Extractive Industries Transparency Initiative

EITI International Secretariat 24 November 2018

Validation of Myanmar

Report on initial data collection and stakeholder consultation

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Abbreviations

ARL	Association Registration Law
bcf	billion cubic feet
BO	Beneficial Ownership
CIT	Corporate Income Tax
CNPC	China National Petroleum Corporation
COC	Chamber of Commerce
CSO	Civil Society Organizations
CSR	Corporate Social Responsibility
DICA	Directorate of Investment and Company Administration
DMO	Domestic Market Obligation
DOM	Department of Mines
DVB	Democratic Voice of Burma
ECD	Environmental Conservation Department
EITI	Extractive Industries Transparency Initiative
FDI	Foreign Direct Investment
FY	Fiscal Year
GAD	General Administration Department
GDP	Gross Domestic Product
IA	Independent Administrator
INGOs	International Non-Governmental Organizations
IPR	Improved Petroleum Recovery Contract
IRD	Internal Revenue Department
ITAS	Integrated Tax Administration System
JV	Joint Venture
LCC	Lambert Conformal Conic
MATA	Myanmar Alliance for Transparency and Accountability
Mcf	Million cubic feet
MCRB	Myanmar Centre for Responsible Business
MDTF	Multi-Donor Trust Fund
MEB	Myanmar Economic Bank
MEC	Myanmar Economic Corporation
MEITI	Myanmar Extractive Industries Transparency Initiative
MFMA	Myanmar Federation of Mining Associations
MFPMF	Myanmar Forest Products Merchants Federation
MFTB	Myanmar Foreign Trade Bank
MGE	Myanmar Gems Enterprise
MGJEA	Myanmar Gems and Jewellery Entrepreneurs Association
MHA	Ministry of Home Affairs
MIC	Myanmar Investment Commission
MIL	Myanmar Investment Law
MITV	Myanmar International Television
MMK	Myanmar Kyat
mmscf	million standard cubic feet

MNTV	Myanmar National Television
MOBD	MEITI Office Budget Department
MOEE	Ministry of Electricity and Energy
MOGE	Myanmar Oil and Gas Enterprise
MONREC	Ministry of Natural Resources and Environmental Conservation
MOPF	Ministry of Planning and Finance
MoU	Memorandum of Understanding
MPE	Myanmar Pearl Enterprise
MP-MDTF	Myanmar Partnership Multi-Donor Trust Fund
MPRLE	Myanmar Petroleum Resource Limited
MRTV	Myanmar Radio and Television
MSG	Multi-Stakeholder Group
MSMCE	Myanmar Salt and Marine Chemical Enterprise
MTE	Myanmar Timber Enterprise
NCS	National Coordination Secretariat
NRGI	Natural Resource Governance Institute
OAG	Office of the Auditor General
OAS	Office Assessment System
OGPD	Oil and Gas Planning Department
oz	Ounce
PCC	Performance Compensation Contract
PFM	Public Finance Management
PEP	Politically Exposed Person
PSC	Production Sharing Contract
QFE	Quasi-Fiscal Expenditures
SAS	Self-Assessment System
SEACOP	South East Asia Crude Oil Pipeline
SEAGP	South East Asia Gas Pipeline Co.
SNU	Sub-National Unit
SOE	State-Owned Enterprise
tcf	trillion cubic feet
TIN	Tax Identification Number
ToR	Terms of Reference
UMEHL	Union of Myanmar Economic Holdings Ltd.
USD	United States Dollar
VOA	Voice of America

Table of Contents

Abbreviations **2**

Executive Summary **6**

Introduction **14**

Part I – MSG Oversight **20**

1. Oversight of the EITI process **20**
Government engagement in the EITI process (#1.1) 20
Industry engagement in the EITI process (#1.2) 23
Civil society engagement in the EITI process (#1.3) 26
MSG governance and functioning (#1.4) 34
Work plan (#1.5) 42

Part II – EITI Disclosures **47**

2. Award of contracts and licenses **47**
Legal framework (#2.1) 47
License allocations (#2.2) 49
License registers (#2.3) 52
Contract disclosures (#2.4) 54
Beneficial ownership disclosure (#2.5) 56
State participation (#2.6) 58

3. Monitoring and production **66**
Overview of the extractive sector, including exploration activities (#3.1) 66
Production data (#3.2) 66
Export data (#3.3) 69

4. Revenue collection **71**
Comprehensiveness (#4.1) 71
In-kind revenues (#4.2) 74
Barter and infrastructure transactions (#4.3) 79
Transport revenues (#4.4) 80
Transactions between SOEs and government (#4.5) 80
Subnational direct payments (#4.6) 83
Level of disaggregation (#4.7) 83
Data timeliness (#4.8) 84
Data quality (#4.9) 84

5. Revenue management and distribution **91**
Distribution of revenues (#5.1) 91

Sub-national transfers (#5.2) 93
Additional information on revenue management and expenditures (#5.3) 93

6. Social and economic spending 96
Social expenditures (#6.1) 96
SOE quasi fiscal expenditures (#6.2) 97
Contribution of the extractive sector to the economy (#6.3) 98

Part III – Outcomes and Impact 102

7. Outcomes and Impact 102
Public debate (#7.1) 102
Data Accessibility (#7.2) 104
Lessons Learned and follow-up on recommendations (#7.3) 105
Outcomes and impact of implementation (#7.4) 107

8. Impact analysis (not to be considered in assessing compliance with the EITI provisions) 112

Annexes 114
Annex A - List of MSG members and contact details 114
Annex B – MSG meeting attendance 116
Annex C – Cost of EITI Reports 117
Annex D - List of stakeholders consulted 118
Annex E - List of reference documents / Bibliography 122

Index of figures and tables

Figure 1 – *Initial assessment card* 12
Table 1 – *Summary initial assessment table: MSG oversight* 45
Table 2 – *Summary initial assessment table: Award of contracts and licenses* 63
Table 3 – *Summary initial assessment table: Monitoring and production* 70
Table 4 – *Summary initial assessment table: Revenue collection* 88
Table 5 – *Summary initial assessment table: Revenue management and distribution* 94
Table 6 – *Summary initial assessment table: Social and economic spending* 100
Table 7 – *Summary initial assessment table: Outcomes and impact* 110

Executive Summary

The government of Myanmar committed to implement the EITI in December 2012 by enacting Presidential Decree No. 99/2012. A permanent multi-stakeholder group (MSG) was appointed in December 2012. The country was accepted as an EITI Candidate in July 2014 at the EITI Board's meeting in Mexico.

On 25 October 2016, the Board agreed that Myanmar's Validation under the 2016 EITI Standard would commence on 1 July 2018. This report presents the findings and initial assessment of the International Secretariat's data gathering and stakeholder consultations. The International Secretariat has followed the Validation Procedures and applied the Validation Guide in assessing Myanmar's progress with the EITI Standard. While the assessment has not yet been reviewed by the MSG or been quality assured, this initial assessment concludes that Myanmar has made good progress in implementing the EITI Standard (see figure 1).

Myanmar is a good example of a country where EITI implementation has created an impact in terms of transparency in extractives data, robust public debates, introducing policy reforms and creating space for dialogue among stakeholders. Indeed, since the start of Myanmar's EITI Implementation, the EITI has been a central part of the government's reform agenda, particularly in public financial management and extractives reforms. The level of disclosure of extractives data in MEITI Reports is unprecedented in the country, as most of the information has been disclosed through the EITI for the first time in this level of detail.

For a country with a nascent democratic process and only recent start to the liberalisation of its economy, it can be fairly said that Myanmar has exceeded stakeholder expectations in its implementation of the EITI. This initial assessment documents significant progress and some weaknesses in Myanmar's EITI implementation, from the commencement in 2014 under a military regime to the transition to civilian rule in 2016 and publication of its second and third EITI Reports in 2018.

Myanmar's extractive industry consists of three sectors: petroleum, mining and gemstones. In 2015-2016, these sectors contributed 6% of GDP, 20% of total government revenues, and 48% of total exports. Total extractive sector revenues for 2015-2016 amounted to MMK 3,404,469 million (USD 2.8 billion). The major contributors to government extractives revenues are oil and gas (64%), followed by jade and gems (21%), oil and gas transportation (12%) and other minerals (1%).[1]

The extractive industries' significant contribution to the economy highlights the importance of implementing good governance mechanisms and policies as highlighted in the objectives of Myanmar's EITI implementation. Key to Myanmar's EITI implementation is the proactive engagement of well-chosen stakeholders from government, industry and civil society. All relevant ministries are engaged, led by the Ministry of Planning and Finance. All major oil and gas companies are represented. Civil society

[1] MEITI (March 2018), 'April 2015-March 2016 MEITI Report', accessed here in September 2018.

representatives, working under the umbrella coalition of the Myanmar Alliance for Transparency and Accountability, are actively engaged. Despite the excessive focus on "compliance" in its EITI implementation, a legacy of the terminology under the EITI Rules, stakeholders from all constituencies, including government, regularly express their intention to use the EITI as a means of driving reforms in public finance management and extractive industry management.

Myanmar has also leveraged the preparation and participation in the Validation process to ensure that report recommendations are considered and acted on.

Overall conclusions

This initial assessment concludes that while government engagement appears satisfactory, there are opportunities for improvement in terms of company constituency coordination and engagement. Industry could do more in engaging their wider constituency and in supporting the process beyond merely disclosing data. The strengths of the EITI process in Myanmar include well-functioning multi-stakeholder oversight of implementation, evident in the MSG's formulation of concrete recommendations to improve natural resource governance and EITI reporting, clear leadership provided by government, capacitated civil society organisations that engage in meaningful debates about the extractive sector, and companies that cooperate fully in disclosing information.

The recommendations from the three MEITI Reports published to date focus on substantial policy reforms such as improvements to the management of the gemstone sector and governance of state-owned enterprises (SOEs), as well as improvement of public finance management systems such as the adoption of tax identification numbers and the establishment of an online mining cadastre. There are also recommendations that capitalise on EITI requirements to improve the accountability of companies, such as the push for full contract disclosure and to establish a legal framework for beneficial ownership transparency. There is evidence of the MSG's discussion and follow-up on almost all recommendations, with varying degrees of success in implementation together with relevant ministries.

Nevertheless, there are weaknesses in Myanmar's EITI implementation. Weak government systems raise issues related to data quality, particularly in the gemstone sector where the quality of production and export data has been publicly questioned. The absence of a public register of oil, gas and mining also raises concerns about the comprehensiveness of publicly-accessible licensing information. Opacity in the operation and accounting of state-owned enterprises is another concern that cuts across several EITI Requirements related to state participation and the management of revenues. While the government's policy related to contract disclosure is clearly described in the report, the lack of contract disclosure in practice has led to misunderstandings over the existence of key contractual terms, such as those related to mandatory social expenditures.

Without detracting from the quality of Myanmar's EITI implementation to date, there is clear demand for public information on other issues of national concern that are not currently covered by the existing scope of EITI reporting. For example, the EITI could provide more clarity on the operations of two military affiliated companies (UMEHL and MEC), which are recognized as having substantial interests in the extractives sector but have not been sufficiently engaged in EITI implementation to date. The EITI could also further explain the extent of sales transactions outside of the gems emporium in order to ensure comprehensive production and export data in the gemstone sector to prevent revenue leakages. Finally, there is also scope for the EITI to provide greater clarity on SOEs' financial management, including retained funds managed through their 'Other Accounts'.

Recommendations

This initial assessment includes recommendations for specific improvements Myanmar may wish to consider implementing and a list of strategic corrective actions that could help Myanmar make even greater use of the EITI as an instrument to support reforms, as follows:

1. In accordance with Requirement 1.1, Myanmar is encouraged to ensure that more senior government officials with authority to take decisions participate in MSG meetings.
2. In accordance with Requirement 1.2.a, Myanmar must ensure that companies particularly the military-affiliated companies, as well as oil and gas companies outside of the MSG are fully, actively and effectively engaged in the EITI process. If there are barriers to the participation of these companies, the government must, in accordance with Requirement 1.2.b ensure that there is an enabling environment for company participation with regard to relevant laws, regulations, and administrative rules as well as actual practice in implementation of the EITI.
3. To strengthen implementation, the MSG is encouraged to closely and regularly monitor whether there is a continued enabling legal, regulatory and administrative environment for civil society to effectively engage in all aspects of EITI implementation, including by reviewing legal provisions considered by many CSOs to be obstacles to the constituency's broader freedom of expression and operation. The government could consider amending laws that impose restrictions to civic space, including the right to assembly and to free speech. It could further expand the opportunities for constructive dialogue with civil society to address perceptions of restraint to freedom of expression and fear of reprisal.
4. To strengthen implementation under Requirement 1.4, Myanmar is encouraged to agree and publish a clear procedure for selecting and changing MSG representatives for each constituency pursuant to Requirement 1.4.b.vi. Each constituency is also encouraged to ensure that the level of seniority of their representatives to MSG meetings is adequate to ensure swift decision-making. Oil and gas companies are encouraged to adopt a formal consultation and feedback mechanism within their constituency.
5. To strengthen implementation under Requirement 1.5, Myanmar may wish to identify a mechanism for canvassing input and feedback of the broader constituency groups in developing the work plan. The MSG could also consider including a discussion on how the work plan objectives are linked to national priorities, as well as identifying specific capacity constraints of the MSG members that may affect effective EITI implementation. Moreover, sources of funding for each activity could be included in future work plans.
6. To strengthen implementation under Requirement 2.1, the government is encouraged to make information about the legal and regulatory framework of the extractive sector, including reforms in Myanmar available in public platforms such as government websites, with the same level of detail adopted when this information is discussed in MEITI Reports.
7. In accordance with Requirement 2.2.a.ii of the EITI Standard, Myanmar is required to disclose the technical and financial criteria used in awarding licenses in the mineral and gemstone sector.

The MSG should also include a discussion of non-trivial deviations from the applicable legal and regulatory framework governing license awards pursuant to Requirement 2.2.a.iv. Lastly, the MSG should clarify the rules on transfer of licenses, particularly whether it is allowed in the mineral sector. The MSG is encouraged to systematically disclose all information required by Requirement 2.2 of the Standard, in accordance with the level of detail required by the Standard.

