have not addressed long-standing concerns of a lack of accountability and oversight.

To address challenges in SEE/ SOEs, in line with MSDP, the Ministry of Planning and Finance is collaborating with the World Bank, the US Treasury and the Myanmar Development Institute to enhance the oversight of SEE/SOEs. Their underlying profitability and financial sustainability is the main focus, as well as their socio-economic impact. The end result of these efforts will be to create the right policies and procedures for reforming and strengthening SEE/SOEs, as well as corporatizing or privatizing them where appropriate. Reducing the burden of SEE/SOEs on the government budget is a clear objective in the coming years, coupled with the determination to generate greater social and economic returns to the Myanmar people. Myanmar EITI is pushing the extractive industries related SEE/SOEs reform program, which is directly correlated with government ongoing reform plan.

In near future, the government is drafting a reform plan for Myanmar Oil and Gas Enterprise to become a National Oil Company. Myanmar Gems Enterprise is collaborating with Natural Resource Governance Institute (NRGI) to produce Annual SEE/SOE report.

### Monitoring and Production

Regarding exploration data, in 4<sup>th</sup> MEITI report of covering 2016-2017 FY, significant exploration information data in oil and gas, gems and jade and mining sectors are described thoroughly. The government agencies provided all required information asked by Independent Administrator.

Not only all production data in extractive sector are disclosed in 4<sup>th</sup> MEITI report but also monthly production data of mining sector are described and uploaded on the Ministry website and social media to be open and accountable.

Export volume and value of extractive sector such as oil and gas, gems and jade at Emporium sales, mining and pearl sectors was explicitly described in 4<sup>th</sup> MEITI report. But, gems and jade export outside of emporium are not accessible.

Independent Administrator (IA) recommend that production data by output, value and quality should be independently reviewed when possible and reconciled to sales and export data in 4<sup>th</sup> MEITI report. Moreover, IA recommend that The MONREC should also ensure that the export outside of emporium sales can be identified through its reporting system. In addition, the MONREC should also require the companies to report on the volume of inventory and perform periodic physical verification of the inventory.

### Revenue Collection

In the previous 4<sup>th</sup> MEITI report, 94% of revenue collection from extractive sector is covered and it is a very comprehensive information. In the 2<sup>nd</sup> and 3<sup>rd</sup> MEITI report, there is no categorical assessment of materiality of in-kind payments. In 4<sup>th</sup> MEITI report, the thorough explanation on on-kind revenues of all extractive sectors are encompassed and sales of the state share of revenues collected in-kind are described as per EITI requirement. It also covers transportation revenues of oil and gas sector with a materiality threshold of zero.

It is important to ensure that reporting process comprehensively addresses the role of SOEs, including material payments to SOEs from oil and gas and mining companies, and transfers between SOEs and other government agencies. In the previous 4<sup>th</sup> MEITI report, SOE transactions are comprehensively mentioned and reconciled between not only companies and SOE but also SOEs and government agencies. Regarding SOEs' Other Account, it will be changed from 2019-2020 fiscal year with NECC's decision and Government's permission.

In relation to direct subnational payments, under section 231 sub-section (a) of the Constitution of the Republic of the Union of Myanmar 2008, all taxes and revenue except that are listed in Schedule 5 shall be collected by the Union in accordance with the law and deposited in the Union Fund. Regional government shall collect the following: land tax, excise tax, municipal taxes such as water tax, dam tax, tax on electricity generated; services of the Region such as toll fees, royalty on freshwater fisheries and marine fisheries; sales, lease and other means of execution of property of the Region in accordance with law and deposit in the Regional Fund. In Citizen's Budget, the demands of State/

Regional Financial funds are filled up based on the calculation of Medium Term Fiscal Framework that has been practiced since 2015-2016 FY.

The data in the 4<sup>th</sup> MEITI report is disaggregated by individual company, revenue stream and government entity in which project-level reporting is started in the oil and gas sector. The reports have been produced within time bound and the reports are credibility and competence with the assessment of the reliability and comprehensiveness of the data. However, more accurate data and reliable information of 4<sup>th</sup> MEITI report will be involved in the supplementary report.

### Revenue Allocation

Regarding distribution of revenues, Myanmar has got inadequate progress in Validation process because of the existence of Other Accounts in SOEs and there is insufficient clarity on whether they are recorded in the national budget and insufficient explanation of how these funds are allocated. The most significant progress in terms of the all transfers from government to SEE/SOEs was written directive issued by the Ministry of Planning and Finance, dated 28-February-2019. Under the Directive, financial management plans of state-owned economic enterprises only with the Union Fund Account (UFA-SEE Account) shall transfer all allocations to the Union Fund Account (UFA-SEE Account) and shall also incur all expenses from the UFA-SEE Account within the permitted bounds of the Union Budget, starting from the 2019-2020 Financial Year.

Subnational transfers and Revenue management and expenditures are not applicable in Myanmar.

### Socio-economic Contribution

For oil and gas sector, the mandatory social expenditures are required under PSCs. It is also strongly encouraged by the Myanmar Investment Commission. While contributions to training fund and research and development fund are mandatory, the CSR and investment programs remains voluntary. For Oil and Gas projects, CSR are being performed by the companies in accordance with the MOGE's guidelines, and are published in the annual reports of the companies. It has been analyzed that an uniformed reporting framework is required for the systematic recording of the CSR programs of Oil and Gas companies and MOGE. In mining sector, the rules for CSR have been prescribed in accordance with the new Myanmar Mines Rules promulgated in 2018. It is expected that companies will provide more accurate data under the contracts signed under 2018 Mining Rules.

On May 24, 2019, NCS officials and PwC Myanmar met with the relevant government officials from MOPF, MONREC and MOEE to clarify about quasi-fiscal expenditure and social expenditure. During the consultation with MOEE, the government officials from MOEE clarified that there is no activities outside of national budget under MOEE and hence there is no quasi-fiscal expenditure by its very definition of quasi-fiscal as "arrangements whereby SOE(s) undertake public social expenditure such as payments for social services, public infrastructure, fuel subsidies and national debt servicing, etc. outside of the national budgetary process". MOPF officials also confirmed that their statement is true as MOEE activities are recorded in the national budget. For mining sector, the government officials shared that there is no quasi-fiscal expenditure nor quasi-fiscal activities for them.

Myanmar Gems Enterprise replied that there is no quasi-fiscal expenditure for MGE. Although it is stated in the manual for funds of Myanma Gems Emporium Central Committee that the fund shall be used for natural disasters causes and for the social development of local, it has not been used regularly. The fund is used for conducting the international level gems emporiums and for the development of gems and jade sector. Hence, it could not be considered as the quasi-fiscal expenditure. In Myanma Gems Law released on January 30, 2019, it is mentioned that once the project starts, the permit holder shall set up a CSR fund of no less than 2% of investment to use for environmental conversation, health, education, transportation and other development programs in local areas under regional or state government. If such funds were set up, it could be considered as quasi-fiscal expenditure.

MEITI disclose economic contribution through MEITI reports in terms of GDP, exports, total government revenue and employment. The government agencies under MONREC and MOEE have been encouraged to address the recommendation regarding systematic disclosure of employment data and publishing on their website during the preparation of the 4<sup>th</sup> MEITI supplementary report. The relevant agencies under MONREC responded positively by sharing the data or committing to publish in their website in future while MOEE expressed a requirement of assistance to set up systematic reporting framework to keep records and to post on the web page in accordance with EITI requirements.

### Outcomes and Impacts

MEITI commits to hold public debate and report launches because the opportunities to hear public's voices regarding EITI data and recommendations were raised up when public debates and report launches were held. This consequently led for relevant ministries to take action accordingly. In addition, the media were able to discuss natural resources governance related issue with the MEITI stakeholders during those events. The MEITI talkshow and public debates captured media's interest in better natural resource governance. Now, Yangon Journalism School, the first independent private journalism school in Myanmar, has been occasionally collaborating with developed partners and providing training for journalists how to EITI data and how to write news using EITI data.

Public are able to follow EITI data and information on the websites and social media accounts of government agencies and MEITI more easily. MEITI regularly shares the news and activities of MEITI via MEITI website [www.myanmareiti.org](http://www.myanmareiti.org) , Facebook Page [@MyanmarEITI](https://www.facebook.com/MyanmarEITI) and newly set up Twitter account [@Myanmar\\_EITI](https://twitter.com/Myanmar_EITI). Not only general public and media but also researchers and academics benefit from EITI open data policy as this makes Myanmar extractive industries more easily accessible. This supports better transparency in natural resource governance in Myanmar.

The EITI awareness raising at Union Parliament has contributed to enacting natural resource related law and, in future, EITI law. Due to MEITI implementations and EITI awareness, EITI standards has been accounted and included when drafting the national gemstone policy statement. Besides, MEITI implementation reveals a platform for extractive sector SEE/SOEs reformation which is one of the national visions under MSDP.

The recommendation consultation workshop and MEITI reflection conference made the METITI stakeholders review the achievements from MEITI recommendations and re-energize them to push forward to continue implementing the recommendations. MEITI recommendations support the relevant stakeholders to review current PSC in mining and gems and jade sectors and to establish better PSC in future. Due to the MEITI recommendations, the relevant government agencies realized the facts they needed to reform and were able to initiated reform process within their agencies.

Nevertheless, The revenue flows within extractive industries and extractive sector contribution can be learn easily from the MEITI reports. Public can now know the tax revenues, non-tax revenues and CSR of the extractive industries from MEITI reports. This build more understanding and trust between companies and public. Finally, the easy data accessibility and implementation of recommendations improves the democratic reform of Myanmar in transparency and accountability aspects.







**4**

**Chapter-4**  
The Responses and  
Progresses for the  
Recommendations of  
the MEITI Reports

Myanmar has produced four reports covering the fiscal years of 2013-2014, 2014-2015, 2015-2016 and 2016-2017. With the production of these reports, MSG and relevant government agencies have received a total of 52 recommendations of which 14 recommendations derived from 1<sup>st</sup> report, 21 recommendations from 2<sup>nd</sup> and 3<sup>rd</sup> reports and 17 recommendations from the recently produced 4th MEITI report that was published in March 2019. MEITI held a series of recommendation consultation workshops with MSG and relevant government agencies to discuss the progress on the recommendations and the constraints that will encounter and how to overcome these difficulties with the support of National Coordination Secretariat (NCS) in a continuing manner since 1<sup>st</sup> MEITI report had been produced.

In total of 35 recommendations in 1<sup>st</sup>, 2<sup>nd</sup> and 3<sup>rd</sup> reports, 2 recommendations have been total implemented, 5 recommendations have been partially implemented or responded to and 66% % of recommendations or 23 are ongoing progress process while 5 remains unsolved or no significant progress.

Summary table of status of 1<sup>st</sup>, 2<sup>nd</sup> and 3<sup>rd</sup> MEITI reports' recommendations are as follows:

<b>Status of 1<sup>st</sup>, 2<sup>nd</sup> and 3<sup>rd</sup> MEITI Reports Recommendations</b>			
<b>Implemented</b>	<b>Partially Implemented</b>	<b>Ongoing Progress</b>	<b>No progress</b>
2	5	23	5

In this Annual Progress Report (APR), the status of the previous recommendations in 2<sup>nd</sup> and 3<sup>rd</sup> MEITI reports are reviewed and described with the responses from respective government agencies such as MOPF, MONREC, and the Ministry of Electricity and Energy (MOEE).

Internal Revenue Department		
Recommendations	Status	Progress
Strengthen the institutional capacities of the IRD	Ongoing	<p>The Internal Revenue Department has weaknesses in its internal capacity in tax policy and tax governance. IRD has been implementing and performing basic reforms in these two areas. Such reforms will help build internal capacity in managing extractive industries. However, it will take time to be able to effectively manage the extractive industries while capacity building work is performed.</p> <p>IRD technical capacity levels preclude the establishment of industry specializations at this point in time. However significant technical assistance has been and continues to be provided by donors in connection with the oil and gas industry. As a consequence, staffs in the Large Taxpayer Office are better enabled to respond to related revenue risks and taxpayer expectations.</p>
To establish an Extractive Industries Revenue Unit within the IRD	Ongoing	According to the present status/situation there is no sufficient manpower in the Internal Revenue Department to manage all extractive industries. According to the reform program, arrangements have been made to implement sustainable capacity building work from time to time. There can be a decrease in the long run by scattering the human resources and aid and support to (many sectors) even in this condition of less capacity.
To conduct training needs assessment covering the areas of tax audit, risk-based tax audits, data exchange, transfer pricing	Ongoing	A training needs assessment was conducted and the implementation of reform programs has also been approved. As a result, risk-based tax auditing has been mainly done. Norwegian Agency for Development Cooperation (NORAD) has provided training for the Oil and Gas work and the auditing work is also practically being performed. Similarly, the World Bank supports trainings related to transfer pricing. The purpose of these trainings is to do audits efficiently according to staff qualification and to extend the qualification of the staff.
To establish procedures and systems to administer extractive industries revenue including an assessment and audit strategy	Ongoing	At present the Internal Revenue Department has no system described in the recommendation. The auditing strategy has been drawn up and the procedures for general works auditing and oil and gas sector auditing have been provided. Individual staff ability must be enhanced for greater progress.

To set up a database of all companies and other entities in the extractive industries for taxation purposes	<b>Ongoing</b>	In accordance with the Tax Reform Programme of Internal Revenue Department, Ministry of Planning and Finance 2014-2024, a Data Centre was established in Nay Pyi Taw and Yangon using the ITAS (Integrated Tax Administration System). The present running system of the Internal Revenue Department is based on the manual system. At the LTO office, it has been performed with small scale computer system and all organizations under extractive industries sector are recorded. Although it takes several years to use in the whole country, a database system can be drawn up and used for the policy objectives.
To set up a Research Team responsible for drafting research and policy documents	<b>Ongoing</b>	IRD has not been able to set up a dedicated Research Team due to a lack of capacity.
To conduct a study on the Harmonisation of Mineral Taxation Regimes and the consolidation of fiscal regulations	<b>Ongoing</b>	The new tax revenue is currently being drafted and the extractive industries are included as a separate section. Once this new law is enacted, it will be more beneficial and effective for the extractive industries.
Lack of unique Taxpayer Identification Number (TIN) used by all Government Agencies for the identification of the extractive companies	<b>Ongoing</b>	<p>Internal Revenue Department has started using the TIN at LTO since 2014-2015 FY and the use of TIN is being expanded phase by phase at MTO (Medium Taxpayer Office). The new tax management system will be applied to the whole of the Internal Revenue Department on April 1, 2019 during the financial year 2019-2020. On the other hand, not only the extractive industries but also other government agencies related to IRD should use the same TIN number used by IRD.</p> <p>In collaboration with DICA, unique taxpayer identification numbers are now issued to all corporate taxpayers.</p>
Lack of availability and accessibility of information -IRD	<b>Ongoing</b>	<p>An Integrated Tax Administration System (ITAS) is currently being implemented and the required data for the EITI report will be provided comprehensively once this system has been finalized successfully. It is expected that this system will run for the whole IRD department during April, 2019.</p> <p>IRD's more recent understanding of the timeline for deployment of functionality supporting this recommendation suggests that it is possibly still several years away. A more accurate indication may be possible with the next progress update.</p>

Myanmar Gems Enterprise (MGE)		
Recommendations	Status	Responses from Concerned Agency/Department
<p><b>Lack of certification, traceability and valuation of the gemstones</b> To perform the following:</p> <ol style="list-style-type: none"> <li>1. Capacity Building</li> <li>2. Gemstone Governance Framework</li> <li>3. Valuation Procedures</li> <li>4. Responsible Mining and Traceability</li> </ol>	<b>Ongoing</b>	<p>Gemstone policy statement final draft is now being discussed and approved on 13 December 2018. Comments from Pyithu Hluttaw Natural Resources and Environmental Conservation Committee, Amyotha Hluttaw Natural Resources and Environmental Conservation Committee, CSOs and international organizations and the public have been requested in a transparent and accountable manner. In this policy statement, certification, traceability and valuation of the gemstones are mentioned. The policy has also been put online for public consultation.</p>
<p><b>Gemstones sector institutional reform</b> To revisit MGE roles in any government considerations of institutional reform in Myanmar's gemstone sector and to adapt them to best international practices.</p>	<b>Ongoing</b>	<p>A training on environmental management was conducted and environmental awareness talks are being held in MGE's different regional divisions and staff are being sent to international gems emporia for study purposes.</p> <p>Regarding new recruitment for MGE, applicants with qualifications relevant to the gemstone sector are prioritized and assigned to gems extraction areas.</p>
<p><b>Improvement in the bidding process for gemstone permits</b> To review and revise bidding processes for mining concessions in consultation with stakeholders for mining states in a bid to promote openness and fairness</p>	<b>No Progress</b>	<p>Worksites under current permits were granted under the 1995 Gems Law. The new Myanmar Gemstone Law was enacted on January 30, 2019 and the development of the Myanmar Gems Rules is in process. Therefore, after the by-laws are enacted, the MGE will operate according to both laws and rules.</p>

Ministry of Natural Resource and Environmental Conservation (MONREC) & Ministry of Electricity and Energy (MOEE)		
Recommendations	Status	Responses from Concerned Agency/Department
<p>Lack of transparency of SOEs</p> <p>To publish an annual aggregate report that covers all SOEs and make it a key disclosure tool directed to the relevant stakeholders including the general public, the parliament and the media. The following information may be included in the annual aggregate report:</p> <ul style="list-style-type: none"> <li>• A general statement on the State's ownership policy and information on how the State has implemented this policy</li> <li>• Aggregate financial information and reporting on changes in SOEs' boards;</li> <li>• Key financial indicators including revenues collected, profit, cash flow from operating activities, gross investment, transfers to the government, spending); and</li> <li>• Information on individual reporting on the SOEs.</li> </ul> <p>To complete the transformation of SOEs and separate their current regulatory function into another part of the MoNREC/ MoEE, to remove conflicts of interests, leading to better long-term regulation of the extractive Sector</p>	<b>Ongoing</b>	<p><b>Comments from MONREC:</b></p> <p>MONREC is collaborating in the SEE/SOEs reform process in order for SEE/SOEs to have clear duties and responsibilities, to have capacity in accordance with international standards, to increase revenue from SEE/SOEs, to reduce the cost and to promote management capacities. Senior officials from relevant departments presented and discussed the current implementations of economic management reform, laws, rules and regulations, ways forwards and challenges at Extractive Sector SOEs Reform Workshop held on February 21 and 22, 2019.</p> <p>The activities of the Ministry such as SEE/SOEs' production data, tax revenue, notifications and instructions were published and updated on the Ministry website. In the new mining rule dated February 13, 2018, a tender system is used for the mining fields explored from government and the mining fields that are being applied from more than one person.</p> <p><b>Comments from Myanmar Gems Enterprise (MGE):</b></p> <p>The Supporting Committee on the Gems Sector are discussing a Gemstone Policy Statement to be in line with EITI standards.</p> <p><b>Comments from MOEE:</b></p> <p>MOGE publishes press releases monthly and factual information and data from the Ministry are disclosed to national and international media and scrutinised. They are uploaded on the Ministry's website and social media in a timely manner.</p>