8. In accordance with Requirement 2.3 of the EITI Standard, Myanmar is required to publicly disclose the following information that were missing the EITI Report: the coordinates of several ME3 blocks, the dates of application, awards and duration of all oil and gas and mining licenses, and the commodities for each oil and gas block. To strengthen implementation, Myanmar should ensure that license information as required under Requirement 2.3 of the Standard are disclosed through a public register as part of the government's routine and systematic disclosure of information.
9. To strengthen implementation under Requirement 2.4, Myanmar may wish to consider fully disclosing all extractive contracts as recommended in their past three EITI Reports. It is also recommended that confidentiality clauses in PSCs and mining contracts be reconsidered.
10. In accordance with Requirement 2.6, Myanmar is required to disclose the details regarding the terms attached to the equity stake of all SOEs in extractive projects. It should also disclose the SOE's responsibility to cover expenses at various phases of the project cycle, including the details of payment of taxes in behalf of joint venture partners and miscellaneous revenues in the case of oil and gas. MOPF should also disclose the details of the loan guarantees it provided to SOEs as well as prevailing rules on retained earnings. Finally, Myanmar is required to clarify whether UMEHL and MEC are government- owned corporations. If they are, the MSG is required to engage them in the EITI process in accordance with Requirement 1.2, include them in the scope of the EITI reporting process and assess the comprehensiveness of its interests in extractive projects as disclosed in the MEITI Report. To strengthen implementation, the MSG is encouraged to consider examining the alleged miscellaneous revenues of MOGE.
11. To strengthen implementation under Requirement 3.1, the government might wish to regularly and systematically disclose the details of Myanmar's extractive activities in the websites of relevant government agencies such as MONREC and MEE.
12. In accordance with Requirement 3.2 of the EITI Standard, Myanmar is required to disclose production volume and value by commodity for jade and gems. To strengthen implementation, the MSG should consider including export data from transactions outside of the gems emporium in the scope of the EITI Report. Government is encouraged to regularly disclose this information through government platforms.
13. In accordance with Requirement 3.3 of the EITI Standard, Myanmar should disclose comprehensive data for export volumes and value for gems and jade, disaggregated by commodity. To strengthen implementation, the MSG should consider including export data from transactions outside of the gems emporium in the scope of the EITI Report. Government is encouraged to regularly disclose this information through government platforms.
14. To strengthen implementation under Requirement 4.1, the government is encouraged to regularly and systematically disclose revenue data through government platforms. The MSG should also consider clearly documenting the considerations for determining rationale and the options considered for the materiality thresholds for revenues and companies.

15. In accordance with Requirement 4.2, Myanmar should categorically assess the materiality of in-kind payments for the three sectors. It should also be clarified in the next report whether there are in-kind payments for oil and gas. The sales of the state's share for oil and gas should be disclosed including the volumes sold and revenues received. For mining and gems, in-kind payments should be disaggregated by paying company to the SOE, and by buying company in the case of sales of the government's share. To strengthen implementation, the government is encouraged to systematically disclose data on on-kind revenues through government platforms.
16. In accordance with Requirement 4.5, government should ensure that all transfers from government to SOEs are comprehensively and publicly disclosed in government platforms. Myanmar should review the comprehensiveness of information disclosed regarding SOE transactions in view of what is revealed from other sources of information, including whether there are material transfers made between the SOE's other accounts to other entities.
17. To strengthen implementation under Requirement 4.7, Myanmar is encouraged to adopt project-level reporting for its next report. MEITI might wish to consider the extent to which it can make progress in implementing project-level reporting ahead of the deadline of EITI implementing countries to report on a per project basis by 31 December 2020. The MSG can start by doing a scoping of revenues streams that are levied on licenses and can be disclosed per project.
18. To strengthen implementation under Requirement 4.8, Myanmar is encouraged to regularly and systematically disclose up-to date data in government platforms and require companies to do the same.
19. To strengthen implementation under Requirement 4.9, the government might want to consider publishing the audited financial statements of government entities, including SOEs to provide additional assurance regarding the reliability of government data. Considering the IA's observation that there remains room for significant improvement to improve the level of assurance generally on SOE and company figures, the MSG is encouraged to revisit their agreed upon data quality assurance mechanisms and consider other options that would remove enhance data quality.
20. In accordance with Requirement 5.1, Myanmar is required to provide further explanation regarding the extractive revenues that are not recorded in the national budget. The MSG should consider expanding the scope of EITI reporting to further examine the details of these Other Accounts, such as tracing the exact extractive sector revenues that go to these accounts and how these revenues are spent, as well as explaining the rules in maintaining these accounts.
21. In accordance with Requirement 6.1 of the EITI Standard, companies are required to disclose social expenditures when mandated by law or contract. Where such benefits are provided in-kind, it is required that companies disclose the nature and deemed value of the in-kind transaction. The beneficiaries and their functions should also be disclosed. Where possible, these payments should be reconciled. The companies are further encouraged to disclose discretionary social expenditures where material. The MSG is encouraged to develop a reporting process with a view to achieving a level of transparency commensurate with the disclosure of other payments.
22. In accordance with Requirement 6.2, Myanmar is required to include disclosures from SOE(s) on their quasi-fiscal expenditures including SOE(s) payments for social services, public infrastructure, fuel subsidies and national debt servicing, etc. outside of the national budgetary process. The multi-stakeholder group is required to develop a reporting process with a view to achieving a

level of transparency commensurate with other payments and revenue streams, and should include SOE subsidiaries and joint ventures.

23. To strengthen implementation under Requirement 6.3, the government is encouraged to regularly and systematically disclose the extractive sector's contribution to the economy, including official employment data, through government platforms.
24. To strengthen implementation under Requirement 7.1, the MSG is encouraged to fully implement their communication strategy and improve the comprehensibility of EITI reports through publication of less technical summary reports. It could also increase the use of EITI data by extending its regular outreach to policy makers, parliament, and other individuals in key positions of influence in Myanmar.
25. To strengthen implementation under Requirement 7.2, Myanmar is encouraged to do an analysis of the report aimed at improving public understanding of the EITI data and information. Myanmar might also wish to tag EITI Reports and data files so as to enable EITI data to be compared with other publicly available data.
26. To strengthen implementation under Requirement 7.3, the MSG is encouraged to adopt a mechanism for following up and monitoring the progress of implementing the recommendations. It might also want to consider doing a stakeholder mapping to identify the key people whose support they need to secure to ensure political commitment especially for the long-term recommendations that would require political backing. The MSG is also encouraged to identify the technical and financial resources needed to implement these recommendations.
27. To strengthen implementation under Requirement 7.4, the MSG is encouraged to evaluate EITI impact in Myanmar and assess how such impact could be increased both at the national and subnational level through concrete measures. The MSG could also consider investigating other issues and areas where it could potentially create impact.

Figure 1– initial assessment card

EITI Requirements		LEVEL OF PROGRESS				
Categories	**Requirements**	No progress	Inadequate	Meaningful	Satisfactory	Beyond
MSG oversight	Government engagement (#1.1)					
	Industry engagement (#1.2)					
	Civil society engagement (#1.3)					
	MSG governance (#1.4)					
	Work plan (#1.5)					
Licenses and contracts	Legal framework (#2.1)					
	License allocations (#2.2)					
	License register (#2.3)					
	Policy on contract disclosure (#2.4)					
	Beneficial ownership (#2.5)					
	State participation (#2.6)					
Monitoring production	Exploration data (#3.1)					
	Production data (#3.2)					
	Export data (#3.3)					
Revenue collection	Comprehensiveness (#4.1)					
	In-kind revenues (#4.2)					
	Barter agreements (#4.3)					
	Transportation revenues (#4.4)					
	SOE transactions (#4.5)					
	Direct subnational payments (#4.6)					
	Disaggregation (#4.7)					
	Data timeliness (#4.8)					
	Data quality (#4.9)					
Revenue allocation	Distribution of revenues (#5.1)					
	Subnational transfers (#5.2)					
	Revenue management and expenditures (#5.3)					
Socio-economic contribution	Mandatory social expenditures (#6.1)					
	SOE quasi-fiscal expenditures (#6.2)					
	Economic contribution (#6.3)					
Outcomes and impact	Public debate (#7.1)					
	Data accessibility (#7.2)					
	Follow up on recommendations (#7.3)					
	Outcomes and impact of implementation (#7.4)					

Legend to the assessment card

No progress. All or nearly all aspects of the requirement remain outstanding and the broader objective of the requirement is not fulfilled.

Inadequate progress. Significant aspects of the requirement have not been implemented and the broader objective of the requirement is far from fulfilled.

Meaningful progress. Significant aspects of the requirement have been implemented and the broader objective of the requirement is being fulfilled.

Satisfactory progress. All aspects of the requirement have been implemented and the broader objective of the requirement has been fulfilled.

Beyond. The country has gone beyond the requirements.

This requirement is only encouraged or recommended and should not be taken into account in assessing compliance.

The MSG has demonstrated that this requirement is not applicable in the country.

Introduction

Brief recap of the sign-up phase

Myanmar announced its commitment to implement the EITI in a public announcement by then President Thein Sein on 14 December 2012. The Minister of the President's Office, U Soe Thein, was appointed as EITI Champion. A high-level Committee (the EITI Leading Authority) was also established which included the then Ministry of Energy, Finance, Mining and Forestry.

MSG members were elected by separate constituencies at the end of December 2013. The first MSG meetings were held in March -April 2014 to finalise the candidature application. The MSG endorsed the application on 30 April 2014 and submitted it to the International Secretariat on 7 May 2014. In July 2014, Myanmar was admitted as an EITI country at the EITI Board meeting in Mexico.

Objectives for implementation and overall progress in implementing the work plan

Myanmar EITI agreed on a three-year work plan in September 2017. The work plan lists three main objectives, namely: (1) to acquire and 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; (2) to create an enabling environment for the effective implementation of the EITI Standard; and (3) to support implementation of sustainable development and natural resource governance reforms through the successful execution of EITI.

In general, work plan implementation is on track, particularly with respect to activities related to the publication of EITI Reports. MSG meetings and sub-committee meetings are regularly conducted, at least every other month. There is significant progress particularly in the implementation of activities related to beneficial ownership disclosure, resulting in two specific outcomes: the creation of an inter-agency beneficial ownership task force, and a beneficial ownership pilot report where 17 out of the 21 volunteering companies took part and disclosed 31 names of beneficial owners. Initial steps have been taken towards the improvement of the mining cadastre such as consultations with government agencies and trainings with the working group conducted by a consultant. Preparations for the publication of the 2016-2017 EITI Report are underway. Aside from trainings for reporting entities on how to fill-out the reporting templates for the EITI Report, capacity building activities that have been conducted includes training on financial management for MEITI Office Budget Department (MOBD) and several workshops on data/report analysis of the oil and gas sector. The Capacity Development Plan which includes trainings for the MSG, national secretariat, sub-committee members, and members of Beneficial Ownership (BO) Task Force is yet to be implemented.

The 2017-2019 work plan is publicly accessible from the MEITI website.[2]

History of EITI Reporting

Myanmar EITI has published three EITI Reports[3] to date. The first report was published in February 2016 covering fiscal year 2013-2014. The second and third reports were simultaneously published on 30 March 2018 covering fiscal periods 2014-2015 and 2015-2016. MEITI Reports could be considered milestones in terms of the level of disclosures of extractive revenues including in-kind payments, state participation in the extractives, and disaggregated production and export data, most of which were made publicly accessible for the first time. Each report contains recommendations aimed at improving the reporting process and strengthening natural resource governance in the country. MEITI Reports have also been useful in explaining revenue flows from extractive companies to other government agencies or state-owned enterprises and how these are recorded in the national budget. The reports include a comprehensive discussion on the regulatory framework of the extractive sector and reforms that are underway.

Summary of engagement by government, civil society and industry

The MEITI MSG was originally established towards the end of December 2017 with 21 members (six from government, six from the private sector, and nine from CSOs). All constituencies have shown consistent engagement from the start and have exhibited an understanding of how they intend to use the EITI as a platform for sustained discussion of issues in the extractive sector. The EITI implementation temporarily slowed down during the transition to the new government in 2016. All government bodies were de facto dissolved, which led to a period of inactivity for the MSG before it was again re-established through Notification Order No. 24/2017 issued by the Ministry of Planning and Finance (MOPF) in February 2017. The current MSG is composed of 25 members with seven representatives from government, seven from industry, and nine from the civil society. Relevant organisations seem represented.

Government representatives include mid-level officials (at least director or deputy director rank) from the Ministry of Home Affairs (MHA), Ministry of Natural Resources and Environmental Conservation (MONREC), Ministry of Energy and Electricity (MOEE), and Office of the Auditor General (OAG). The MSG is headed by Deputy Minister U Maung Maung Win from the Ministry of Planning and Finance (MOPF). All CSO representatives in the MSG are members of the Myanmar Alliance for Transparency and Accountability (MATA), formed for the purpose of establishing the MSG in 2014. The industry is represented by Myanmar Federation of Mining Associations (MFMA), Myanmar Gems and Jewellery Entrepreneurs Association (MGJEA), Myanmar Yang Tse Copper Ltd., Total E&P, Myanmar Petroleum Resource Limited (MPRLE), and Myanmar Forest Products Merchants Federation (MFPMF).

[2] MEITI (June 2018), '2017-2019 Work Plan', accessed here in August 2018.
[3] See MEITI Reports section of MEITI website, accessed here in August 2018.

Minutes of MSG meetings show that quorum was reached in every meeting for the period of 2017-2018. For the period of 2014-2015, the attendance records for the 12 MSG meetings conducted were not reflected comprehensively in the minutes. As shown in the latest annual progress report, government, CSO and industry representatives consistently attend MSG meetings, with industry usually represented by the same alternate members, and government being represented by directors. Consistency in the attendance of MSG members during meetings suggests active engagement of the three constituencies. The minutes show that MSG members can carry out their duties and responsibilities, including engaging in technical discussions pertinent to the publication of the EITI Report. Capacity constraints of MSG members are being addressed through capacity building activities. An updated list of MSG members is available in Annex A.

Key features of the extractive industry

Myanmar is one of the fastest growing economies in Asia in terms of GDP growth, growing at 6.8% per annum in 2017 and 2018.[4]

Due to its diverse and untapped geological resources, mining is widely considered as one of the strengths of the country's economic development in the years to come. Mineral deposits in Myanmar include both base metals (gold, copper, silver, lead, zinc, tin, manganese and antimony) and industrial minerals (cement, clays, gypsum, fertilizer bases, dolomite, limestone, salt and barite).[5] Myanmar's mining sector is made up of both large and small-scale mining as well as significant informal mining.[6] From the metallic minerals being extracted in the country, copper makes up the largest export metal in the mining sector. Commodities such as gold, iron and steel, limestone and other industrial minerals are being produced for domestic consumption.[7]

Myanmar is also the primary commercial source of high-quality jade in the world, with 90% of the world's jade coming from Hpakant.[8] Myanmar's main gem-producing areas are geographically located along the North-Eastern mountainous regions. Jadeite, which is the most valuable variety of jade, is generally found in Kachin and Sagaing. Other gemstone deposits are in Shan, Mandalay, Kachin, Kayin and Tanintharyi.[9] It is estimated that 80%-90% of the world's rubies, including the most valuable ones, are found in Myanmar. In May 2015, a rare, untreated, 25.59 carat 'pigeon's blood' Mogok ruby known as the 'sunrise ruby' sold for a world record USD 30.33 million at a Sotheby's auction in Geneva, the equivalent of over USD 1m per carat.[10]

The mining and gems sector are however beset by governance challenges, thus limiting the potential of

[4] ADB (2018), 'Myanmar: Economy', accessed here in October 2018.
[5] U.S. Geological Survey (2012), 'Minerals Yearbook, Burma', cited in the 2015-2016 MEITI Report.
[6] MEITI (March 2018), 'April 2015-March 2016 MEITI Report', accessed here in September 2018, pp.59, 63-64.
[7] MEITI (December 2015), 'April 2013-March 2014 MEITI Report', accessed here in September 2018, p.32.
[8] Emma Irwin (July 2016), Gemstone Sector Review.
[9] MEITI (March 2018), 'April 2015-March 2016 MEITI Report', accessed here in September 2018, p.60.
[10] Emma Irwin (July 2016), Gemstone Sector Review.