<p>Completeness of the data reported on license register</p> <ul style="list-style-type: none"> <li>To include systematically comprehensive information regarding each of the licenses in the register and for it to be accessible by the public via the ministry's website.</li> </ul>	<p>Ongoing</p>	<p><b>Comments from MONREC:</b> The data related to the license application date was not included in the previous regulation. According to the rules and regulations published on February 2, 2019, the license application data have been updated on <a href="http://www.mining.gov.mm">www.mining.gov.mm</a> since August 1, 2018.</p> <p><b>Comments from MGE:</b> For a mineral cadastre system, the Mineral Cadastre Working Group led by the Department of Mines was formed on January 17, 2019 and trainings are underway. Two MGE officials are in the Working Group. The list of worksites with permit expiry is uploaded to <a href="http://www.mining.gov.mm">www.mining.gov.mm</a> on monthly basis.</p> <p><b>Comments from MOEE</b> Tender process, terms and conditions, selection criteria, awarded companies, awarded date, oil and gas blocks' coordinates and their implementation status are uploaded on the MEITI website, Ministry's website and social media.</p>
<p>Unclear licensing process To disclose clearly the technical and financial criteria used to evaluate the license application</p>	<p>Ongoing</p>	<p><b>Comments from MONREC:</b> The 100% foreign investment is allowed in study phase and large-scale production in mining sector. The permits are granted with the "First Come, First Serve" system in accordance with the nature of mining business. In Myanmar Mining Rules and Regulations in 2019, it is stated that if the area of land has not been explored, the application of persons or organizations that apply first will be prioritized in the selection process, and if more than one person or one organization applies for the same area of land, and the area has geological data and can produce commercially, the selection is carried out by tender. In a tender process, in order to have transparency, it is published via government newspapers. The previously permitted licenses and the newly applied licenses are transparently accessible on <a href="http://www.mining.gov.mm">www.mining.gov.mm</a>.</p> <p><b>Comments from MGE:</b> Myanmar Gemstone Law was enacted on January 30, 2019 and the development of by-laws are in process.</p> <p><b>Comments from MOEE:</b> Tender process, terms and conditions, selection criteria, awarded companies, awarded dates, oil and gas blocks' coordinates and their implementation status are uploaded on the MEITI website, Ministry's website and social media.</p>



<p><b>Creation of a reporting system for employment data</b> To update periodically (at least annually) the system with information on the contribution of the industry to labour and employment</p>	<p><b>No Progress</b></p>	<p><b>Comments from MONREC:</b> The employment data of MONREC and Joint Venture (JV) companies are reported in monthly production reports. The employment data of companies in the mining sector are reported every three months and officials occasionally conduct site-check. The employment data of MONREC and JV companies are published by respective departments on <a href="http://www.mining.gov.mm">www.mining.gov.mm</a>.</p>
<p><b>Lack of availability and accessibility of information on companies social and environmental commitments</b> To disclose publicly mandatory and voluntary expenditure and funds to ensure full transparency of SOEs and companies' social and environmental commitments.</p>	<p><b>No Progress</b></p>	<p><b>Comments from MONREC:</b> Corporate Social Responsibility (CSR) activities and amounts of the enterprise/ departments and joint ventured departments are accessible on <a href="http://www.mining.gov.mm">www.mining.gov.mm</a>.</p> <p><b>Comments from MOEE:</b> Oil and Gas companies reported their CSR activities to MOEE and uploaded their report on their websites.</p>
<p><b>Improving the implementation of projects donated by extractive companies</b> To coordinate with State or regional bodies to keep a record of these projects in order to ensure proper accounting of the value of these contributions and to include them in the development plan of the extractive regions to avoid duplication with the efforts made by the central government</p>	<p><b>Ongoing</b></p>	<p><b>Comments from DOM:</b> It is known that the donation and infrastructure projects by the extractive companies are directly provided to the final beneficiaries. The town/city development departments and the region do not aware such kind of provisions (aid and assistance) for the extractive areas due to never acknowledgement to the relevant Regions and States by both beneficiaries and Company.</p> <p>The overlapping can be avoided by the inclusion of the value/ cost of such projects by recording and including the appropriate calculation to be made by the Ministry of Natural Resources and Environmental Conservation in cooperation with the Departments of Region and State and included in the development plan to be implemented in these extractive regions by the Union Government.</p> <p>It shall be described in the website by asking separately to the relevant Companies.</p> <p><b>Comments from No. (2) Mining Enterprise (ME2):</b> ME2 and JV companies are collaborating in supporting the regional development for respective mining regions. The activities will be recorded by the State and Region offices under ME2 and shown on the ME2 website.</p>

	<p><b>Comments from MGE:</b> MGE is currently implementing projects donated by extractive companies for regional development such as hospitals, roads, bridges and religious buildings. It informs respective Regional and State Governments and Development Committees about those projects, and uploads details to the Ministry and MGE websites.</p> <p><b>Comments from MOEE:</b> Since the current CSR activities done not only by the Ministry but also by joint venture companies are done with the coordination of State and Region governments, these activities are not duplicated and also the ones in need.</p>
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MONREC, MOEE & MOPF (All government agencies)		
Recommendations	Status	Responses from Concerned Agency/Department
<p>Consider setting a resource revenue sharing system for extractive revenues</p> <p>To set up a special fund arising from revenues earned from extractive companies or revenue sharing mechanisms so that these may be allocated towards projects</p>	<b>No Progress</b>	<p>Medium Term Fiscal Framework (MTFF) has been practiced since 2015-2016 FY. The demands of State/Regional Financial funds are filled based on the calculation of MTFF by the Union Government.</p> <p>Tax sharing is carried out using six indicators under the MTFF.</p> <ol style="list-style-type: none"> <li>1. Total population</li> <li>2. Poverty index</li> <li>3. Area</li> <li>4. Per capita tax collection</li> <li>5. Per capita Gross Domestic Product (GDP)</li> <li>6. Urban population as a percent of Total State population</li> </ol> <p>Political support is required for a resource revenue sharing system.</p>
<p><b>Lack of reporting at project level</b></p> <p>To assess how to disaggregate revenue streams between projects wherever possible, in order to report these revenue streams at project level.</p>	<b>Partially Implemented</b>	<p>Project level reporting is available for oil and gas sector in 4<sup>th</sup> MEITI report.</p> <p><b>Comments from DOM:</b></p> <p>Although there is no difficulty for ME1, ME2, Myanmar Pearl Enterprise (MPE) and Department of Mines (DOM) for reporting at the project level, there will be difficult in Gems and Jade sector as one company holds several permits.</p> <p><b>Comments from ME1:</b></p> <p>For lack of reporting at the project level, the department can describe income per project but it will be very difficult for companies which describe aggregated data in the annual report but they do not record the information for each permit and each industry.</p>

<p><b>Extracting Data and Information</b></p> <ul style="list-style-type: none"> <li>To take more active roles in providing data and information as well as to give comprehensive explanations and confirm elements in EITI report to focal points in reporting entities</li> <li>To start the data collection process, prior the Independent Administrator starting the fieldwork with the reporting format adopted by MSG</li> </ul>	<p><b>Ongoing</b></p>	<p><b>Comments from MONREC:</b></p> <p>It is performed in time as per the guidance of the Union Minister. The production volume by sector of SEE/SOEs are now being stated in the Ministry's website, and in the future, the data included in EITI reports such as the production data, foreign export, employment data, CSR data will be reported not only in the template but also via the website.</p>
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Ministry of Electricity and Energy (MOEE)		
Recommendations	Status	Responses from Concerned Agency/Department
<p><b>Improvement in the bidding process for Oil &amp; Gas blocks</b></p> <p>Systematic disclosure of the following additional information would improve the governance of the bidding and selection process:</p> <ul style="list-style-type: none"> <li>who is mandated to make the decision about awards.</li> <li>the criteria and priorities for selection of successful bidders</li> <li>whether there was a signature bonus paid; and</li> <li>the evaluation criteria and scoring method applied by MOGE, together with a brief justification for the selection of the chosen operators.</li> </ul>	<p><b>No Progress</b></p>	<p>International bidding rounds are called in a transparent manner by the respective Committee and they are evaluated according to selection criteria. With the permission of the Myanmar Investment Commission (MIC), the awarded companies sign a Production Sharing Contract (PSC).</p> <p>Tender process, terms and conditions, selection criteria, awarded companies, awarded date, oil and gas blocks' coordinates and their implementation status are uploaded on the MEITI website, the Ministry's website and social media.</p>

<p><b>Sale of the State' share of production</b> To disclose all the information required regarding the first trade of the State's share of production.</p>	<p><b>Ongoing</b></p>	<p>MOGE does not take in-kind data from oil and gas companies. According to Domestic Market Obligation in Clause 14.1 and 14.4 of PSC contract, MOGE buys 20% of crude oil from Share of Profit Petroleum of Contractor and 25% of Natural Gas with the 10% discount of Fair Market Value.</p> <p>Crude Oil and Natural Gas are sold and MOGE also discloses the individual buyers, the type of product sold, the destination country and the sales income in the 4<sup>th</sup> MEITI report.</p>
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**Ministry of Natural Resources and Environmental Conservation (MONREC)**

Recommendations	Status	Responses from Concerned Agency/Department
<p><b>Inaccuracy of production data</b></p> <ul style="list-style-type: none"> <li>To set up their own mechanisms, processes and procedures to collect and control production data by the agencies falling under MONREC</li> <li>To carry out periodic reconciliations of the production volumes declared by the mining companies with the measurements of the agency for each reporting year by the agencies falling under MONREC</li> </ul>	<p><b>Ongoing</b></p>	<p><b>Comments from MONREC:</b> A monthly reporting system and occasional field-checks are practiced. Production is managed annually through site-checks by respective regional offices. Observation of mining sites and regular field-checks are also performed. Up to date monthly and annual production data of ME1 and ME2 are accessible on <a href="http://www.mining.gov.mm">www.mining.gov.mm</a>.</p> <p><b>Comments from MGE:</b> Production of raw jade extracted by state-owned and partner companies, and private companies in different gems areas are kept in MGE's regional divisions. The list is sent to MGE headquarters on a daily basis and forward to the Ministry monthly. The Office of the Auditor General (OAG) audits production and revenue from gems on an annual basis. A computer program is being developed to make production data more accurate.</p>

Multi-Stakeholder Group (MSG)		
Recommendations	Status	Responses from Concerned Agency/Department
<p><b>MSG to consider expanding the scope of future MEITI Reports</b></p> <ul style="list-style-type: none"> <li>To consider the inclusion of upstream subcontractors in the extractive sector.</li> <li>To expand the coverage of the gems and jade sector</li> <li>Military Holding companies and their subsidies as specific entities</li> </ul>	<b>Ongoing</b>	<p>1. In 4<sup>th</sup> MEITI report, the scoping of Mining and Gems and Jade sector was expanded depending not only on revenue streams but also permit areas/numbers. It also covers the pearl sector in the reconciliation scope.</p> <p>2. For consideration of inclusion of Sub-Contractors, PSC contracts should be amended. There is no law for PSCs, so that it needs a directive notification from DoM. Amended PSC contracts will cover FY 2019-2020 .</p> <p>3. To reduce informal activities in the jade and gems sector, the Government should establish regional sales markets for small scale mining, in order to control and trace jade and the government should regulate medium scale mining</p> <p>4. MEC, MEHPCL and their subsidiaries participated in all MEITI reporting process. MSG should encourage the Leading Committee to get access to the data and qualified information from Military holding companies</p>
<p><b>Implementation of recommendations from the first, second and third MEITI reports</b></p> <ul style="list-style-type: none"> <li>To implement a formal process to document the review its activities and Government Entities of the recommendations be implemented such as inclusion in the agenda of monthly MSG meetings</li> <li>To review activities can be further reinforced through adoption of a more structured accountability and reporting lines, as well as fixed timetable for implementation.</li> </ul>	<b>Ongoing</b>	<p>For implementation of recommendations of the 1<sup>st</sup>, 2<sup>nd</sup> and 3<sup>rd</sup> MEITI reports, MSG discussed them in meetings, updated the Working Committee and Leading Committee and monitored the activities of relevant government departments as to whether they are in their agreed timeframe. These were recorded in MSG meeting minutes.</p>





**5**

## Chapter-5

Specific Strengths or  
Weakness Identified in  
the MEITI Process



This SWOT analysis represents the present situation of MEITI, to guide future decisions.

## Strengths

- A more comprehensive 4<sup>th</sup> MEITI Supplementary Report has been drafted, despite the challenges MEITI faced with the IA..
- The BO notification issued by President Office is under the drafting process and it will enforce the BO requirements in MEITI implementation.
- MSG and MEITI stakeholders have been able to evaluate and reflect on MEITI implementation during this period. This has resulted in common agreements and future plans.
- Public debates allow the public and stakeholders outside MEITI to openly engage and discuss key issues.
- EITI awareness raising has reached new levels, such as the legislative level through the Union Parliament and to a national audience through television.
- Myanmar EITI has had a positive impact on relevant legislation, such as the Myanmar Gemstone Law and the drafting of a national gemstone policy.
- Collaboration among stakeholders has improved as a result of several consultations, report preparation, and the MEITI Reflection Conference.
- The regularization of MSG meetings and Sub-committees meetings can be seen as a strength of MEITI to show commitment to EITI.

## Weakness

- There is still a lack of legal enforcement, such as an EITI Law.
- Lack of EITI awareness among media and the public is significant and shows more EITI awareness raising is needed, especially when engaging with audiences outside of the MEITI network.
- Due to the broadening scope of work and the revised EITI standards of 2019, capacity building for MSG and all relevant stakeholders are required for timely implementation.
- As of now, five SNU have been formed, but more effective linkages between union level groups, such as MSG, are needed.
- In some meetings and discussions, inefficient participation of stakeholders from all sectors can be seen. This needs to be improved for better implementation and for balance.
- The communication and outreach strategy of MEITI has not been utilized well enough, especially in outreach activities.

## Opportunities

- During this reporting period, the extractive sector SOEs reform workshop has been held and this opened up the possibility for discussion and preparation for the reform of extractive sector SEE/SOEs.
- As forestry is one of the important natural resources of Myanmar, MSG decided to include the forestry sector in the 5<sup>th</sup> MEITI report. This could establish a good reporting process in the forestry sector.
- Study tours can be regarded as effective knowledge sharing and learning activities for the MEITI. For instance, in July 2019, an exposure trip on mining decentralization is planned for MEITI stakeholders in Indonesia to learn from Indonesia's decentralization process on mining.
- When BO information is collected, it alerts the companies to take corrective action to eliminate corruption and money-laundering.
- In future, BO data will be combined with the Myanmar Company Online (MYCO) data system, the official database of company registration in Myanmar

## Threats

- The sense of ownership and leadership upon MEITI process needs to be expressed more significantly.
- Despite the broadening scope of work, the funding to cover implementation is limited. Sustainable financing has become a threat to future implementation.
- There has been frequent MSG member change in this period. If a solution to address this issue could not be found in the near future, it could affect the ability of the MSG to work by consensus.
- A high staff turn-over rate at NCS could restrain the capacity of NCS as a whole.



## Challenges

- At the 43<sup>rd</sup> EITI Board meeting in Paris, France, EITI Standard 2019 was approved. Implementing the revised standards could be challenging for MEITI as the current implementation could not satisfactorily meet all the requirements of EITI Standard 2016.
- Broadening the current scope of work, before overcoming weaknesses and threats, could be unmanageable for relevant stakeholders.
- In Myanmar, BO is a new concept and its definition, terms and conditions are not familiar to companies in Myanmar. Hence, BO awareness raising and BO data collection could be challenging.
- MEITI Validation has started since July 2018. Its validation result was expected to be decided at the 43<sup>rd</sup> EITI Board meeting held in Paris, France. However, it has been delayed due to the inadequate civic space in resource governance. That highlights a potential risk to the political commitment of the EITI process.
- The reform processes in resource governance have become a challenge because MEITI requires a higher level commitment for reform.



6

## Chapter-6

Implementation of  
Beneficial Ownership  
Disclosure Plans

## **MSG approved the BO Roadmap in March 2017 to implement the BO process as part of MEITI.**

Myanmar's BO Task Force was formed by Order 60/2018 dated June 30, 2018. There are 18 members of the BO Task Force, comprising representatives from respective ministries in the extractive sectors, Internal Revenue Department under the Ministry of Planning and Finance, Anti-corruption Commission, Union Attorney General Office, Auditor General Office, Central Bank of Myanmar, Financial Investigation Unit, Directorate of Investment and Company Administration (DICA), the private sector and civil society organizations. National Coordinator became a Champion/Chairman of BO Taskforce.

According to the BO Roadmap, the BO Task Force assigned DICA as the focal agency to implement the BO data collection and disclosure process. The BO Task Force reports directly to the EITI Working Committee on operational issues, and needs to seek MSG endorsement on strategic decisions. BO consultant, Adam Smith International, did a preliminary review of Myanmar's current legal framework. The Myanmar Company Law 2017, the Anti-Money Laundering Law 2014, the Anti-Corruption Law-2013 and introduced the BO concept with code of business ethics, ownership interest and definition of PEP.

In the long term, an EITI law is to be enacted, however, a legal instrument is immediately needed for BO disclosure by January 2020. Hence, MSG had decided to write a BO notification issued by President Office to use as a legal instrument for BO data collection. The draft BO notification is expected to be enacted by the end of July 2019 in compliance with the 2016 EITI Standards. The BO Pilot Project was a milestone in the first half of 2018. 21 companies voluntarily participated in the project and 80 percent of participants provided their legal and BO information.

Although BO in Myanmar is in the very early stages, it has great opportunities to join international conferences to develop ideas and share knowledge to work together. The first exposure trip was "Regional Peer Learning Session on Beneficial Ownership" that was conducted on November 21 and 22, 2018 in Jakarta, Indonesia BO Task Force members from the government sector, such as the Department of Mines, Myanmar Oil and Gas Enterprise, Department of Investment and Company Administration, Anti-corruption Commission, Office of the Auditor General of the Union and staff from National Coordination Secretariat attended. In that session, representatives from Indonesia, Myanmar, Philippines and Papua New Guinea discussed and shared their experiences on linkages between National-level reform plan and Beneficial Ownership disclosure; adopting legal framework on BO; establishing BO registers including data collection and verification; participation of companies and usage of BO data in policy decisions.