these sectors to contribute to the national economy. Lack of updated geographical information limits the country's attractiveness to investments despite the wide recognition of its significant untapped gems and mineral resources. Various independent studies show discrepancies between official production and export data and other sources of information. According to the Gemstone Sector Review published in support of Myanmar EITI,[11] a Report published in July 2013 by the Harvard University Ash Centre/ Proximity Designs Report estimated the value of jade exported in 2011 to be USD 7.8bn, three times higher than official figures.[12] New Cross Roads Asia's 'Myanmar Business Update' cites Chinese Customs data which shows that China imported USD 12.3bn of jade and gems in 2014.[13] International NGO Global Witness's report on Myanmar's jade sector in 2015 estimated the value of the production of jade in 2014 to be up to USD 30.9bn.[14] The absence of systematic means of monitoring production has fuelled speculations of revenue leakages and corruption. Myanmar's gemstone sector scored 27/100 ("failing") in the 2017 Resource Governance Index published by NRGI. The country ranked 83rd among 89 assessments made, mainly due to lack of transparency in the licensing process.[15]

With regard to Myanmar's oil and gas sector, Myanmar's first oil exports started in 1853, making the country one of the world's oldest oil producers.[16] It is the second-largest producer of natural gas in South-East Asia, with consistent increases in production over the last decade.[17] In 2014-2015, Myanmar produced over 650bn cubic feet (bcf) of gas, rising to 700 bcf in 2015-2016. Myanmar earned over USD 4.3bn from natural gas exports to China and Thailand in 2015.[18]

The Government of Myanmar has worked to enhance oil and gas exploration and foreign direct investment (FDI). Myanmar's oil and gas sector ranks as one of the top FDI attractions, preceding manufacturing, communication, power and transport. As of January 2017, USD 22.4bn of FDI (out of a total of USD 69bn) is attributed to the oil and gas sector.[19] Based on IHS Global Insights estimation, Myanmar possesses 18 trillion cubic feet (tcf) of natural gas reserves and 3.2bn barrels of oil reserves.[20]

Myanmar had 67 oil and gas projects (including 29 onshore and 38 offshore) in 2016 that were in the exploration and production phases. The offshore natural gas projects Yadana (developed by a consortium of TOTAL, Chevron and PTTEP) and Yetagun (Petronas, PTTEP) are operated by the Thai state oil company PTT, producing a daily rate of 910m cubic feet (mcf) and 250 mcf respectively. The "Shwe Gas project" produces around 500 mcf and has sold natural gas to China National Petroleum Corporation. The offshore Zawtika (PTTEP) produces 360 mcf.[21]

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[11] Ibid.
[12] Ash Center for Democratic Governance and Innovation; John F Kennedy School of Government, Harvard University (July 2013), 'Creating a Future: Using Natural Resources for New Federalism and Unity', accessed here in September 2018.
[13] New Crossroads Asia (June 2015), 'Myanmar Business Update', accessed here in September 2018.
[14] Global Witness (October 2015), 'Jade: Myanmar's Big State Secret', accessed here in September 2018.
[15] NRGI (2017), 'Resource Governance Index 2017: Myanmar', accessed here in September 2018.
[16] MEITI (March 2018), 'April 2015-March 2016 MEITI Report', accessed here in September 2018, p36.
[17] Ibid.
[18] U.S. Department of Commerce (July 2017), 'Burma Country Commercial Guide', accessed here in September 2018.
[19] Ibid.
[20] NRGI (June 2016), 'Country Strategy Note: Myanmar', accessed here in September 2018.
[21] MEITI (March 2018), 'April 2015-March 2016 MEITI Report', accessed here in September 2018, p.36.

Explanation of the Validation process

Validation is an essential feature of the EITI implementation process. It is intended to provide all stakeholders with an impartial assessment of whether EITI implementation in a country is consistent with the provisions of the EITI Standard. It also addresses the impact of the EITI, the implementation of activities encouraged by the EITI Standard, lessons learnt in EITI implementation, as well as any concerns stakeholders have expressed and recommendations for future implementation of the EITI.

The Validation process is outlined in chapter 4 of the EITI Standard.[22] It has four phases:

1. Preparation for Validation by the multi-stakeholder group (MSG)
2. Initial data collection and stakeholder consultation undertaken by the EITI International Secretariat.
3. Independent quality assurance by an independent Validator who reports directly the EITI Board
4. Board review.

The Validation Guide provides detailed guidance on assessing EITI Requirements, and more detailed Validation procedures, including a standardised procedure for data collection and stakeholder consultation by the EITI International Secretariat and standardised terms of reference for the Validator.

The Validation Guide includes a provision that: "Where the MSG wishes that validation pays particular attention to assessing certain objectives or activities in accordance with the MSG work plan, these should be outlined upon the request of the MSG". The MEITI MSG did not request any issues for particular consideration.

In accordance with the Validation procedures, the International Secretariat's work on the initial data collection and stakeholder consultation was conducted in three phases:

1. Desk Review. Prior to visiting the country, the International Secretariat conducted a detailed desk review of the available documentation relating to the country's compliance with the EITI Standard, including but not limited to:

- The EITI work plan and other planning documents such as budgets and communication plans;
- The multi-stakeholder group's Terms of Reference, and minutes from multi-stakeholder group meetings;
- EITI Reports, and supplementary information such as summary reports and scoping studies;
- Communication materials;
- Annual progress reports; and
- Any other information of relevance to Validation.

In accordance with the Validation procedures, the Secretariat has not taken into account actions undertaken after the commencement of Validation.
2. Country visit. A country visit took place on 8-17 August 2018. All meetings took place in Naypidaw and

[22] See also Validation section of EITI website, accessed here in August 2018.

Yangon**.** The secretariat met with the multi-stakeholder group and its members, the Independent Administrator and other key stakeholders, including stakeholder groups that are represented on, but not directly participating in, the multi-stakeholder group. In addition to meeting with the MSG as a group, the International Secretariat met with its constituent parts (government, companies and civil society) either individually or in constituency groups, with appropriate protocols to ensure that stakeholders are able to freely express their views and that requests for confidentially are respected. The list of stakeholders consulted in outlined in Annex D.

3. Reporting on progress against requirements. This report provides the International Secretariat initial assessment of progress against requirements in accordance with the Validation Guide. It does not include an overall assessment of compliance.

The International Secretariat's team comprised: **Gay Alessandra Ordenes (Regional Director), Abigail Ocate (Country Officer), Alex Gordy (Validation Director) and Sam Bartlett (Technical Director)**

Part I – MSG Oversight

1. Oversight of the EITI process

1.1 Overview

This section relates to stakeholder engagement and the environment for implementation of EITI in country, the governance and functioning of the multi-stakeholder group (MSG), and the EITI work plan.

1.2 Assessment

Government engagement in the EITI process (#1.1)

Documentation of progress

Public statement: The current government declared its continued support to EITI implementation in a speech delivered by State Counsellor Daw Aung San Suu Kyi to the US Chamber of Commerce on 15 September 2016.[23] At the MEITI National Conference on 9 March 2017, then MOPF Minister U Kyaw Win expressed government support to the EITI while stating the government's appreciation for how the EITI could complement their reforms on budget transparency and Public Financial Management.

Prior to the current administration, MEITI was established by Presidential Decree 99/2012[24] in December 2012 which stated the Government's intention and commitment to implement the EITI. Former President Thein Sein made a statement during his meeting with then EITI Chair Clare Short in December 2013 that the government's objective was to use the EITI to ensure that resources are developed and managed in a transparent manner.[25] Supporting statements of commitment were issued by other former senior government officials including Ministry of Finance and Revenue Deputy Minister Maung Maung Thein.[26]

Senior lead: Following the 2015 Presidential election, a new Leading Committee was established through Notification No. 115/2016 appointing then Minister of Planning and Finance U Kyaw Win as chair. He has been replaced in May 2018 by the current MOPF Minister U Soe Win. The current administration also issued Notification No. 24/2017 appointing MOPF Deputy Minister U Maung Maung Win as the MSG Chair. Attendance records of MSG meetings show that U Maung Maung Win presided over 11 out of 14 MSG meetings. There was also one MSG meeting chaired by former MOPF Minister U Kyaw Win and attended by Ministers of MONREC and MOEE.[27]

Prior to the current senior leads, former Minister U Soe Thein of the Ministry of President's Office was

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[23] U.S. Chamber of Commerce (September 2016), 'Speech by State Counsellor Daw Aung San Suu Kyi', accessed here in September 2018.
[24] MEITI (December 2012), 'Presidential Decree No. 99/2012', accessed here in September 2018.
[25] EITI (December 2013), 'Myanmar moving towards the EITI', accessed here in September 2018.
[26] EITI (January 2016), 'Myanmar lifts the veil on state-owned companies', accessed here in September 2018.
[27] 10th MSG meeting conducted on January 2018

appointed in 2012 to act as chair of the EITI Leading Authority, the body designated to oversee EITI implementation in Myanmar. The MEITI MSG was established in 2014 and Dr Maung Maung Thein, the then Deputy Minister of Finance, was appointed as chair of the MSG.

Active engagement: The Government of Myanmar has actively taken the lead in implementing the EITI through MOPF. The MSG Chair is supported by the Vice-Chair, U Win Htein of MONREC, along with seven director-level government officials. Government agencies represented in the MSG include MHA, MOEE, MONREC, MOPF and OAG.

Two other committees were established by the government to support EITI implementation. Notification No.115/2016, created the MEITI Leading Committee, which is the highest EITI governing body composed of three Ministers namely, U Soe Win (MOPF), U Win Khaing (MOEE) and U Ohn Win (MONREC), and Deputy Minister U Maung Maung Win. There is no document defining the MSG's relationship with the Leading Committee although in practice, it is the body that elevates the recommendations of the MSG to the administration's cabinet. In addition, the MEITI Working Committee was created composed of 17 government officials, mostly at director level, representing various departments and agencies that are engaged in the EITI reporting process. This committee instructs reporting entities to provide the information needed for EITI reporting.

EITI implementation stalled during the period of transition from the previous government sometime between July and December 2016. Despite the lack of official appointment of MSG Chair from the new administration, the MOPF continued to provide administrative resources to ensure that informal meetings took place among stakeholders and that initial discussions could proceed on beneficial ownership and gemstone sector reforms.

Attendance records of meetings show that in general, government representatives consistently participate in MSG meetings and contribute to discussions on technical aspects of EITI implementation, including determining scope of the EITI Report even though the minutes are not explicit in attributing comments.

There are many written directives issued by government to ensure EITI participation from companies and government entities. Notification Order 76 /2018[28] issued on June 2018 mandates relevant Union Ministries, Union Level Organizations and State or Regional Government Organizations to cooperate in the implementation of EITI. Notification Order 60/2018[29] created a Beneficial Ownership Task Force for Extractive Industries to support the implementation of the Myanmar EITI beneficial ownership roadmap. There is also evidence from MSG meeting minutes that government agencies are following up with reporting entities that fail to submit their reporting templates. All material government agencies submitted reporting templates according to the MSG's reporting instructions.[30]

[28] MEITI (June 2018), 'Notification Order No.76 /2018', accessed here in September 2018.
[29] MEITI (June 2018), 'Notification Order No. 60/2018', accessed here in September 2018.
[30] MEITI (March 2018), 'April 2015-March 2016 MEITI Report', accessed here in September 2018.

There is also evidence of the government providing some funding for EITI implementation. While funding for EITI implementation is wholly covered by the Myanmar Partnership Multi-Donor Trust Fund (MP-MDTF) the salaries of EITI staff employed by the MOPF are covered by government.

Stakeholder views

There was consensus among industry representatives and development partners that government is fully committed and engaged to EITI implementation. Almost all stakeholders attested to the MSG Chair's genuine commitment in advocating transparency within government systems. Several development partners noted that the timely publication of two MEITI Reports, amidst a period of government transition, was an illustration of the government's engagement reflected in the government's engagement in the EITI Leading Committee and the Working Committee. Many industry representatives attributed their participation in the EITI to the government's strong encouragement.

Most stakeholders considered that government attendance at MSG meetings was consistent and that government representatives on the MSG actively participated in technical discussions. A development partner noted that the MSG Chair attended almost all meetings. At the same time, some stakeholders from industry and civil society called for more senior officials to attend MSG meetings so that decisions could be taken more swiftly.

Some civil society stakeholders considered that the level of government commitment had diminished under the present administration (since 2016). They noted that lodging the EITI under the MOPF, rather than under the Minister for President's Office as in the past, had affected the EITI's influence and authority within government. Lack of outreach activities to stakeholders was also perceived by some CSOs as an indication of weak government commitment. The CSOs considered that government agencies had not consistently ensured that all information required under the EITI Standard be disclosed in MEITI Reports, with much data submitted on a piece-meal basis. However, the MEITI national secretariat explained that additional documents provided by the government after the publication of the report had been uploaded in the MEITI website, with corresponding links provided in updates to the soft copy of the MEITI Report.

Stakeholders confirmed that government agencies followed up on recommendations in MEITI Reports. However, some CSOs and development partners noted that while they have seen government support for recommendations pertaining to administrative and technical matters, they had not seen a strong political commitment on recommendations relating to more contentious policy issues, such as reform of military-backed companies

All stakeholders confirmed the lack of barriers within government to EITI implementation. Several members of the MSG considered that the government was resolving bottlenecks to EITI implementation by addressing confidentiality provisions in oil and gas PSCs and the Income Tax Law. A government representative emphasised that the IRD interpreted the confidentiality provisions in the Income Tax Law in such a way that EITI be covered by the exemption clause, allowing the IRD to disclose tax data for EITI purposes. Moreover, a government representative noted that MOGE was drafting a policy requiring all oil and gas companies to participate in EITI reporting.

Government representatives noted that relevant data from the EITI Reports are used in reviewing government processes and in drafting policies. A SOE representative mentioned that EITI data are cited during discussions with international investment companies.

On funding EITI activities, a government representative highlighted that the government provided support by covering the operational expenses of MOBD including salary of staff dedicated for EITI.

Initial assessment

The International Secretariat's initial assessment is that Myanmar has made satisfactory progress in meeting this requirement. Despite delays linked to the political transition in 2016, the government demonstrated its commitment to EITI by appointing senior government officials at the ministerial level both on the MSG and on a high-level government Leading Committee to provide effective oversight of EITI implementation. Government commitment has also been clearly demonstrated through active participation in MSG and sub-committee meetings, follow-up on MEITI recommendations and in addressing legal barriers to implementation.

To strengthen implementation, Myanmar is encouraged to ensure that the seniority in its government engagement in EITI implementation is commensurate with the need to provide effective operational oversight of implementation.

Industry engagement in the EITI process (#1.2)

Documentation of progress

Active engagement: Companies' active participation in MSG meetings, sub-committee meetings, capacity building workshops and outreach activities indicate that they are engaged in the EITI process. As seen in the latest annual progress report [31], six of the MSG members representing the industry have attended almost all meetings. Minutes of sub-committee meetings show that attendance of industry representatives is generally consistent.

The role of industry representatives on the MSG is also clearly defined in the MSG's ToR. This includes disclosure of material payments and relevant contextual information agreed by the MSG, collaboration with other constituency groups in addressing barriers to EITI implementation, and communicating with industry members about EITI developments.

In terms of participation in the EITI reporting process, all companies included in the reconciliation scope submitted their reporting templates. Eight oil and gas companies and one oil transportation company did not report, but MOGE submitted an official letter confirming that no payments were received from these companies for the fiscal year covered by the report.

[31] MEITI (July 2018), 'Myanmar Annual Progress Report: July 2017-June 2018 ', accessed here in August 2018.