Recently, a five-member delegation from Myanmar comprising two each from the Anti-Corruption Committee, DICA, NRCI and Irrawaddy News participated in the Asia Pacific Regional BO Workshop in Manila from March 19-20, 2019. From those international workshops, the delegates had an opportunity to share their experiences including challenges. Myanmar delegates had more

understanding about BO and proper legislation necessary for the implementation of the work plan. The BO work plan is being discussed under the oversight of BO Task Force.

In October 2019, about 150 extractive industries companies involved in the 4<sup>th</sup> MEITI report will participate in Phase I BO disclosure in October 2019. The training and awareness raising activities are included in the work plan. Regarding the training, it is focused to be user-friendly and make easy understanding of BO definition and process. Under the umbrella MSG, updating BO template will be coordinating with the focal agency and NRG. Since BO is very new and limited information in Myanmar, campaign programme including photo and essay competition, cartoon, documentary film production, adding agenda in subnational unit (SNU) events, capacity building programme in the respective ministries is to be organized from July to October at least three major cities of the country

For effective BO disclosure in Myanmar, companies need sufficient guidance on the BO concept and template. Setting a proper legal framework in connection with anti-corruption best practices and creating a rewards and punishment system consistent with Myanmar business environment were suggested for future BO disclosure in Myanmar. In a later stage, Myanmar has to set up an information platform through Myanmar Company Online (MYCO).



**7**

**Chapter-7**  
Discussion Beyond  
MSG



## 7.1 MSG participation and responses from the Myanmar EITI Reflection Conference

The Myanmar EITI Reflection Conference of 2019 help achievements resulting a lot of common ground among MSG and other various MEITI stakeholders of different backgrounds. MSG was able to evaluate and reflect past MEITI milestones, achievements, contributions, and current activities, and to set the future plan for MEITI implementations.

At the conference, the MSG representatives presented their sector's contribution to the MEITI process, outcomes, achievements and benefits, and the challenges. Their presentations paved the way for active discussions, open dialogues and vigorous debates among all relevant MEITI stakeholders attending the conference. The following common agreements were achieved from the EITI Reflection Conference:

1. Agreement to review the Production Sharing Contract (PSC) in the oil and gas sector, Performance Compensation Contract (PCC), Improved Petroleum Recovery Contract (IPR), the PSC in the mining sector, licenses and all contracts of the jade and gems sector to improve the terms and conditions of new contracts. For example, one of the discussions was instead of using the PSC for the mining sector, the contract on sharing of the profits should be negotiated and signed.

**In accordance with the recommendation (2.4) of the 2016 EITI standards and validation, in order to strengthen the implementation, signing of contracts should be improved.**

2. During the group discussion and presentations, the relevant Government agencies from oil and gas, forestry, jade and gems, and mining sectors all agreed that the annual EITI reports provide an essential platform and push for much-needed Public Financial Management (PFM) reform because it clearly shows how the revenue from natural resources flow into relevant Government agencies and then flow into the National Budget, and the data of revenue sharing from the State and its partners and from taxation.

**In accordance with the requirement (4) and (5) of the 2016 EITI standards, general public could have a better understanding on how taxation from extractive industries flow into the government budget and how these revenues are allocated for public expenditures.**

3. It is agreed that the platform that is participated by the MSG helps strengthening the implementation of recommendations to improve governance in the extractive sector that can lead to constructive reform. The MSGs and other relevant stakeholders, and their development partners, all agreed with this statement. For example, for the small-scale and artisanal activities that will be managed by the States and Regions, instead of having to submit Initial Environmental Examination (IEE) reports in line with the procedures of Environmental Impact Assessments prescribed in environmental conservation, an amendment was made into the law and rules that IEE reports should be prepared with directives of the Environmental Conservation Department.

**In accordance with the requirement (7) of the 2016 EITI standard, accessibility of extractive industry data and debate among the stakeholders and public debate could improve governance in extractive sector.**

4. By implementing the MEITI process, common agreement was reached on most decisions from the debates among the multi-stakeholders and this helps with building trust and understanding among stakeholders.

5. In order to widely implement EITI activities in the 14 States and Regions of Myanmar and to widely disseminate information for public awareness, Sub-national Coordination Units (SNUs) were formed with a Notification and SNUs have been formed in 5 States and Regions. The conference agreed to review and further discuss how the Multi-stakeholders Group (MSG) and the SNUs will work together at Union and State levels to implement activities.

6. Agreement to review and rewrite the whole structure of Myanmar EITI, the nomination process of the multi-stakeholder representative (MSG) in each constituency, and their Terms of Reference.

**In accordance with the requirement (1.4) of the 2016 EITI standards and validation, the participation and roles and responsibility of the multi-stakeholders should be rectified in accordance with the current activities.**

7. MSDP is a comprehensive social, economic and environmental policy reform agenda that articulates our long-term development vision, "a vision for a peaceful, prosperous and democratic Myanmar" as stated by State Counsellor H.E. Daw Aung San Suu Kyi. The MSDP requires strong and strategic partnerships across key stakeholder groups in various sectors and government ministries. MSDP is structured with three pillars, five goals, 28 strategies and 251 action plans. All are aligned with the country's 12 Point Economic Policy, Sustainable Development Goals (SDGs), Greater Mekong Sub region (GMS) Strategies Framework, the ASEAN Economic Community (AEC) and other agreements within the region. Thus, the implementation of EITI process in Myanmar has encouraged reform by providing an impartial evaluation.

The implementation of the EITI process is aligned with MSDP's Pillar 3: People and Planet, Goal 5: Natural Resources and the Environment for Prosperity of the Nation, Strategy 5.5.4: greatly accelerate all necessary measures to meet requirements for EITI implementation. Thus, the conference agreed to develop the EITI Work Plan 2019 that would link up with national policy and to hold consultations with all development partners.

**In accordance to the recommendation (1.5) of the 2016 EITI standards and validation, to set EITI work plan that are linked to and reflect the national priorities for the extractive industries.**

The MSG and the relevant stakeholders were able to discuss about future plans to help ensure the better EITI implementation in Myanmar as follows:

1. National Environmental Conservation and Climate Change Central Committee led by the State that will oversee the management of revenue from natural resources to be beneficial to the people in the long run and oversight of the whole extractive industry sector should be immediately formed. As a result, the upstream ministries made up of Ministry of Natural Resources and Environmental Conservation (MONREC) and Ministry of Electricity and Energy (MOEE), and downstream ministries made up of Ministry of Planning and Finance (MOPF) can work together coherently for implementation.
2. As there is no law yet for the implementation of the EITI process sustainably, due to the past experience, for the EITI process not to slow down between the 2020 election and the change of the new government, a concrete law, bylaw, decree, and directives from the state should be enacted or issued.
3. Transferring a part of the revenues from natural resources to the Provident Fund for the next generations would be considered for contribution to the benefit of the people in this country.
4. In order to continually implement the transparency of production in extractive industries and for the process to be sustainable, the government should consider agreeing to contribute the national budget.
5. In order to implement the Open Data Policy and Systematic Disclosure, there is a need to cooperate with companies and the government to start using a database system within their respective departments as well as link up with the Myanmar Statistical Information Service (MSIS) and the Central Statistical Office websites that are disclosing data and plans independently carried out by the Department which can be used in the interim period. Additionally, for this system to be successful, there is a need to link up with the E-government system that is being carried out by the government.

## 7.2 MSG responses from the SOEs Reform Workshop

MSG decided to hold a national workshop on extractive sector SOE reform in response to the extractive sector SEE/SOEs related recommendations in the MEITI reports at the 11<sup>th</sup> and 12<sup>th</sup> MSG meetings. At the workshop, MSG representatives from the relevant government departments under MOPF, MONREC and MOEE presented their current state of play in SEE/ SOE management, the current status of the extractive sector SOEs and discussed potential extractive sector SEE/SOEs reformation action plan. MSG then led the discussions among the attendees in "options for improving extractive SEE/SOEs in terms of legal reform improvement, strategic objects and performance targets", "SEE/ SOE's transparency mechanism in terms of financial and management reporting, performance review", "strengthening oversight institutions: Office of the Auditor General, Hluttaw Public Account Committees and Civil Society".

MSG and relevant stakeholders agreed that public are interested in transparency in terms of operation and revenues in SEEs/ SOEs rather than day to day operation of SEEs/ SOEs. Considering the EITI standard requirements, contract transparency is needed to be implemented. Hence, with the participation from the government representatives from related SEE/SOEs, MSG explored the ways to

implement it including monitoring in accordance with the clauses from the contract. MSG came to an agreement that in order to implement transparency, it should be considered not only from policy aspect but also from resource aspect. It is needed to consider human resource development, manpower, financial and technical support and they should be provided simultaneously.

Moreover, MSG decided to explore how EITI and MSDP could be linked in a better way as transparency is said to be good governance reform. From the discussions, the fact that authority level in vertical and horizontal aspects should be clarified is resulted. MSG pointed out that to avoid the misunderstanding at the ground level, it should be considered to disclose the notifications to the ground level. The requirement of more effective practical use of IT had been discussed as it could result in a good oversight mechanism. Besides, disaggregated data is needed for a good oversight mechanism. There were debates over whether the current disclosure of OAG report could be seen as a hindrance to have a good oversight mechanism. At present, OAG reports could be indirectly accessible by public as Parliament has the authority to disclose.

At last, MSG decided that it is needed to explore whether there will be an advantage to SEE/SOEs internal reporting system when the budget reporting template is improved. MSG found that the similar forums and workshops should be regularly held to give an opportunity for the stakeholders discuss and explore the potential reform process. **Hence, the Technical and Reporting Sub-committee will discuss how extractive sector SEE/ SOEs reform could continue in July, 2019.**



National Coordinator U Soe Win giving the opening remark in Extractive Sector SOE workshop



U Than Tun, CEO of Myanmar National Airline, presenting the experience in SOE reformation process



Group Discussion in Extractive Sector SOE reform workshop

Group Discussion in Extractive Sector SOE reform workshop

### 7.3 MEITI Governance and Implementation Review

With the technical assistance of the Extractives Hub, a Review and Options Study for the Governance and Implementation Structure of Myanmar EITI was conducted in March 2019. An Extractives Hub international consultant met with key MEITI stakeholders both in Yangon and Nay Pyi Taw. That review study focused specifically on the governance and implementation structure of the MEITI National Secretariat function, while also taking into consideration the Multi-Stakeholder Group (MSG). It summarizes key observations and highlights from stakeholder discussions regarding the current governance and suggested implementation structure.

The following 5 key criteria were highlighted when considering a new model or structure for the National Secretariat:

1. High level government ownership
2. Ease of direct/bilateral donor funding – ability to receive own funding directly and manage own expenditure.
3. Increased flexibility in terms of financial management and procurement procedures is essential.
4. Hybrid team – possibility of including both government civil servants and non-government independent staff and experts in one team, located unitarily, ideally with matching remuneration

to avoid tensions arising from discrepancies.

5. **Ease of transitioning** from the current structure to a new implementation structure or model.

Five different options are provided for the MEITI-MSG as follows:

#### **1. President's Office**

High level government ownership of the MEITI process is essential. Mainstreaming EITI into core relevant government processes and procedures is a key objective and aspiration of EITI globally. The report suggested that the National Secretariat be under the auspices of government, such as by being housed in the President's Office, or in the Vice President's Office.

#### **2. Ministry of Planning and Finance, Union Minister's Office**

This is a common location for the National Secretariat in other countries (e.g. The Philippines), and that would be especially suitable in Myanmar given that the Minister of Planning and Finance is the EITI Champion.

#### **3. Myanmar Development Institute (MDI) Model**

MDI has been a government economic think-tank established by the Government of the Republic of the Union of Myanmar since February 2017. A new entity could be established specifically for the purpose of MEITI implementation, using the same model as the MDI, but on a smaller scale.

#### **4. MDI and Renaissance Institute (RI)**

The Renaissance Institute is the designated MEITI National Coordinator and the Chairman of RI is also the Chairman of MDI. MDI and MEITI share mutual areas of work and reform objectives. A hybrid staff model could be employed and new staff could be appointed either from the government civil service or externally, as appropriate.

#### **5. Yangon Stock Exchange (YSX) Model**

Under this option, a new entity like YSX could be established. This model is the only other semi- governmental, semi-independent model in existence in Myanmar (in addition to MDI) that provides some sort of precedence for MOPF and for the future government mainstreaming of EITI.



8

**Chapter-8**  
Total Cost of  
Implementation  
from July 2018  
to June 2019



<b>"Myanmar EITI Project Phase II Cost of Implementation From July 2018 to June 2019 "</b>			
<b>With Funding From MDTF</b>			
<b>Activity No.</b>	<b>Category of Activity</b>	<b>Activities</b>	<b>Actual Cost (in USD)</b>
<b>Objective -1 To acquire &amp; disseminate accurate,correct and up-to-date information regarding the management of natural resources and associated material revenue in a timely manner and to make the information</b>			
<b>1.1 Communication Outreach</b>			
1.1.1	MEITI Report Print	Report printing	12,279
1.1.3	MEITI Report Launch, Events, etc	Media including TV,Radio, events and activities including press release	23,593
1.1.5	Public Debates	Public Gathering/Debate and Road show	6,815
1.1.6	Prints and Publication	Other prints and IEC material development	6,194
1.1.7a.	Website	Redesign, regular update and maintenance MEITI website & on-line library	2,776
<b>Sub Total - 1</b>			<b>\$ 51,657</b>
<b>Objective -2 To create an enabling environments for the effective implementation</b>			
<b>2.1 HR, Operation and Office Administration</b>			
2.1.1	MOBD Operational Cost	MOBD Staff travel and Office Supplies	8,837
2.1.2	NCS Operation Cost -Salaries	NCS Staff Monthly Salaries	200,954
2.1.3a	NCS Operation Cost	NCS Overheads (Utilities,Travel, Communication service, Maintenance,Stationery,Consumable material and Other Miscellaneous).	44,792
2.1.3b.	Consultant support service	Additional Travel and Accommodation Cost to Support consultants (BO, Cadaster , etc --- )	2,427
2.1.4	NCS Operation Cost - Rent	NCS Office Rental fees	36,001
2.1.7	MSG Meeting	MSG Meeting	20,854
2.1.8	Sub-committee Meeting	MSG Sub- committee Meetings	10,535
2.1.9	Translation for Related Document	Translation fees	4,413
<b>Sub Total - 2.1</b>			<b>\$ 328,812</b>

<b>2.2 Workplan and Governance (APR, M&amp;E - Review workshop)</b>			
2.2.4	Implementation of EITI report Recommendations Workshop	Workshop to develop the workplan for implementation of EITI recommendations (MOBD,NCS, Sub- committee,MSG)	2,444
2.2.5	Implementation of EITI report Recommendations Workshop	Implement the workplan for EITI recommendations (NCS,MSG, Government Agencies)	2,014
2.2.6	SOE Reform workshop	Two-day workshop on SOE situations and future reform plans for extractor sector	5,726
2.2.7	Validation	Data Collection and Stakeholder Consultation workshops for initial assessment	5,288
2.2.8	Validation	Contribution to International Secretariat	10,000
<b>Sub Total - 2.2</b>			<b>\$ 25,472</b>
<b>2.3 SNU-National Coordination Unit (Formation and Functioning)</b>			
2.3.1	SNU Formation and Coordination	Establishing Sub-National Coordination Units at State and Division level and further coordinator with Union EITI	24,117
<b>Sub Total - 2.3</b>			<b>\$ 24,117</b>
<b>Objective 3: To support implementation of sustainable development and natural resource</b>			
<b>3.1 Technical and Reporting (IA Main Report, Forestry, BO , Mining Cadaster)</b>			
3.1.1 (a)	2 <sup>nd</sup> and 3 <sup>rd</sup> EITI Reconciliation Reports	EITI Report Preparation Process and meeting	250,993
3.1.3 (b)	4 <sup>th</sup> EITI Reconciliation Report	EITI Report Preparation Process and meeting	6,620
3.1.4 (d)	Hydro Reconciliation Report	Independent Administrator and procure firm each year for the annual report (including scoping study)	223
3.1.5	Mineral and Gemstone Cadastre Phase I Consultant	Design Phase	39,084
3.1.6 a	Mineral and Gemstone Pre-Cadastre Consultant	Pre - Cadastre Working Group Consultant	27,600
3.1.6 b	Office Set Up Equipment for Pre Cadastre Working Group	Equipment for Pre Cadastre Working Group	19,152
3.1.6 c	Office Set up-Furniture for Pre-Cadastre Working Group	Furniture for Pre Cadastre Working Group	5,633

3.1.11a.	Beneficial Ownership (ASI)	"Development of Workplan, Communication Plan, Capacity Building Plan and Pilot Project"	84,000
3.1.12	Beneficial Ownership Meetings	BO workshops and Taskforce Meetings	9,200
3.1.13	Beneficial Ownership	Awareness Raising	567
<b>Sub Total - 3.1</b>			<b>\$ 443,072</b>
<b>3.2 Training and Capacity Development</b>			
3.2.1 a	Capacity Development	Implement Capacity Development Plan (MSG, Private Sector, Government,CSO, Media, EAOs, MOBD, NCS, Parliament and Others)	20,594
3.2.3	Capacity Development-Study Tour	MSG Stuy Tours	12,703
3.2.4	EITI Global Conference	Paris Trip	14,019
3.2.5	Financial Management Training (MOBD/NCS)	MOBD Financial management capacity development	9,261
<b>Sub Total - 3.2</b>			<b>\$ 56,577</b>
<b>Grand Total</b>			<b>\$ 929,707.44</b>

<b>With Funding From NRG1</b>			
<b>Activity No.</b>	<b>Category of Activity</b>	<b>Activities</b>	<b>Actual Cost (in USD)</b>
<b>Objective - Myanmar EITI Reflection Conference on May 27 &amp; 28, 2019</b>			
1	MEITI Reflection Conference	Meeting Package, Travel, Transportation,Accommodation etc...	6,554.60
<b>Grand Total</b>			<b>\$ 6,554.60</b>



9

**Chapter-9**  
2019 EITI Standard

In this chapter, the revised EITI Standard and requirements will be briefly introduced to encourage the MEITI stakeholders to comply with the 2019 EITI Standard. This 2019 EITI Standard has been formally launched at the 8<sup>th</sup> EITI Global Conference in Paris, France after confirming at the 43<sup>rd</sup> EITI Board Meeting.