There was an increase in the number of companies that submitted quality assurances for EITI reporting across the three EITI Reports published to date. Majority of reporting companies (96 out of 111) submitted audited financial statements for the second and third MEITI Reports, compared to only three companies that provided this for the first MEITI Report.[32]

Some companies participated in the beneficial ownership reporting pilot, including nine companies from the mining sector[33], five from oil and gas[34], five from gems and jade[35] and two from the forestry sector.[36]

There is no documentation of whether companies in the MSG liaise with their constituencies regarding the EITI process to consult on the EITI process, discuss the findings of EITI Reports, or solicit inputs for documents approved by the MSG such as work plans and annual progress reports.

Enabling environment: There is no law prohibiting companies from participating in the EITI process. While contracts remain confidential, there is nothing to suggest that this has posed a barrier to company participation in the EITI. The government addressed confidentiality provisions in the Income Tax Law by making EITI reporting an exemption to the confidentiality provision.

Stakeholder views

Industry representatives confirmed their commitment to EITI, noting that they actively participated in MSG meetings and provided all information required by the MSG. Industry MSG members mentioned that they provided updates to their constituencies regarding EITI developments and provided inputs to important MSG documents such as the work plan and annual progress reports. A mining representative noted that their association conducted EITI-related activities including outreach to regions and states. Representatives of the gems sector mentioned their plans to conduct more outreach activities with constituent companies to raise awareness of the EITI and to discuss findings of MEITI Reports.

Oil and gas companies, on the other hand, stated that they did not have a formal mechanism for informing their constituencies about developments in EITI implementation, nor for soliciting feedback for the work plan and the annual progress report. Oil and gas companies off the MSG appeared surprised when asked about this during stakeholder consultations and explained that MOGE usually convened the companies and served as the communication channel for companies outside the MSG. One oil company representative not on the MSG expressed uncertainty over whom to contact in cases of inaccuracies in the 2015-16 EITI Report, as he had just identified during consultations. A number of oil and gas companies not directly represented on the MSG appeared ill-informed about the EITI during consultations and appeared uncertain of who was responsible for publishing the EITI Reports and other key EITI documents. Their responses suggested that some oil and gas companies remained unclear about the objectives of the EITI and the roles and responsibilities of company representatives.

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[32] MPRL, Petronas and Xie Family

[33] Myanmar Economic Corporation, Myanmar CNMC Nickel Co. Ltd., Myanmar Yang Tse Copper Ltd., National Prosperity Gold Production Group Ltd., Tun Thwin Mining Co. Ltd., Ruby Dragon Mining Co. Ltd., Shwe Moe Yan Co. Ltd., Delco Co. Ltd., Eternal Mining Co. Ltd.

[34] PC Myanmar (Hong Kong) Limited, PETRONAS Carigali Myanmar Inc., PTTEPI Myanmar, Posco Daewoo Corporation, Goldpetrol JOC Inc.

[35] Jade Mountain Gems Co Ltd., Sein Lom Taung Tan Gems Ltd., Thi Raw Mani Gems & Jewellery, Pang Huke Duwa Co. Ltd., Ruby Dragon Jade & Gems Co. Ltd.

[36] Royal River Trading Co; Ltd., Johnny Brothers Co; Ltd.

Several industry stakeholders expressed concerns about being asked to disclose information that are not required under the EITI Standard, noting that CSOs' requests for data and documents through the EITI already went beyond the requirements of the EITI. Industry representatives confirmed that they submitted all EITI-related data, except for copies of audited financial statements that some companies did not provide.

Government and civil society stakeholders called for improvements in company participation in MSG meetings and broader implementation. Several CSO representatives consulted noted that companies did not send senior representatives during MSG meetings, resulting in slower decision-making. A development partner commented that the companies were generally passive in terms of complying with the EITI Requirements and did not understand the EITI's more strategic potential in helping companies to achieve their objectives with government and civil society. Some civil society and other stakeholders expressed concern about the impact of non-participation of military affiliated companies, namely UMEHL and MEC, on the credibility of the EITI process and the comprehensiveness of the EITI Report. They considered that it was widely recognized that the two companies were key players in the extractive sector but despite that, minimal efforts have been exerted to engage them in EITI. A development partner noted that the MSG's step in engaging UMEHL and MEC only consisted of sending them letters without additional follow-up.

All industry stakeholders consulted agreed that there were no legal or regulatory barriers to company participation in EITI implementation. Several company representatives, however, expressed concerns that EITI reporting of their taxes paid would expose them to (unspecified) extortion threats and called for government protection against threats resulting from their participation in EITI.

Government representatives described the steps undertaken to ensure full company participation in the EITI, including interpreting the exceptions in the tax confidentiality provisions under the Tax Code to establish a permanent solution replacing the former use of confidentiality waivers. A government official explained that since the Tax Code barred the disclosure of tax information for other purposes than normal government duties, they interpreted the phrase "fulfilment of government functions" to include EITI reporting. In addition, government representatives shared that to facilitate EITI's data collection process, the new gemstone policy will require permit-holders to publicly disclose all information relevant for EITI.

Initial assessment

The International Secretariat's initial assessment is that Myanmar has made meaningful progress in meeting this requirement. It is evident that mining and gems companies are actively and effectively engaged in the EITI process in terms of providing information, monitoring and implementing EITI activities and conducting outreach to stimulate public debate. It appears, however, that oil and gas companies outside of the MSG have not been as active in participating in EITI activities. Stakeholder consultations suggest that EITI participation from the oil and gas sub-constituency is confined to members of the MSG, while the extent of participation of non-MSG members is confined to submission of data. This has led to lack of clarity on the applicability of certain requirements such as mandatory social expenditures (See Requirement 6.1). Challenges remain in terms of the seniority of industry representation in practice on the MSG, which has tended to slow the decision-making process.

The non-participation of military-affiliated companies UMEHL and MEC is also a concern, given other stakeholders' recognition of their importance in the extractives sector and the risk to the credibility of EITI reporting in not comprehensively covering them. There is no evidence of earnest efforts to formally and meaningfully engage the two companies in EITI implementation. As noted by several stakeholders, this could undermine not only the comprehensiveness of the EITI Report, but the credibility of the EITI process altogether.

In accordance with Requirement 1.2.a, Myanmar must ensure that companies, including military-affiliated companies operating in the extractives as well as oil and gas companies outside of the MSG, are fully, actively and effectively engaged in the EITI process. If there are barriers to the participation of these companies, the government must, in accordance with Requirement 1.2.b ensure that there is an enabling environment for company participation with regard to relevant laws, regulations, and administrative rules as well as actual practice in implementation of the EITI.

Civil society engagement in the EITI process (#1.3)

Documentation of progress

Civil society is represented on the MSG by the Myanmar Alliance for Transparency and Accountability (MATA), a network of organizations that work on issues related to natural resource governance and accountability. MATA is composed of over 400 local civil society organizations, think tank groups and interested individuals. In addition to the role it plays in the EITI, MATA works more broadly on advocating improved management of natural resource sectors, including greater public involvement in natural resource management. MATA's structure includes 14 regional working groups spread across the country.

This section discusses the status of civic space in Myanmar more broadly, as well as civil society engagement in the EITI process.

Expression: Myanmar's 2008 Constitution guarantees every citizen's right to express and publish freely their conviction and opinion, if these are not contrary to laws and do not disrupt law, order, public peace and morality.[37] There are demands from civil society organisations to repeal certain provisions of legislation that are deemed restrictive of freedom of expression. This includes Section 66(d) of the 2013 Telecommunications Law which imposes the penalty of imprisonment for individuals found guilty of "extorting, coercing, restraining wrongfully, defaming, disturbing, causing undue influence, or threatening any person using a telecommunications network." Article 77 of the same law authorizes the Ministry of Communications to suspend telecommunication services in case of emergency, enabling government to shut down internet and mobile communications before peaceful demonstrations.[38] It has been argued by civil society and journalists that these provisions have opened the doors to unjustifiable criminal

[37] Paragraph 354

[38] ICNL (June 2018), 'Civic Freedom Monitor: Myanmar (Burma)', accessed here in August2018.

prosecutions of individuals who express their opinion on social media, thereby stifling criticism of government authorities. The Telecommunications Law is currently being reviewed amidst clamour to align it with international human rights law and standard.

Other laws, which, according to Civic Freedom Monitor[39] have been used to prosecute individuals who criticise government are the Anti-Defamation Law, the Unlawful Associations Act, State Secrecy Act and the 2004 Electronic Transactions Act. The State Secrecy or Official Secrets Act and the Unlawful Associations Act are laws from the colonial era that contain provisions relating to defamation, incitement and unlawful assemblies. The 2004 Electronic Transactions Act criminalizes the use of electronic transactions in committing any act detrimental to state security, law and order, national solidarity, economy and culture.

The Asian Development Bank Civil Society Brief[40] recognizes that despite the opening up of civic space in recent years, "legal and practical restrictions remain in many areas, where authorities continue to view civil society activity with suspicion. In a number of cases, farmers, activists and journalists, have been charged, convicted and imprisoned for taking part in peaceful protests or exposing government activities." Myanmar Pen, an organization of journalists, said in its recent assessment that press freedom in Myanmar has deteriorated.[41]

Almost all documented cases of prosecution involving these laws involve issues where the dissidents criticise the government on issues that are not related to natural resource governance. The report of the UN Special Rapporteur published in March 2018which thoroughly reviews the status of civic space in Myanmar did not mention any restriction of freedom of expression on matters relating to extractive sector governance. There was one documented incident[42] where the State Counsellor Daw Aung San Suu Kyi allegedly made a statement to the protesters of the Letpadaung Copper Mine in 2013 that their "protest is in vain" and that the country needs the jobs created by the controversial mining project.

Myanmar was assessed with a Partly Free status by the Freedom House Monitor[43], with a score of five in both civil liberties and political rights in 2017.[44] In evaluating freedom of expression, Freedom House stated that media freedoms have improved since the official end of government censorship and prepublication approval in 2012. However, it was noted that the self-censorship is still being encouraged by the threat of prosecution under criminal defamation laws. Reporters covering sensitive topics risk harassment, physical violence, and imprisonment.

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[39] Ibid

[40] ADB (February 2015), 'Civil Society Briefs: Myanmar', accessed here in September 2018.

[41] PEN America (May 2018), 'Civil Society and Journalists in Myanmar Find that Free Expression and Media Freedom are under Significant Threat', accessed here in September 2018.

[42] Heinrich-Böll-Stiftung (July 2017), 'An eclipse of Myanmar's civil society?', accessed here in August 2018.

[43] Freedom House (2018), 'Freedom in the World 2018: Myanmar Profile', accessed here in October 2018.

[44] 1= most free; 7= least free

The report of the UN Special Rapporteur[45] issued in March 2018 noted the shrinking civic space in Myanmar although there was no specific mention of any restrictions related to the extractives. According to Civicus Monitor[46], Myanmar's latest rating on civic space was categorised as repressed[47] due to its finding that LGBTI groups still face discrimination and investigative journalists continue to operate in a repressive environment. The report notes that burdensome authorisation requirements and excessive use of police force continue to restrict protest rights.

With respect to the EITI process, the Terms of Reference of the MSG respects the civil society's independence, stating that in order to participate as a member of the MSG, each representative can be freely and fairly elected within their respective constituency group according to their own criteria (Section 5.2).

Operation: The registration of civil society groups in Myanmar is governed by the 2014 Association Registration Law (ARL) which recognizes both domestic and international non-governmental organizations (INGOs). Domestic organizations are entitled to tax exemptions if they apply for one upon registration. The registration system is decentralized, with some applications being lodged with the Ministry of Home Affairs, and some being filed with any of the six registration committees at the Union (national), regional or state level. This decentralized process raises concerns about limiting the legitimacy of an organization's operations within the territorial jurisdiction of the registering authority because of a provision in the law that any association that seeks to change its status from township level to regional or state level must apply to the relevant registration committee.[48]

One significant change introduced by the 2014 ARL is the transition from mandatory registration to a voluntary one. Article 7 of the ARL explicitly states that "Local organizations, upon their voluntary decision, shall submit an application to the registration committee concerned…" Registration documents have likewise been simplified. Registration fees have been reduced from MMK500,00 to MMK100,00 (national level) and MMK 30,000 (regional level). Renewal fees are not collected. However, these organizations are required to file annual reports as well as reports in case there are changes in membership and approved activities.

The 2014 ARL also affirms the right of registered domestic organizations to receive support or funding from a foreign government, international NGO, domestic organization or any individual. It is unclear whether these provisions should be interpreted to mean that unregistered organizations are not eligible

[45] Human Rights Council (March 2018), 'Report of the Special Rapporteur on the Situation of Human Rights in Myanmar', accessed here in October 2018.
[46] Civicus (August 2017), 'Myanmar Overview', accessed here in October 2018.
[47] A rating of "repressed" means that "Civic space is significantly constrained. Active individuals and civil society members who criticise power holders risk surveillance, harassment, intimidation, imprisonment, injury and death. Although some civil society organisations exist, their advocacy work is regularly impeded and they face threats of de-registration and closure by the authorities. People who organise or take part in peaceful protests are likely to be targeted by the authorities through the use of excessive force, including the use of live ammunition, and risk mass arrests and detention. The media typically reflects the position of the state, and any independent voices are routinely targeted through raids, physical attacks or protracted legal harassment. Websites and social media platforms are blocked and internet activism is heavily monitored." It is the second to the lowest rating according to the monitor.
[48] ICNL (June 2018), 'Civic Freedom Monitor: Myanmar (Burma)', accessed here in August2018.

to receive similar support.

To represent civil society in the EITI, MATA was formed in April 2014. It is comprised of around 449 organization and individuals from all states and regions in Myanmar. MATA's objectives are to advocate for transparency and accountability, and promote the freedom of public participation in, and scrutiny of Myanmar's legal frameworks and guidelines relating to natural resources.[49] MATA operates both at the national and subnational level, with over 500 members, with a steering group and a technical working group at the national level.

At the start of EITI implementation in Myanmar, MATA was not a registered organization, posing problems on its ability to receive funding from other partners. Nonetheless, it appears that MATA has been able to receive financial and technical support from donors and international organizations such as the Natural Resource Governance Institute (NRGI) and participate in capacity building activities to strengthen its involvement in policy discussions. MATA's registration is currently pending.

Association: Myanmar enacted the Peaceful Assembly and Peaceful Procession Act in 2011 which provides for protection for freedom of assembly, albeit subject to prior authorization from the police. This was subsequently amended to state that while prior approval is still required, authorization may be denied only for "valid reasons." The punishment of imprisonment had been reduced from one year to six months. Despite these amendments, protesters are still being arrested for violation of the law, albeit on issues not related to the EITI. In May 2018[50], the Myanmar police sought to charge 17 protest organizers for mobilizing an anti-war protest calling for an end to the war in Kachin state. These organizers were arrested for allegedly not obtaining permission from authorities prior to the protest. Amnesty International reported that on March 2017, police fired bullets at protesters of the Letpadaung copper mine in Sagaing Division, which injured at least ten individuals.[51]

On the part of MATA, there is nothing to suggest that its participation in the EITI process is hindered by any legal or practical impediment. Minutes of MSG meetings show that MATA is able to freely participate in all EITI activities. It is also able lead outreach activities through its nationwide network of civil society organizations. Its participation is funded by the MDTF with additional funding provided by NRGI for workshops during the transition period to the new government.

Engagement: The minutes of MSG meetings show that MATA freely and actively participates in the design and implementation of the EITI process in Myanmar. It participates in decision-making processes on matters relating to EITI reporting, and actively advocates for the expansion of the scope of the report to include issues that are relevant to civil society. For instance, MATA pushed for the inclusion of forestry in the scope of the second EITI Report. They also ensured that a production audit of gemstones be conducted, resulting in the reconciliation of production data in the third EITI Report. MATA also actively steered the activities on beneficial ownership while the current MSG was yet to be appointed during the

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[49] See MATA's website here.
[50] Radio Free Asia (May 2018), 'Myanmar CSO Group Wants Arrests of Peaceful Antiwar Protesters Stopped', accessed here in August 2018.
[51] Amnesty International (March 2017), 'Myanmar: Investigate Police Use of Force against Protestors at Troubled Mine', accessed here in August 2018. See also Article 19 (February 2018), 'Myanmar: HRC must address deteriorating environment for free expression', accessed here in August 2018. .

transitional period to the new government. It participated in capacity building activities on beneficial ownership and provided inputs to the creation of MEITI's beneficial ownership roadmap. MATA provided substantial inputs to the recommendations in the EITI Reports, and have urged other MSG members to prioritise the issues related to reforms of state-owned enterprises. Prior to Validation, MATA conducted a workshop with an independent consultant to ensure its active and effective participation in the Validation process.

Access to public decision-making: MATA's participation in policy-making extends beyond the EITI, as shown, for example, by its membership in the Gemstone Working Committee that drafted the recent Gemstone sector policy. MATA is also able to actively engage Parliament.

More broadly, civil society in Myanmar is increasingly becoming involved in policy discussions. It is represented in the Panglong Peace Conference, where MATA issued a statement urging that the peace talks be linked with issues regarding natural resource governance.[52] Civil society representatives are also represented in other bodies tasked to oversee extractive sector reforms such as the gems oversight committee. MATA members act as advisers in anti-corruption reforms in their individual capacities.

The ADB civil society briefs[53] report that large INGOs and a limited number of local development NGOs have registered with the government or have a memorandum of understanding with ministries, illustrating that the government has started to recognize civil society organizations as partners in development. Even at the subnational level, civil society organizations are increasingly collaborating with government.

Stakeholder views

Civil Society Engagement: All stakeholders shared the perception that civil society was actively engaged in the MSG and had used the EITI as a means of achieving its own objectives.. There was broad consensus that CSO representatives on the MSG were involved in designing EITI implementation by contributing to discussions on the scope of the EITI Report, actions on recommendations, and in conducting outreach activities. Other constituencies on the MSG, however, expressed concerns about CSO's demands for information that some MSG members perceived as excessive or beyond the EITI Requirements. They considered that providing additional information such as company audited statements was burdensome and was beyond the mandate of the MSG. A few government representatives noted that although they welcomed the opportunity to engage with civil society through the MSG, they sometimes found it challenging to accommodate civil society's requests, especially when these were outside of the scope of the EITI as understood by government. One example cited by government representatives involved civil society demands for information on certain mine closures for which no information could be provided for security reasons. One government representative called for more pragmatism from civil society in MSG discussions, for it to consider other views and acknowledge constraints in government and companies. Despite these observations, all MSG members nonetheless agreed that these differences in opinion were normal and manageable and had not led to a breakdown of the EITI process. A company representative

[52] Statement of civil society groups can be accessed here.
[53] ADB (February 2015), 'Civil Society Briefs: Myanmar', accessed here in September 2018.

observed that while it was difficult in the beginning to find a common ground, and there were instances in the past when meetings had to be stopped, the MSG has over the years learned to work together harmoniously until mutual trust had been established.

All stakeholders agreed that there were no barriers to civil society's freedom of expression within the MSG as they were able to freely express their views and propose any topic for the MSG's agenda. The civil society representatives in the MSG confirmed that they did not feel restricted in expressing their views and in participating in EITI activities, nor are they restricted from liaising with their constituents. They observed, however, that there is not enough debate within the MSG, lamenting that sometimes, the issues they proposed for inclusion on the MSG's agenda were not systematically addressed due to lack of time. For example, their request to visit a jade mine together with the IA was denied by government allegedly for security reasons. They further observed that the potential of disseminating information and sparking debates at the subnational level was limited by the reluctance of government and industry to engage in debates and find solutions to issues.

Regarding their operations, MATA's registration with the government was pending at the time of consultations. Though they complained about the delay in the approval of their registration, it did not appear that their lack of registration had adversely affected their operations.

With respect to their capacity, other constituencies and development partners generally agree that civil society had the technical capacity to participate in the EITI process. A few industry representatives however observed that CSO capacity tended to be utilised only for a few selected issues, such as social expenditures and pointing out weaknesses in governance. MATA countered that they use EITI data in their advocacies, such as analysing the impact of extractive projects on local livelihood. They cited that they have published a research paper on peace-building using EITI data. They also lead the work on open data initiatives.

Civic Space: Members of MATA are able to participate in other policy making forums or consultations beyond the EITI such as in drafting the gemstone policy and other legislations like the land confiscation law. The Anti-corruption commission also gets inputs from MATA.

There were mixed views from the different stakeholders about the direction of progress of civic space in Myanmar. Most civil society members claimed that civic space was shrinking due to fear of reprisal both with respect to expressing opinions on issues related to the extractive sector and more broadly. Some journalists, however, qualify that fear of reprisal applied only to specific instances when certain high-level politicians or military officials were criticized, although none of these issues relate to the extractives. Still, other stakeholders claimed that while there were restrictions on civic space, the current situation was considered a vast improvement over the situation prior to EITI implementation. Finally, some stakeholders were of the view that there had been no changes in civic space compared to the period prior to EITI implementation.

On the legal framework, there was consensus that several laws (namely the Telecommunications Law, the Assembly Law, the 2004 Electronic Transactions and the State Secrecy Act) had all contributed to the restrictions on freedom of expression and association more broadly. A development partner explained that Section 66(d) of the 2013 Telecommunications Law punished the act of defaming any person using a telecommunications network. This provision had led to many prosecutions for criticisms of the government made by civilian groups using Facebook although none visibly linked to expression on extratcives issues explicitly. Stakeholders consulted were however not aware of any case under Section 66(d) that focused on extractives issues, although they did not discount the possibility that this legal provision could be invoked against expression on extractives issues at any given time.

Civil society stakeholders consulted outside the MSG observed that while the legal framework itself was not considered to be deteriorating, the recent amendments on the Assembly Law had not met the expectations of the people. They assailed the legality of the application of Section 66(d) of the Telecommunication Law, contending that Myanmar already had a separate law that punished defamation. They said that the intent of the law was to prevent criminal acts such as hacking rather than restricting citizens from expressing themselves online. The amendment, according to them, did not repeal the reference to defamation but only made the offense bailable.

Some development partners, CSOs and journalists consulted pointed out that aside from the legal restrictions on freedom of expression, there are also restrictions on access to certain conflict areas where extractive projects are located. Stakeholders mentioned that foreigners, especially journalists, were not allowed to visit Hpakant where a jade mine containing the country's most valuable resources were found. They observed that this had affected investigative journalists' ability to evaluate and write about the situation in the area. Some journalists, however, acknowledged that restricted areas such as Hpkant, Kachin and Shan indeed posed risk to one's safety due to the presence of landmines and rebel groups. There are sentiments from stakeholders that fear of reprisal had resulted in self-censorship in terms of criticising the government to some extent, even as they also acknowledged that the press was still able to publish articles criticising the government. Journalists cited a few examples of journalists and civilians being arrested or killed for publishing negative reports against companies and government, including the case of a journalist who was killed in 2017 which, according to another journalist, was presumably for his incendiary report on anomalies in the forestry sector. Journalists consulted explained that they could report crimes like illegal logging in a general sense, but considered that citing specific instances and naming individuals could expose them to danger. They said that the possibility of being sued is less when the reports are presented in the broader context, such as the Global Witness report on jade and gems, but threats of lawsuit increase when in-depth reports implicate individuals. According to several journalists these threats prevented one of their colleagues from covering illegal gold mining. Another relevant incident cited by the stakeholders was the arrest of a journalist in Hpakant after he pointed out that extractive companies were violating the law. The case was filed by the company.

When asked to compare the current situation on freedom of expression with the situation in previous years, journalists opined that the situation had steadily improved since 2011. Although threats to media has not completely disappeared, they still recognized that access to social media had increased citizens' capacity and freedom to express their views. They also welcomed the amendments to the peaceful assembly law although they noted the lack of developments with the passage of the Freedom of Information law. They observed that public access to information had improved over the years and that, in general, there was now more access to government officials in terms of granting requests for information and interviews. While a few officials and ministries are still known for being unresponsive to such requests, both media and civil society representatives consulted observed a growing cooperation from government in providing information.

Civil society mentioned that a CSO MSG member was arrested last year by the Chief Minister in Karen state for giving pamphlets and protesting against a coal mine. The issue was brought to the attention of the MSG and was resolved when the EITI National Coordinator intervened. Civil society also mentioned that one government department had issued an internal memorandum ordering staff not to deal with NGOs after they had asked for information on a mining operation. In addition, an activist in Sagaing who is a regional member of MATA was arrested after demanding for data on social expenditures of a mining company during a protest. It is unclear who initiated the complaint. Several CSOs commented that, surprisingly, many of the old laws from previous regimes were still being used to limit their freedom of expression. They further stated that some MSG members are of the view that these issues went beyond the MSG's mandate so the MSG has not taken any action on these incidents. On a more positive note, however, they still recognised that the EITI process provided them with a platform to discuss sensitive issues and had helped them eliminate legal restrictions. For example, in Kayah state, CSO activities that normally required permission from the local General Administrative Division (GAD) could now be carried out without such permission as a result of the agreement between EITI CSO MSG members and GAD that the requirement of securing permission is waived for EITI related activities.

Some CSO representatives remarked that while CSO MSG members had no restrictions to speak at MSG meetings, they held that the evaluation of civic space should extend to freedom of speech beyond the MSG, which they considered to be necessary for EITI implementation to be effective. At the same time, other CSO representatives qualified that restrictions on freedom of speech applied only in certain geographical areas. They said that, at the national level especially in Yangon and Naypidaw, they have seen some progress in respecting their freedom of expression.

Initial assessment

The International Secretariat's initial assessment is that Myanmar has made satisfactory progress in meeting this requirement.

On civil society's engagement in the EITI process, there is ample evidence to suggest that civil society representatives are sufficiently engaged in design, implementation and monitoring of the EITI process in Myanmar. Documentation of MSG meetings and activities, as well as stakeholder views would attest to MATA's active participation in providing direction to the EITI process, in prioritizing recommendations for reforms, in tapping on their own networks to engage key officials in government, in leading outreach activities and organizing their own, in coordinating with their wider constituency, and in stimulating and shaping public debate. Partners observed that the ability of civil society to engage in technical discussions has increased over the years, even as capacity gaps remain on some aspects. There is evidence that civil society is also exerting efforts to build their capacity through participation in workshops, especially on beneficial ownership and extractive sector management. Indeed, civil society is frequently consulted by government in sectoral reforms such as the drafting of a new gemstone policy.

With respect to civic space, independent reports and stakeholders agree that there still exist certain restrictions on freedom of expression, assembly and association under current laws, and that fear of reprisal is still prevalent among civil society including journalists. At the same time, however, it is clear that the perceived restrictions has not affected EITI implementation and that at the MSG level, civil society is still able to express their views without any restrictions whether during MSG meetings or at EITI events. There is also nothing to suggest that the civil society constituency is constrained from liaising with one another. While it should be acknowledged that there are some instances when the reprisals were related to protests against extractive companies or demands made for information on extractive projects, there is also evidence to suggest that the EITI is playing a role in widening the civic space, as seen from how outreach activities have been platforms for discussion of extractive sector issues at the subnational level, and how linking CSO activities to the EITI process has helped in eliminating some legal restrictions when conducting these activities. There is also a widely held sentiment among stakeholders that the reprisals occur mostly at the subnational level where the issues focus on individuals or certain entities who feel personally aggrieved by the criticisms. At the national level, several stakeholders hold the view that there is still a healthy and robust debate on extractive sector issues and that publishing reports criticising the governance of the sector is still allowed and in fact welcomed by some government officials. It should also be taken into consideration that in some cases, the reprisal does not necessarily come from the state but from private individuals who file charges under the broad provisions of the Telecommunication Law criminalizing defamation through social media. Furthermore, many stakeholders agree that while civil society is still denied access to certain types of information, it is nonetheless evident that journalists and civil society have better access to information now than in previous regimes. In addition, their participation in consultations for extractive sector, economic and anti-corruption reforms suggest that they are not completely silenced and that they have access to opportunities to engage in the reform process for the extractive sector and more broadly.

To strengthen implementation, the MSG is encouraged to closely and regularly monitor whether there is a continued enabling legal, regulatory and administrative environment for civil society to effectively engage in all aspects of EITI implementation, including by reviewing legal provisions considered by many CSOs to be obstacles to the constituency's broader freedom of expression and operation. The government could consider amending laws that impose restrictions to civic space, including the right to assembly and to free speech. It could further expand the opportunities for constructive dialogue with civil society to address perceptions of restraint to freedom of expression and fear of reprisal.

MSG governance and functioning (#1.4)

Documentation of progress

MSG composition and membership: The MSG was officially established in December 2012 through Presidential Decree No. 99/2012 with 21 members including six from government, six from the private sector and nine from civil society. In February 2017, the MSG was re-established under the new NLD-led government through Notification Order 24/2017.[54] The current MSG consists of 25 members, with seven members from government, seven from industry and nine from civil society, which is in line with the provisions of Notification Order 24/2017. The appointed MSG Chair is MOPF Deputy Minister U Maung Maung Win, while the MSG Vice-Chair is U Win Htein of MONREC.

[54] MEITI (February 2017), 'Notification Order No. 24/2017', accessed here in September 2018.

MSG members from government include representatives from MHA, MONREC, MOEE, MOPF and OAG. Mining and gems sector, on the other hand, is represented by members of the Myanmar Federation of Mining Associations (MFMA), Myanmar Gems and Jewellery Entrepreneurs Association (MGJEA) and Myanmar Yang Tse Copper Ltd., Total E&P and Myanmar Petroleum Resource Limited (MPRLE) which represent the oil and gas sector. Furthermore, the forestry sector is also engaged through the Myanmar Forest Products Merchants Federation (MFPMF). Civil society is represented by Myanmar Alliance for Transparency and Accountability (MATA) which is a national CSO network that supports civil society actors to collaboratively advocate for transparency and accountability of governance in Myanmar, with focus on extractive industries.[55]

The composition of the MSG is set out in Section 5 of the Terms of Reference (ToR).[56] The current composition of the MSG is the same as that listed in the ToR and the Notification Order. It is stated in the ToR that each sector can freely and fairly elect MSG representatives within their respective constituency according to their own criteria. Every MSG member has an appointed alternate who attends in cases of the primary member's inability to attend MSG meetings. However, based on the ToR, only primary MSG members have voting powers with respect to the approval of work plans, MSG's ToRs, annual progress reports and EITI Reports.

Civil society representation: When the EITI was being established in a wide range of CSOs from all over the country engaged in consultation activities which led to the formation of the Myanmar Alliance for Transparency and Accountability (MATA), the largest civil society umbrella organization in the country. All civil society representatives on the MSG are members of MATA. The structure and composition of MATA is described under Requirement 1.3.