**The 2019 EITI Standard better supports national priorities for implementation by:**

- 1** Clarifying exiting requirements
- 2** Introducing flexibility to reduce the burden of reporting
- 3** Emphasizing comprehensive and regular disclosure of data through existing systems

New disclosure requirements, expectations and encouragements enable deeper insights into extractive sector data

Environmental reporting	Gender balance	Trades by state-owned enterprises	Contract transparency	Project-level reporting
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**When do these changes apply?**

Application of the revised Standard depends on the publication date of the report:

Reports published on or before 31 December 2019 can be validated against either the 2016 or 2019 Standard

Reports published after 31 December 2019 will be validated against the 2019 Standard

**Environmental issues are an important part of natural resource governance**

Environmental Reporting

Material environmental payments to governments Should be disclosed

Disclosure of information related to environmental impact and monitoring is encouraged

In the 2019 Standard

Requirement 6.1

Requirement 6.4

**Participation of women and marginalized groups is key to a well-managed extractive sector**

<u>Gender</u>	<u>In the 2019 Standard</u>
Multi-stakeholder groups are required to consider gender balance in their representation	Requirement 1.4
Reporting requires employment figures disaggregated by gender, project and role, where available	Requirement 6.3
Multi-stakeholder groups are required to consider access challenges and information needs of different genders and sub-groups	Requirement 7.1
Multi-stakeholder groups are encouraged to document how they improved gender equality and social inclusion	Requirement 7.4

**In many countries, state-owned enterprises (SOEs) play an important role in managing natural resources**

<u>State-owned Enterprise Transparency</u>	<u>In the 2019 Standard</u>
Implementing countries are required to describe the rules and practices governing transfers of funds between SOEs and the state, including joint ventures and subsidiaries	Requirement 2.6.a.i
Details on loans or loan guarantees provided by government and SOEs to mining, oil and gas companies should be disclosed, including the repayment schedule and interest rate	Requirement 2.6.a.ii
SOEs are expected to publish their audited financial statements	Requirement 2.6.b
Multi-stakeholder groups can apply IMF definition of quasi-fiscal expenditures, when reporting material off-budget expenditures by SOEs	Requirement 6.2

**Contracts are key to understanding the fiscal terms of a project and the revenues collected by the state**

**Contract Transparency**

**In the 2019 Standard**

Implementing countries are required to disclose any contracts and licenses that are granted, entered into or amended from January 1, 2021

Requirement 2.4

Multi-stakeholder groups are expected to develop plans for disclosing contracts, integrated into work plans covering 2020 onwards

Requirement 2.4.b

Reporting should describe what contracts exist. Which contracts are publicly available and where they can be assessed

Requirement 2.1

Reporting should describe government policy and actual practice

Requirement 2.4.c

**Many EITI countries receive significant revenues from the sale of oil, gas and minerals**

**Commodity Trading Transparency**

**In the 2019 Standard**

Reporting on revenues from the sale of the state's share of production of oil, gas and/or mineral resources should be disaggregated by sales contract (rather than by buyer)

Requirement 4.2.a

Disclosures on the process for selecting buyers and of sales contracts are encouraged

Requirement 4.2.b

Buying companies are encouraged to disclose their payments to the state for purchases of oil, gas and minerals

Requirement 4.2.c

# Disclosure for impact

During the past year, the EITI Board and implementing countries have made substantial advances in transparency and accountability in the oil, gas and mining sectors.

## Revealing the real owners of extractive companies

**30** countries have disclosed beneficial ownership information and 11 countries have introduced reforms to strengthen ownership transparency. Progress has been made in developing systems to make beneficial ownership information publicly accessible.



**All EITI countries** are required to publish beneficial ownership data from 1 January 2020.

## Publishing contracts as a global norm

**31** countries have published some contracts and 16 of them have published all or most of them.



**All EITI countries** are required to publish contracts signed or amended after 1 January 2021.

## Momentum on project-level reporting

**30** countries have fully or partially disclosed revenues at the project level and some countries disclose production value and volume by mine or field.



**All EITI countries** are required to report data at the project level, for all reports covering 2018 and beyond.



## Greater clarity on state participation

At least **25%** of all declared revenues in EITI countries flow through state-owned enterprises (SOEs) with 40 EITI countries reporting revenues from SOEs of USD 615 billion.



### Moving forward

the 2019 EITI Standard strengthens SOE engagement by demanding disclosure regarding state participation, transactions related to state owned enterprises and quasi-fiscal expenditures.

## Counting on women, everyone's business



### Women are often most affected by extractive activities

and rely more on public services, such as education and health. Yet few hold decision-making power.



### All EITI countries

must now consider gender balance in multi-stakeholder group representation and disclose economic data disaggregated by gender.

## Shining a light on commodity trading

In at least **22** countries, companies make "in-kind" payments to governments. Governments receive oil and gas as payments, which is then sold on the global market.



### Moving forward

the 2019 EITI Standard has refined requirements regarding the disclosure of "first trades", the sale of the state's share of production or other revenues collected in-kind.

## Making data more open, accessible and timely



### Countries continue to shift the focus away from producing EITI Reports

and are developing new ways to publish data systematically through routine government and company systems.



### Moving forward

the 2019 EITI Standard gives countries more flexibility in their disclosure practices, making it easier to meet requirements through online systems and resulting in more timely and accessible data.

## Tackling social and environmental impact

**28** countries have used the EITI to address environmental payments as well as highlight environmental policies and impact management.



### Moving forward

disclosure of payments related to the environment is required. Contextual information related to environmental monitoring is encouraged.



**10**

**Chapter-10**  
Conclusion

Myanmar has been producing an annual progress report yearly in accordance with EITI requirement 7.4. This annual progress is the 5<sup>th</sup> APR of MEITI. This annual progress report intends to serve as a record for EITI implementation for assessment against EITI Standards 2016. It mentions MSG achievements and outcomes under its three objectives in accordance with the MEITI work plan.

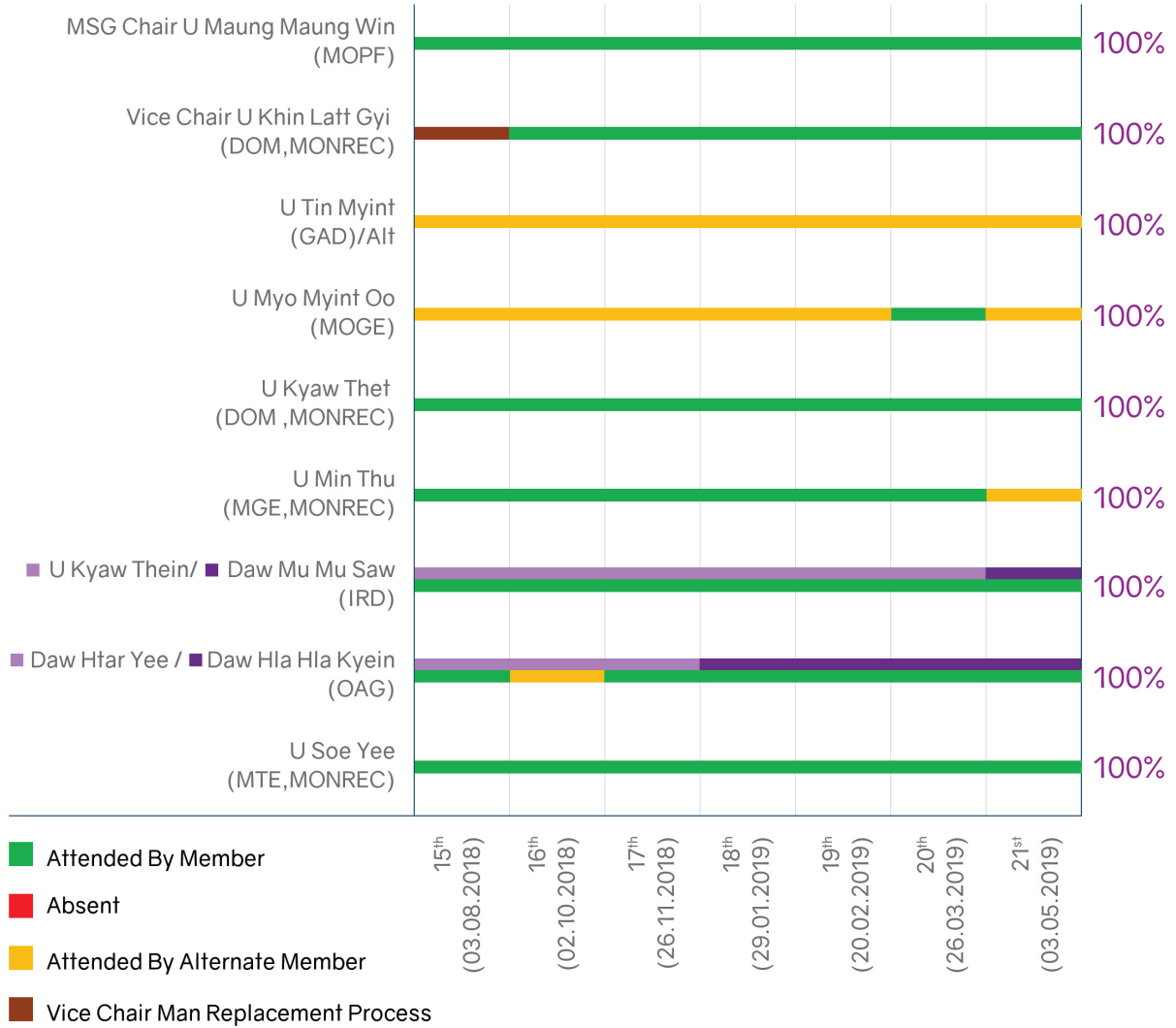
MEITI MSG assigned the Technical and Reporting Sub-committee to review this APR and cooperate their inputs on the behalf of MSG in the second week of June, 2019. This report has been approved by the Technical and Reporting Sub-committee on June 29, 2019.