The ToR of CSO representatives in the MSG describes MATA's selection process. The ToR sets forth the procedures for calling nominations for candidates which is disseminated to all MATA network members, the nomination of candidates by any MATA member, and the election of nine civil society MSG members conducted during a nationwide assembly of MATA's National Working Group, composed of regional representatives. The criteria used for selecting CSO representatives are also outlined in the ToR. There is no evidence to suggest that this process was not followed in the selection of current CSO representatives on the MSG. There is also no evidence to suggest that the nominations process was not open to all, or that it was not fair and transparent. A re-election was conducted in 2016 in another national conference. Their next election is scheduled in 2019 based on the new selection process that they agreed in their ToR.

Industry representation: After the re-establishment of EITI through Notification 115/2016, MOGE sent a letter to the oil and gas companies individually inviting them to a meeting to select their MSG representatives. The meeting was held on 9 January 2017 and was attended by major oil and gas operators[57] as well as MOGE representatives. A copy of the minutes of meeting was provided to the National Coordination Secretariat (NCS), but there is no documentation of the criteria used for selecting the representatives, nor codified procedures for nominating MSG representatives.

[55] See MATA's website here.
[56] MEITI (January 2017), 'MSG Terms of Reference', accessed here in August 2018.
[57] TEPM, PCML, PTTEPI and MPRL E&P

For mining and gems, DOM and MGE requested industry associations such as MGJEA, MFPMF and MFMA to elect MSG representatives by writing to each association individually. Both MGJEA and MFMA noted in their response letter to DOM and MOPF that they conducted a meeting where they selected their representative on the MSG. However, minutes of the said meetings and the criteria for selecting MSG representatives were not provided or publicly-accessible. There have been no changes in the composition of the company representatives in the MSG in terms of company representation except for the addition of gems companies sometime in 2017.

Government representation: Government representatives were appointed through Notification 24/2017, which lists the following agencies as part of the MSG: MOPF (including the Internal Revenue Department), MONREC (including Department of Mines, Myanmar Gems Enterprise and Myanmar Timber Enterprise), the General Administration Department of MHA, Myanmar Oil and Gas Enterprise of MOEE, and the OAG.

Each government agency agreed its own representative to the MSG based on internal procedures that do not appear to have been codified. The NCS provided a document to the International Secretariat listing the selected MSG members from the government sector, including the date of nomination. However, these documents are not uploaded in the MEITI website. The changes in government representatives took place when Notification 24/2017 was issued.

Terms of reference: The ToR clearly outlines the MSG's roles and responsibilities covering all aspects of Requirement 1.4.b.iv of the EITI Standard. The national secretariat, on the other hand, is expected to provide support not only to the MSG but also to the sub-committees and task forces that are formed by the MSG. The ToR is publicly available from the MEITI website[58].

The ToR was first approved by the MSG in April 2014 and was revised in January 2017. Amendments in the ToR include increasing the number of members to 25, changing the terms of MSG members from three to five years, adding to the MSG's statutory roles and responsibilities and including references to the 2016 EITI Standard.

Representation: The ToR includes provisions on the number of MSG members (Section 5) and responsibilities of representatives from each constituency (Section 6.4). It is stipulated that MSG members shall serve for five years, with re-election for another term (Section 5.5). This section further recommends that at least one third of primary members from each constituency serve in the next term to ensure the continuity of representation and institutional memory within the MSG.

In addition, Section 5.3 states that vacancies shall be filled by the resigning MSG member's alternate, with the concerned constituency nominating a new alternate. Alternatively, the concerned constituency may nominate a new MSG member and the chair of the MSG shall endorse the replacement. The annual progress reports note changes in MSG membership, but discussion of changes are not reflected in the minutes of meetings that only reflect the names of old and new MSG members, rather than dates and modalities of the changes. There is nothing to suggest that the outlined procedure for filling up the

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[58] MEITI (January 2017), 'MSG Terms of Reference', accessed here in August 2018.

vacancy was not followed.

Internal governance: Section 7 of the ToR clearly describes operating rules and procedures for holding MSG meetings. This section includes provisions pertaining to the frequency of meetings, rules on decision-making, approval of the minutes, as well as advance circulation of meeting invitations and relevant documents. The ToR states that the MEITI Secretariat shall send the draft minutes to the MSG for approval within a week of the MSG meeting. A review of documentation suggests that that this is not always followed in practice, as reflected in CSO complaints over the lack of sufficient advance circulation of documents, as mentioned in the minutes of the MSG's 30 June 2017 meeting.[59] Section 7.1 of the ToR requires that MEITI MSG meetings be held at least once every two months. Based on the review of meeting minutes, MSG meeting are held almost every month since March 2017 to March 2018. Meetings are also held alternately between Yangon and Nay Pyi Taw. Section 9 of the ToR notes that the MSG members agree to comply with the international EITI Code of Conduct[60] in the performance of their duties.

Four sub-committees support the work of the MSG, namely the work plan and governance committee, technical and reporting committee, communications and outreach committee and the mining cadastre committee. It appears that most topics are more thoroughly discussed at the sub-committee level with recommendations then elevated to the MSG. Despite the lack of minutes of sub-committee meetings, the minutes of MSG meetings reflect reporting of each sub-committee's work

Decision-making: Section 7.2 of the ToR states that the MSG shall make decisions by consensus. If consensus is not reached, each constituency will discuss the matter within 14 days after which a special meeting will be held. Alternate MSG members may contribute to decision-making and generally perform all the functions of primary MSG members in the absence of the latter, but they are not allowed to make decisions on matters pertaining to the MEITI Work Plan, MSG's ToR, annual progress reports and EITI Reports. Review of MSG meetings minutes indicates that all decisions have so far been taken by consensus.

Record-keeping: Section 6.5 of the ToR states that the MEITI Secretariat is responsible for preparing the minutes of MSG meetings and publishing them after obtaining MSG approval. MEITI has only published the minutes of meetings that were conducted after the MSG was re-established in February 2017. The contents of most of the minutes are general, reflecting only the final decisions. Discussions of the options considered and the rationale for MSG decisions are not clearly documented. The MEITI Secretariat also keeps Myanmar-language minutes of sub-committee meetings, but these are not published in the MEITI website.

Capacity of the MSG: Section 6.4 of the ToR notes that MSG members should have the capacity to carry out their duties. Minutes of MSG meetings show that MSG members from all constituencies have the capacity to engage in technical discussions related to materiality and the scope of the report.[61]

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[59] MEITI (June 2017), 'Minutes of the 4th MSG Meeting', accessed here in July 2018.
[60] Annex 2 of the MEITI MSG Terms of Reference.
[61] 11th MSG meeting on 5-6 October 2015 and 7th MSG meeting on 2 October 2017

Documentation of EITI activities suggests that MSG members are capable of meaningfully engaging in discussions on relevant issues in the extractive sector, including implementation of report recommendations. Several capacity-building activities are included in the approved work plan. The Capacity Development Plan for 2018-2019 includes activities aimed at building the MSG's capacity in understanding corruption risks and how EITI could mitigate these risks, evaluating issues around artisanal mining, understanding mining cadastre reform and other wider issues related to resource governance and fiscal regimes. The implementation of the Capacity Development Plan is currently ongoing.

Per diems: Section 9 of the ToR states that any per diems set and paid to any member of the MSG or the MEITI Secretariat should be based on reasonable actual costs and good international practice. The ToR further clarifies that national laws and regulations should be adhered to in establishing per diems. The per diem policy of the MSG is also reflected in the Implementation Manual for the Myanmar Partnership Multi-Donor Trust Fund (MP-MDTF)[62] which is publicly accessible from the MEITI Website. The Manual states that payment of transportation, accommodation and daily subsistence allowance are provided for local and international travel to attend training, meeting, workshops and study tours. However, any international travel should be included in the MSG approved work plan and would require a no-objection letter from the World Bank.

Attendance: Section 7.1 of the MSG's ToR requires that the MSG meet at least once every two months. Meeting attendance of MSG members are available in the annexes of the annual progress reports. Section 7.2 of the ToR defines quorum as over 50% of the total number of MSG members and over 50% of representatives from each constituency. Attendance charts show that quorum was reached for all MSG meetings to date.

National secretariat: An MEITI Office Budget Department (MOBD) was established within MOPF in 2015. In December 2016, Notification Order 115/2016 designated the Renaissance Institute as the National Coordination Secretariat (NCS). The responsibilities of the MEITI Secretariat are shared between the MOBD and the NCS. The MOBD is responsible for managing funds for implementation and is the lead agency with regard to procurement as well as financial management and reporting. On the other hand, NCS is responsible for overseeing the effective implementation of the MEITI Work Plan. Both of these offices report to the MSG. On 10 July 2017, an MOU between MOPF and Renaissance Institute was executed. The MOU clearly outlines the different roles of MOBD and NCS. Based on Section 6.5 of the ToR, the mandate of the MEITI Secretariat is to provide administrative, technical and coordination support to the members of the MSG including the chair and vice-chair, sub-committees and task forces established for MEITI. The current NCS is composed of 13 staff led by National Coordinator U Soe Win.[63] Other staff include a deputy national coordinator, program advisor and manager, technical specialist, communications officer, administrative officer, finance officer and several technical and administrative staff. The MOBD, on the other hand, is staffed by personnel from MOPF.

[62] MEITI (December 2017), 'Implementation Manual for the Myanmar Partnership Multi-Donor Trust Fund', accessed here in August 2018.
[63] List of Secretariat members can be accessed here.

Stakeholder views

Stakeholders agreed during consultation that all three constituencies were adequately represented on the MSG. NCS noted that government members were selected during Working Committee and Leading Committee meetings suggesting that the selection process was open and transparent. Civil society representatives explained that the selection of MSG members was conducted after the national conference in 2013 where they endorsed the EITI. According to CSO stakeholders, the national conference was attended by more than 500 participants including members who were engaged in the extractive sector at the state and regional levels. A CSO representative stated that their process for selecting MSG members was consultative and open to all, noting that the selection was not limited to MATA members. Several CSOs stated that they first elected their members in 2013, when individuals working on extractives issues at states and regional levels participated. Since they were still organising themselves at that time, they had not yet adopted a systematic selection procedure. They recalled that a coordination body of several organizations held a national conference with more than 500 participants based on the list of CSOs mapped by UNDP for each state and region and indicating the areas of specialization of each CSO. This was subsequently followed by the election of MSG representatives from 14 divisions and by the election of their central executive committee. A re-election was conducted in 2016 in another national conference. Their next election is scheduled in 2019 based on the new selection process that they agreed in their ToR. Several CSOs consulted mentioned that they intend to create working groups composed of 15-25 people for each state and region in 14 divisions. Five people will then be selected from these working to create a pool for 70 individuals who can be nominated as MSG representative. It is unclear how election will then be carried out by the rest of MATA members.

When asked whether there could be organizations that expressed intention to join MATA or the MSG but had not been able to do so, MATA members replied that this is possible considering the lack of a systematic process when they were still starting. They said they previously gave states the authority to independently select their representatives. Nonetheless, they said that the election of MATA representatives was open to all without restrictions.

For industry, representatives of MFMA and MGJEA confirmed that their representatives on the MSG were elected during their respective members' meeting. However, minutes of the relevant meetings were not provided. An industry stakeholder noted that in selecting the representative of the gems sector, the criteria included the person's knowledge of gems and jade issues on the ground, familiarity with EITI, as well as international experience and length of membership with MGJEA. In oil and gas, companies explained that they convened a selection committee and a meeting where they selected their MSG representative. There was no documentation of how other industry representatives were selected in practice, including those from Myanmar Yang Tse Copper Ltd and MFPMF.

Regarding revisions and approval of the MSG's ToR, NCS explained that the MSG agreed at its first meeting in March 2017 to keep the existing ToR that were approved on April 2014. The ToR was then reviewed by the Work Plan and Governance Sub-committee at its 29 December 2017 meeting. NCS noted that after a series of discussions, the MSG approved the revised MSG's ToR at its 14-15 February 2018 meeting. However, the approval of the ToR was not reflected in the minutes. . Nevertheless, all stakeholders consulted confirmed that they participated in the drafting and approval of the ToR.

Several stakeholders confirmed that provision in the ToR were being followed in practice. Industry representatives consulted noted that documents were consistently circulated in advance of MSG meetings and that all meetings were quorate. The NCS noted that the MSG Chair approved all meeting invitations before being sent to the MSG two weeks before meetings. As per the ToR, minutes of meetings were sent to the MSG for comments and approvals were made within seven days after the meeting. With regards to representation in meetings, the NCS explained that MSG members informed them in advance every time they asked their alternates to attend the meeting on their behalf.

NCS and industry stakeholders confirmed that MSG decisions were always taken by consensus. An industry representative explained that there were some instances where industry agreed to the decision of the government and CSOs to reach consensus but asked the NCS to put their initial disagreement on record. As for the drafting of meeting agendas, CSO representatives consulted mentioned that though they were allowed to add items for discussion in the agenda, government often claimed that there was not enough time to discuss issues that they proposed.

On per diems, the NCS explained that they reimbursed the actual cost of transportation, meals and accommodation of all MSG members, including industry representatives who participate in MSG meetings and other EITI-related activities. No stakeholder consulted expressed any concerns over possible conflicts of interest arising out of the MEITI practice of per diems.

Stakeholders from all constituencies confirmed that they provided inputs and participated in the approval of the work plan, annual progress reports and EITI Reports. Government stakeholders mentioned that the work plan and annual progress report were extensively discussed in sub-committee meetings where government, industry and CSOs were also represented. An industry representative added that they provided comments on the recommendations of the MEITI Report.

Although there was consensus among stakeholders that MSG members have capacity to implement EITI and carry out their duties, they also agreed that there is still a need for more capacity building activities. Development partners noted that the current MSG had been able to function more effectively because of significant improvements in how the NCS facilitates the discussions. It was also noted, however, that discussion had been mostly process-oriented, dealing with key activities of EITI rather than with issues around the sector. A CSO representative expressed a contrary view regarding the overall functioning of the MSG. He observed that the proceedings of MSG meeting were unsystematic and lacked structure. One development partner commented that there were times when MSG members would just agree to what the NCS propose during meetings. Nonetheless, the same stakeholder noted that the EITI process was still driven by the MSG.

Several industry and development partners highlighted the MSG’s increasing work load due to civil society’s additions of issues to the agenda and requests for documents beyond the requirements of the EITI Standard. Several development partners commended the work of the MSG and NCS, stating that it was not easy to produce two EITI Reports in just nine months while also doing activities related to beneficial ownership disclosure, development of mining cadastre and formation of subnational coordination units. A development partner considered that the different sub-committees were working well and that the structure of a working committee, leading committee and sub-committees had proven effective.

Secretariat staff noted that there had been several changes in the composition of NCS. A new program manager was recently hired and there were two new members of the technical team. Several development partner representatives commented that the high turnover in NCS staff had affected EITI implementation in terms of continuity of work and consistency in how tasks are carried out.