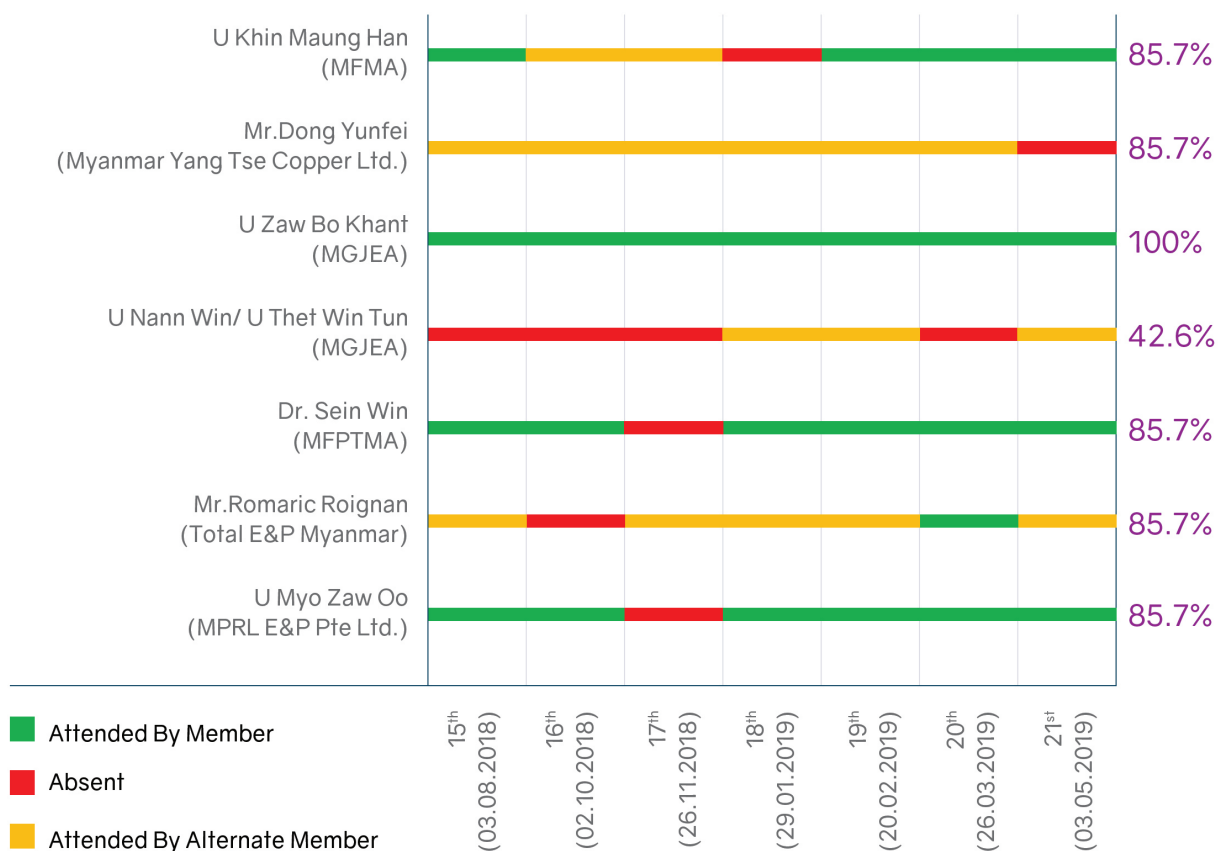
# APPENDICES

## Appendix A: MSG Membership

### Representatives Of Government Sector

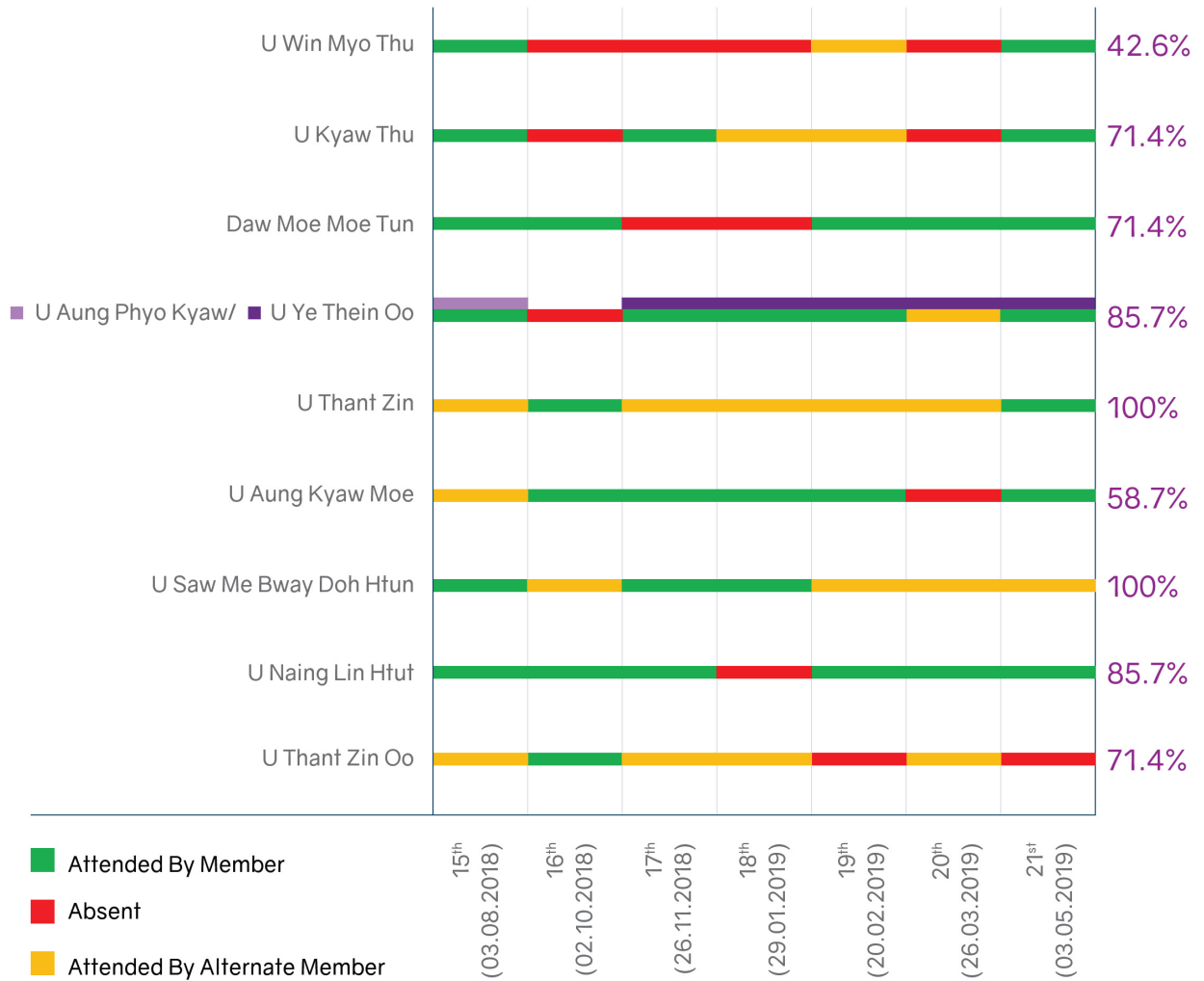


### Representatives Of Private Sector



**Note** - U Thet Win Tun has replaced as an official MSG member instead of U Nan Win at 18<sup>th</sup> MSG Meeting.

### Representatives Of CSOs Sector



**Note -** U Ye Thein Oo has replaced as an official MSG member instead of U Aung Phyo Kyaw at 16<sup>th</sup> MSG Meeting.

## Appendix B: Acronyms

APR	Annual Progress Report
BO	Beneficial Ownership
DICA	Directorate of Investment and Company Administration
DOM	Department of Mines
CSR	Corporate Social Responsibility
EITI	Extractive Industries Transparency Initiative
EOI	Expression of Interest
FY	Fiscal Year
GDP	Gross Domestic Product
GOM	Government of Myanmar
IRD	Internal Revenue Department
ITAS	Integrated Tax Administration System
JV	Joint Venture
LTO	Large Taxpayer Office
MATA	Myanmar Alliance for Transparency and Accountability
MEC	Myanmar Economic Corporation
MEHPCL	Myanma Economic Holding Public Company Limited
MEITI	Myanmar Extractive Industries Transparency Initiative
ME1	No. (1) Mining Enterprise
ME2	No. (2) Mining Enterprise
MGE	Myanma Gems Enterprise
MIC	Myanmar Investment Commission
MOEE	Ministry of Electricity and Energy
MONREC	Ministry of Natural Resources and Environmental Conservation
MOPF	Ministry of Planning and Finance
MPE	Myanmar Pearl Enterprise
MRTV	Myanma Radio and Television
MSDP	Myanmar Sustainable Development Plan
MSG	Multi-stakeholder Group
MTFF	Medium Term Fiscal Framework
MTO	Medium Taxpayer Office
NCS	National Coordination Secretariat
NOC	National Oil Company
NRGI	Natural Resource Governance Institute
OA	Other Account
OAG	Office of the Auditor General
PFM	Public Financial Management
PSC	Production Sharing Contract
REOI	Request for Expression of Interest
RFP	Request for Proposal



SDG	Sustainable Development Goals
SNU	Sub-national Coordination Unit
SEE/ SOE	State Economic Enterprise/ State-Owned Enterprise
TIN	Taxpayer Identification Number
UFA	Union Fund Account