Initial assessment

The International Secretariat's initial assessment is that Myanmar has made satisfactory progress towards meeting this requirement. Each constituency is adequately represented in the MSG and members are actively participating in the design and implementation of EITI activities. The ToR for the MSG addresses the requirements of the EITI Standard by having provisions relating to the responsibilities and rights of the MSG, approval of work plans, EITI Reports and annual progress reports, as well as internal governance procedures which appear to be generally followed. MSG meetings are regularly convened with advance notice to the members. ToR provisions on procedures for holding meetings and decision-making, including other internal governance procedures, appear to be followed in practice. While the criteria for selecting the current MSG members have not been published, this is mitigated by the fact that the selection process of all constituencies appears to have been open and transparent. The per diem policy of MEITI is also clearly stated in the ToR and Implementation Manual of the MSG. Despite concerns over the lack of seniority in government and company representatives on the part of civil society, it appears that MSG members including their alternates have sufficient capacity to carry out their duties. Minutes of meetings show that attendance of the majority of MSG members is consistent and that all documents required by the EITI Standard are reviewed and approved by the MSG.

It appears that oil and gas companies in the MSG have not been as active in engaging their constituency. This is explained by their reliance on MOGE as the more effective channel of communication. Nevertheless, while this is not ideal, it does not appear that this arrangement with MOGE has affected the independence of the oil sector or their willingness to disclose information to the EITI, as in fact, the level of disclosures of oil companies for EITI reporting purposes appears to be sufficient.

To further strengthen implementation, Myanmar is encouraged to agree and publish a clear procedure for selecting and changing MSG representatives for each constituency pursuant to Requirement 1.4.b.vi. Each constituency is also encouraged to ensure that the level of seniority of their representatives to MSG meetings is adequate to ensure swift decision-making. Oil and gas companies are encouraged to adopt a formal consultation and feedback mechanism within their constituency.

Work plan (#1.5)

Documentation of progress

The work plan covering July 2017 to March 2018 was approved by the MSG on 11 September 2017.[64] It was thereafter revised to cover FY 2019 and to add activities such as drafting of EITI law, publication of Forestry Reconciliation Report, as well as activities related to beneficial ownership disclosure and Validation. The minutes of the 14th MSG meeting on 1 June 2018[65] reflects the MSG's approval of the 3-year (2017-2019) work plan. The work plan was drafted by the Work Plan and Governance Sub-Committee before being endorsed to the MSG for approval. There is no clear documentation of stakeholder consultations on the work plan outside the MSG.

Public accessibility: The current MEITI three-year work plan for 2017-2019 is publicly accessible on the MEITI website.[66]

Objectives: Three main objectives are listed in the work plan: (1) to acquire and 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; (2) to create an enabling environment for the effective implementation of the EITI Standard; and (3) to support implementation of sustainable development and natural resource governance reforms through the successful execution of EITI.

The work plan is in line with the two National Economic Policies laid down by the Republic of the Union of Myanmar[67]: (1) expanding financial resources through transparent and effective public financial management, and (2) improving the operations of state-owned enterprises and privatizing those state-owned enterprises that have the potential to be reformed, while promoting and assisting small and medium enterprises as generators of employment and growth.

The work plan includes outputs and key performance indicators for activities under each objective.

Measurable, time-bound activities: The MEITI 2017-2019 work plan contains measurable and time-bound activities with schedules aligned with Validation and reporting cycles of EITI. A timeline for completion of each activity is also included. However, the timetable only reflects activities that are in progress and have not been implemented starting May 2018. Activities include workshops and trainings, commissioning of studies and engaging consultants, study tours and publication of EITI Reports.

Capacity constraints: While the work plan does not explicitly identify capacity gaps and constraints, training and capacity development is included as a sub-section of the work plan under Objective 3.

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[64] MEITI (September 2017), 'Minutes of the 6th MSG Meeting', accessed here in July 2018.
[65] MEITI (June 2018), 'Minutes of the 14th MSG Meeting', accessed here in July 2018.
[66] MEITI (June 2018), '2017-2019 Work Plan', accessed here in August 2018.
[67] Can be accessed here.

Activities that aim to improve capacity of the MSG and NCS in implementing the EITI Standard are listed under this section including the implementation of a Capacity Development Plan and study tour to other EITI implementing countries. Specific capacity-building activities are enumerated in the Capacity Development Plan of MEITI[68], including building the MSG's understanding of issues around natural resource governance, fiscal regimes, mining cadastre, corruption and technical requirements of the EITI.

Scope of EITI reporting: The work plan lists activities related to technical aspects of EITI reporting[69] as well as opportunities for expanding EITI reporting to include other sectors such as Hydrothermal and Fishery. Activities related to beneficial ownership disclosure are also outlined in the work plan.

Legal or regulatory obstacles: The work plan includes activities linked to legislative reforms that aim to address legal barriers to EITI implementation. Activities include commissioning a study to determine legal options for EITI institutionalization, as well as drafting of an EITI law and legislative amendments based on the recommendations of the study.

EITI recommendations: Objective 2 lists activities aiming to address recommendations from EITI Reports and Validation. A recommendations consultation workshop was conducted by the MSG on 9 June to identify priority recommendations and outline steps to implement them.

Costings and funding sources: The work plan is fully costed, with full implementation costs estimated at MMK 3,500,000 (USD 2,396.60) and funded under the MP MDTF. Sources of funding for each activity are not reflected. However, it is understood that all activities in the work plan are funded by the MP MDTF managed by the World Bank.

Stakeholder views

All MSG members confirmed that they approved and contributed to the drafting of the latest MEITI work plan. The NSC explained that the process for developing the work plan involved a discussion at the Work Plan and Governance sub-committee level, followed by endorsement to the MSG for further discussion and approval. From the stakeholder consultations, it appears that stakeholders outside the MSG were not consulted in developing the work plan.

With regards to actual implementation of work plan activities, some development partners expressed concern that most of the activities for the year had not been implemented. For example, the launching of the latest MEITI Report had not been conducted at the time of Validation. Aside from the publication of the 2014-215 and 2015-2016 MEITI Reports, the NCS noted that the following work plan activities have been implemented in 2018: regular meetings or committees, MSG and sub-committees, printing of copies of the MEITI Reports, press conference to launch the report, updating of the MEITI website and data portal and activities related to the development of the mining cadastre.

While some development partners noted that there were no capacity building activities being

[68] MEITI, 'Capacity Building Plan' accessed here in August 2018.
[69] including procurement of an IA, report reconciliation and workshop with reporting entities

implemented for MSG members, the NCS noted that they had conducted several activities aimed to increase awareness of the EITI and extractive industry governance among MSG members and secretariat staff, as well as to improve their technical capacity to implement EITI and the recommendations of the report. Capacity-building activities that the NCS noted include training on financial management for MOBD and workshops conducted by NORAD on data analysis of the oil and gas sector.

With regards to funding, NCS and MOBD confirmed that most of the activities in the work plan were funded under the MP-MDTF. Several government stakeholders confirmed that the only government counterpart were the operational expenses of MOBD including salary of staff hired specifically for EITI.

Initial assessment

The International Secretariat's initial assessment is that Myanmar has made satisfactory progress towards meeting this requirement. In accordance with Requirement 1.5, the three-year MEITI work plan is publicly accessible, produced in a timely manner and 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. Even though capacity constraints are not clearly identified in the work plan, a separate Capacity Development Plan has been developed to supplement the work plan. While there is a lack of consultation from stakeholders outside the MSG in developing the work plan, there is nothing to suggest that this has compromised the comprehensiveness of the objectives and activities reflected therein. The absence of source of funding for each activity is explained by the fact that there is a common awareness among the implementers of the work plan that most activities are funded under the MP MDTF.

To strengthen implementation, Myanmar may wish to identify a mechanism for canvassing input and feedback from the broader constituencies in developing the annual EITI work plan. The MSG could also consider including a discussion on how the work plan objectives are linked to national priorities, as well as identifying specific capacity constraints of the MSG members that may affect effective EITI implementation. Moreover, sources of funding for each activity could be included in future work plans.

Table 1 – Summary initial assessment table: MSG oversight

EITI provisions	Summary of main findings	International Secretariat's initial assessment of progress with the EITI provisions
Government oversight of the EITI process (#1.1)	A senior individual has been appointed to lead on the implementation of the EITI. Government representatives actively participate in MSG meetings and sub-committee meetings. Government also follows up on the recommendations in the MEITI Reports and addresses legal barriers to implementation.	Satisfactory progress
Company engagement (#1.2)	Participation of companies is confined to members of the MSG. Nevertheless, company representatives on the MSG are actively and effectively engaged in the EITI process in terms of providing information, monitoring and implementing EITI activities.	Meaningful progress
Civil society engagement (#1.3)	There is ample evidence to suggest that civil society representatives are sufficiently engaged in the design, implementation, monitoring and evaluation of the EITI process. While current laws impose certain restrictions on freedom of expression, assembly and association, civil society at the MSG level is still able to express their views without any restrictions. Overall, there is no evidence to suggest that civil society constituency is constrained from liaising with one another.	Satisfactory progress
MSG governance and functioning (#1.4)	MSG meetings are regularly convened and members are actively participating in the design and implementation of EITI activities. While several stakeholders raised concerns regarding lack of high level government and company representatives, it appears that MSG members including their alternates have sufficient capacity to carry out their duties. The ToR of the MSG addresses the requirements of the Standard and stakeholders have not highlighted any significant deviations from the ToR in practice.	Satisfactory progress

	While there is adequate representation of each constituency in the MSG, the selection process, including criteria, needs to be published.	
Work plan (#1.5)	The 3-year MEITI work plan is publicly accessible and is produced in a timely manner, with objectives aligned with national priorities. The work plan includes activities to follow-up on recommendations from EITI Reports as well as plans to address legal barriers to EITI implementation. While capacity constraints are not clearly identified in the work plan, a separate Capacity Development Plan has been developed.	Satisfactory progress

Secretariat's recommendations:

1. To strengthen implementation, Myanmar is encouraged to ensure that more senior government officials with authority to take decisions participate in MSG meetings.
2. In accordance with Requirement 1.2.a, Myanmar must ensure that companies particularly the military-affiliated companies, as well as oil and gas companies outside of the MSG are fully, actively and effectively engaged in the EITI process. If there are barriers to the participation of these companies, the government must, in accordance with Requirement 1.2.b ensure that there is an enabling environment for company participation with regard to relevant laws, regulations, and administrative rules as well as actual practice in implementation of the EITI.
3. To strengthen implementation, the MSG is encouraged to closely and regularly monitor whether there is a continued enabling legal, regulatory and administrative environment for civil society to effectively engage in all aspects of EITI implementation, including by reviewing legal provisions considered by many CSOs to be obstacles to the constituency's broader freedom of expression and operation. The government could consider amending laws that impose restrictions to civic space, including the right to assembly and to free speech. It could further expand the opportunities for constructive dialogue with civil society to address perceptions of restraint to freedom of expression and fear of reprisal.
4. To further strengthen implementation, Myanmar is encouraged to agree and publish a clear procedure for selecting and changing MSG representatives for each constituency pursuant to Requirement 1.4.b.vi. Each constituency is also encouraged to ensure that the level of seniority of their representatives to MSG meetings is adequate to ensure swift decision-making. Oil and gas companies are encouraged to adopt a formal consultation and feedback mechanism within their constituency.
5. To strengthen implementation, Myanmar may wish to identify a mechanism for canvassing input and feedback of the broader constituency groups in developing the work plan. The MSG could also consider including a discussion on how the work plan objectives are linked to national priorities, as well as identifying specific capacity constraints of the MSG members that may affect effective EITI implementation. Moreover, sources of funding for each activity could be included in future work plans.

Part II – EITI Disclosures

2. Award of contracts and licenses

2.1 Overview

This section provides details on the implementation of the EITI Requirements related to the legal framework for the extractive sector, licensing activities, contracts, beneficial ownership and state participation.

2.2 Assessment

Legal framework (#2.1)

Documentation of progress

Legal environment: The 2015-2016 EITI Report explains the legal framework for the petroleum (p.37) and mining (p.65) sectors. Petroleum laws mentioned in the report include the Oil Field Act (1918) and the Law Amending the Petroleum Resources (Development Regulation Act) [1969]. The report explains that petroleum projects are mostly governed by the terms of the Production Sharing Contracts (PSCs), performance compensation contracts (PCCs), improvement of marginal recovery agreements (IPRs) and reactivation agreements negotiated by contractors, provided they are not contrary to existing laws (p.37). Other laws applicable to the oil and gas sector are the State-Owned Economic Enterprises Law which defines the mandate of the Myanmar Oil and Gas Enterprise (MOGE) the Myanmar Investment Law (2016) (MIL) and the Myanmar Investment Rules and MIC Notification.

For mining, the report cites several governing laws, including the Myanmar Mining Law (1994) and the Law amending the Myanmar Mining Law (2015), as well as the Gemstone Law (1995) and the second amendment of the Gemstone Law (2016). There is nothing to suggest that other relevant laws have been omitted from the report.

Government agencies' roles: The role of the government (including SOEs) in the oil and gas (pp.38-39, 53-57) mining sector (pp.66-67, 72-76) are explained in the MEITI Report. The main regulatory agencies are the Ministry of Natural Resources and Environmental Conservation (MONREC) for mining and the Ministry of Electricity and Energy (MOEE) for petroleum. It is worth noting though, that state-owned enterprises Myanmar Gems Enterprise (MGE) and Myanmar Oil and Gas Enterprise (MOGE) exercise regulatory functions in addition to their commercial functions over the gems and petroleum sector, respectively (pp.38, 67). The role of other departments and committees under MONREC, MEE, MOGE and MGE are discussed in the aforementioned pages of the report. It appears that all relevant agencies were discussed.

Fiscal regime: The typical fiscal and tax regime is explained for oil and gas PSAs (pp.49-52) and for mining (pp.71-72). In general, the oil and gas sector in Myanmar is governed by three types of contracts.[70] Each type of contract has its own terms regarding state participation, production split, cost recovery schemes, royalties and other requirements. For mining, fiscal regimes are defined by PSCs. The report lists the main revenue streams applicable to the mining sector which include royalty, income tax, dead rent and commercial tax (p.72). The discussion appears to be a comprehensive overview of the fiscal regime for the extractive sector in Myanmar.

Degree of fiscal devolution: Myanmar has a centralised fiscal system. The EITI Report (p.104) explains that under the 2008 Constitution, subnational involvement in natural resource management and revenue collection is limited. In the extractive sector, subnational governments may only collect mineral taxes from gravel and sand producers. In practice, there are no taxes collected from extractive industries at sub-national level.

Reforms: Reforms pertaining to oil and gas, specifically on setting up a CSR fund for oil and gas are explained (p.58). Reforms pertaining to mining, including amendments to the mining law and the gemstone law are also described (p.87).

Stakeholder views

Stakeholders consulted agreed that the report included all laws relevant to the sector. Government representatives mentioned pending reforms on revenue laws and the recent issuance of implementing rules for mining in February 2018. Several stakeholders including the Department of Mines (DOM) and civil society representative mentioned the need for beneficial ownership legislation and an EITI law. The IRD explained that there are confidentiality provisions in the Tax Code but an exception to this is when the information will be used for purposes related to government business, which the IRD and the Office of the Attorney General interpret to include the EITI process. In view of this, they no longer require companies to sign company waivers to disclose tax information.

Initial assessment

The International Secretariat's initial assessment is that Myanmar has made satisfactory progress in meeting this requirement. The EITI Report provides a comprehensive discussion of relevant laws and it does not appear that any law has been omitted.

To strengthen EITI implementation, the government is encouraged to make information about the legal and regulatory framework of the extractive sector including reforms in Myanmar available on public platforms such as government websites, with the same level of detail adopted when this information is discussed in MEITI Reports.

[70] PSCs for Offshore and Onshore projects, PCC for onshore projects and Improved Petroleum Recovery Contracts (IPRs) for onshore projects

License allocations (#2.2)

Documentation of progress

Award/transfer process:

Oil and gas: The report explains that 16 onshore blocks were awarded to 11 companies in October 2013 (p.45) and 20 offshore blocks to 13 companies in March 2014 (p.46). The list of companies that submitted Letters of Expression of Interest (LOEI) during the offshore and onshore bidding rounds in 2013 is linked in the latest MEITI Report.[71] The process for awarding licenses is described (pp.44-45), stating that the current legal framework does not include requirements related to the application process which the government treats at its discretion. The report further states that no oil and gas permits have been awarded since the bidding rounds in 2013 (p.47). It also confirms the lack of transfers for the period covered by the report (p.48). Annex 11 of the report lists the block number and names of companies that were awarded with permits, but the signing dates of the permits covered the period of 2014-2015. There were two blocks with permit signing dates within the period covered by this report, namely blocks AD 10 and M7 signed on April and July 2015, respectively. The recipient companies for these blocks are disclosed.

Mining: The procedures for awarding and transferring of licenses is outlined in the report (pp.81-82), explaining that mineral licenses are currently awarded on a first-come first-served basis although amendments to the Mining Law would eventually allow tendering processes. The report notes that there were 662 mining licenses awarded in the fiscal year covered by the report (p.82). Annex 11 indicates the dates of award, names of recipients, size of the area and the commodities produced in each area. Under the column award process, it is indicated that all were awarded on a first-come first served basis. There is no description of the transfer process specifically for other minerals.

Gems: The report explains the award process (pp.82-86). The report notes that 43 gems licenses were awarded in 2015-16 (p.86) which are all listed in Annex 11. Same with oil and gas sector, the report provides a link to the list of applicants for the permits awarded in 2015-2016 on the basis of competitive tender.[72] For transfers, the report explains that transferring gemstone permits is not allowed under the gemstone law. Commenting on actual practice, the report states that "(d)ue to the large number of permits and limited capacity of MONREC, we understand that mineral and gemstone licenses are often transferred unknown to MONREC's knowledge" (p.82).

Technical and financial criteria/ Bidding process:

Oil and gas: The financial and technical criteria for the license awards are explained for both onshore (p.46) and offshore (p.48) projects. Annex 20 appears to be the evaluation sheet used for evaluating the bids which includes an assessment of financial capacity, technical competency and the work program. Technical competency considers factors such as drilling, operating and exploration experience.

Mining: The EITI Report explains that while the Mining Law does not set out the specific financial and

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[71] Link is provided in the April 2015-March 2016 MEITI Report. Can be accessed here.
[72] Link is provided in the April 2015-March 2016 MEITI Report. Can be accessed here.

technical criteria to be used, the evaluation committee has developed a set of criteria for its evaluation (p.83). Applications are evaluated by taking into account a number of factors including: exploration data; minimum investment capital; infrastructure plans; extraction and processing methods; fiscal terms; and bank guarantees. However, the report observes that how these data should be weighed and measured remains unclear, and notes that it does not appear that criteria such as past operational experience or financial capabilities are comprehensively assessed in the review of new license applications (p.83).

Gems: There is no description of technical and financial criteria assessed for gems license awards in the report. Annex 11 states that all permits are granted on a first-come first-served basis. It merely states for each company that the technical criteria is "acceptable" and financial criteria is "maximum" price.

License awardee information:
Oil and gas: Annex 11 of the report lists the block number and names of companies whose permits were signed in April and July 2015. However, it mentions that no awards have been made since 2013.

Mining: The report notes that there were 662 mining licenses awarded in the fiscal year covered by the report (p.82). Annex 11 indicates the names of recipients of these licenses.

Gems: The report notes that 43 gems licenses were awarded in 2015-16 (p.86). The names or recipients are listed in Annex 11.

Non-trivial deviations:
Oil and gas: There is no assessment of non-trivial deviations but it should be noted that there were no awards made during the period covered by the report.

Mining: There is no assessment of deviations from the first come first served procedure in the report, although there was an observation that the application of the technical and financial criteria indicates lack of consistency (p.83). On transfers, the report notes that "due to the large number of permits and limited capacity of MONREC, we understand that mineral and gemstone licenses are often transferred unknown to MONREC's knowledge" (p.82).

Gems: The report highlights the prohibition on gems license transfers, but highlights the practice of (illegal) transfers of licenses (p.82).

Commentary on efficiency:
The EITI Report (p.86) provides this commentary on the efficiency of the license allocation process: "Information such as the assessment criteria for the award, renewal and transfer of mining permits is not disclosed. How the applied criteria are weighed and measured and the evaluation process are unclear. This situation may lead to favouritism or corruption. MONREC receives numerous applications for mining permits/licenses which need to be processed within the required timeline including those applications that are still under appeal. However, due to the limited manpower resources available, the processing of these requests could be delayed, which may result in a backlog of pending applications from various stakeholders."

Stakeholder views

Oil and gas: Several government representatives confirmed the report's statement that there were no oil and gas license awards or transfers in the year covered by the report. They explained that the dates indicated in Annex 11[73] referred to the signing date of the PSC. The award was however actually made on 26 March 2014, which was outside of the reporting period covered by the report. They elaborated that it was typical for the contract to be signed at a date later than the award because companies needed to wait for MONREC's Environmental Conservation Department (ECD) and other government departments to approve their environmental and social impact assessments.

Several government officials confirmed that there had been no non-trivial deviations from their mandated procedures and that Annex 20 of the report was a checklist of the documents that they use in evaluating applicants. In terms of evaluating the application, several government officials explained that MOGE and OGPD looked for at least five years of track record on oil and gas projects. No other criteria was mentioned during the stakeholder consultation.

Mining: A government official explained that transfer of licenses was not allowed in the mining sector. Therefore, all dates indicated in Annex 11 of the report pertain to dates of award. All licenses awarded during the period covered by the report were awarded on a first-come-first-served basis. Competitive tenders were to be implemented in 2018 for areas where the deposits had yet to be determined. For areas with known deposits, licenses would continue to be awarded on a first-come-first-served basis. A government official explained that DOM looked at both the applicant's technical and financial background including bank statements. The official explained that these criteria were not in existing laws but were in the bylaws currently being drafted. A government official confirmed that all required procedures were strictly followed and that there were no non-trivial deviations from the rules. When asked about the criteria for evaluation of bids, mining companies replied that the DOM followed a standard procedure for evaluation bids using a template. As far as the companies are aware, the bid price was always the primary consideration for DOM. Other factors that the evaluator considered included the company's capacity to undertake the project in terms of available technology, its plans for mitigating environmental impacts and ensuring the safety of its employees, the duration of the project and the work and budget schedule. The companies observed that the permit is always awarded to the highest bidder.

Gems sector: Representatives from MGE explained that 43 gems licenses were awarded in 2015-16 (p.86), and all of these were awarded in two days. The procedure adopted by MGE consisted of receiving all applications for a period of one month and designating two days for awarding licenses, which explained why only two dates were indicated in Annex 11. These dates only referred to dates of award because transfers were not allowed in the gemstone sector. The NCS provided the document that MGE submitted after the publication of the report which describes license permit procedures for expired worksites, new designated worksites, and for worksites in collaboration with the state.[74] Regarding the criteria, A SOE representative mentioned that for private blocks, the highest bidder automatically won, although this was not always the case for joint ventures. Companies who were members of the MGJEA confirmed that the highest bidder automatically won, although the company's financial capability and

[73] i.e., on April and August 2015
[74] Link is provided in the April 2015-March 2016 MEITI Report. Can be accessed here.

audit reports were evaluated, along with the company's compliance with government rules. When asked whether they are satisfied with the technical and financial criteria being used by government, they responded in the affirmative even as they lamented the delays in the issuance of permits which could last for up to four years. MGJEA member companies confirmed that the procedures for awarding licenses were strictly followed.

Initial assessment

The International Secretariat's initial assessment is that Myanmar has made meaningful progress toward meeting this requirement. While the technical and financial criteria for minerals are unclear from the EITI Report, and there is no adequate description of technical and financial criteria for the gemstone sector, the MSG has done significant work to seek to clarify the process in practice. The MEITI Report suggests that approvals of applications are highly discretionary in view of the lack of clear criteria for evaluation. The MEITI Report also does not include a discussion of non-trivial deviations from the applicable legal and regulatory framework governing license awards and transfers. Moreover, there is a lack of clarity over whether transfers of minerals licenses are allowed, between the EITI Report and stakeholder views. While it could be argued that these gaps warrant an assessment of inadequate progress, the MSG's efforts have clarified what was previously a totally opaque system and made progress in clarifying the actual practice of license allocations, if not the statutory procedures.

In accordance with Requirement 2.2.a.ii of the EITI Standard, Myanmar is required to disclose the technical and financial criteria used in awarding licenses in the mineral and gemstone sector. The MSG should also include an assessment of non-trivial deviations from the applicable legal and regulatory framework governing license awards and transfers pursuant to Requirement 2.2.a.iv. Lastly, the MSG should clarify the rules on transfer of licenses, particularly whether it is allowed in the mineral sector. The MSG is encouraged to systematically disclose all information required by Requirement 2.2 by seeking integration with current cadastral reform efforts.

License registers (#2.3)

Documentation of progress

Licenses held by material companies: For **oil and gas**, the 2015-2016 EITI Report (p.44) explains that MOGE maintains a list of licenses with the corresponding name of the license holder, period covered and location. While this information is not published in MOGE's website, these have been compiled in Annex 10 of the report.

For **mining and gems**, the report (p.80) notes that there is no existing public register of mining licenses in the country but MONREC maintains a list of mining permits with the names of operating companies. Similar to the license register for the oil and gas sector, the list of mining licenses is not publicly available. For the purpose of the EITI Report, information on active mining licenses has been compiled in Annex 10.

License-holder names: For **oil and gas**, Annex 10 provides the names of companies who hold a share in the onshore and offshore blocks, including percentage share, without identifying the license holder. For **mining and gems** sectors, the names of license holders are compiled in Annex 10 of the MEITI Report.

License coordinates: For **oil and gas**, coordinates of license areas are not included in Annex 10 and only the city/town name where the company operates is provided.

For **mining**, coordinates of large-scale operations of ME1 and ME2 are provided in Annex 10. However, only the general location of the mining activity is listed for ME3. For **gems** and small licenses of ME1 and ME2, Annex 10 provides a column for license coordinates but it is unclear what coordinates system were used.

Dates: For **oil and gas**, Annex 10 of the report does not provide information on application dates, dates of award and expiry date. Only PSC signing dates are included in the additional document submitted by MOGE.

For **mining**, only 55 licenses for ME2 have dates of application in Annex 10. Dates of application are not provided for ME1, ME3 as well as for small licenses under ME2. The list of mining licenses from DoM also do not have dates of application. On the other hand, Annex 10 contains information on dates of award and expiry dates for all mining licenses.

For **gems**, dates of application, dates of award and expiry dates are all provided in Annex 10.

Commodity: For **oil and gas**, Annex 10 does not specify the commodity/ies covered by licenses. Moreover, there are no explicit statements in the report regarding the types of commodities being produced by the licenses. For **mining and gems sectors**, Annex 10 provides a list of commodities for each license.

Licenses held by non-material companies: Annex 10 of the 2015-2016 MEITI Report includes information on licenses held by non-material companies for oil and gas, mining and gems sectors.

Public cadastre/register: The report explains that neither MOGE nor MONREC has public license registers. For **oil and gas**, the report notes that license information in Annex 10 can be obtained directly from MOGE without restrictions or cost (p. 44). The gaps in the register are disclosed (p.44) and the report recommends reforms, such as publication of the license cadastre on the MOGE website. For **mining**, the report explains that MONREC is undertaking institutional reform with a view to build a mining cadastre that includes all information required by the EITI (p.80-81). The implementation of a unified Mineral Cadastre System is one of the MSG's recommendations in the first MEITI Report.

Stakeholder views

With regards to **oil and gas**, NCS explained that license coordinates were provided by MOGE after the publication of the report. The document[75] containing coordinates of oil and gas blocks was linked in the soft copy of the 2015-2016 MEITI Report available in the MEITI website. While several government officials confirmed that the list of oil and gas blocks with coordinates was complete, it did not match with the number of licenses provided in Annex 10. In total, only 42 licenses had coordinates while there were 67 oil and gas blocks in Annex 10. Furthermore, the onshore blocks in the separate document provided by

[75] Link is provided in the April 2015-March 2016 MEITI Report. Can be accessed here.

MOGE were reported in Annex 10 as offshore projects, and vice versa. The officials explained that they did not keep a record of the applications dates but for the last bidding round, the submission of applications was from 11 April 2013 to 15 November 2013 only. The proposals submitted by companies had information on the date of application but these were already archived by MOGE. It was further clarified by government officials consulted that all licenses were awarded on 26 March 2014 and the announcement was published in their website.

With regard to **mining**, a government official shared that they established a mining cadastre team which has started working on developing a public license register. According to the official, the Lambert Conformal Conic (LCC) projection system was used in the coordinates that were provided in Annex 10. However, these were going to be converted to coordinates in latitude and longitude for the mining cadastre. For small licenses under ME1 and ME2, the official explained that in identifying the exact location of the project, an allotment number identifying the location, state and township was used instead of the coordinates because the project areas were too small. It was also clarified that coordinates of ME3 licenses were provided by DOM and these were listed in a separate tab in Annex 10. A government official explained that DOM did not have the dates of applications since the application form that companies previously used did not include an application date. However, this information could be disclosed in the future since the new bylaws of the amended Myanmar Mining Law required application date in the forms. The official explained that the awarding of licenses were announced on their website, including details of the awarded licenses.

Initial assessment

The International Secretariat's initial assessment is that Myanmar has made meaningful progress toward meeting this requirement. While all the data per Requirement 2.3 were compiled and made publicly available for gems and mining licenses, information on coordinates, dates of application, award and duration of oil and gas licenses were not disclosed. Nevertheless, the effort of the MSG to compile license information and publicly disclose it through the EITI Report for the first time should be commended.

In accordance with Requirement 2.3, Myanmar is required to publicly disclose the following information that were missing the EITI Report: the coordinates of several ME3 blocks and oil and gas licenses, the dates of application, awards and duration of all oil and gas and mining licenses and the commodities for each oil and gas block. To strengthen implementation, Myanmar is encouraged to ensure that license information as required under Requirement 2.3 are disclosed through a public register as part of the government's routine and systematic disclosure of information.

Contract disclosures (#2.4)

Documentation of progress

Government policy:

Oil and gas: The policy, practice and reforms for contract disclosures for the oil and gas sector are described (p.52). The report states that model contracts between oil and gas operators and MOGE (PSCs) include confidentiality clauses stating that parties agree not to disclose "data and information purchased or acquired" or obtained "during the course of operations," but the clause does not expressly prohibit disclosure of the contracts themselves. The oil and gas legislation does not include any express restrictions on the public disclosure of contracts and licenses by the government.

Mining: The policy, practice and reforms pertaining to contract disclosure for mining are described in the EITI Report (p.80). It explains that confidentiality clauses in most mining agreements preclude companies from disclosing contracts without the government's consent. Mining operators are also prohibited from disclosing any information relating to the operations to third parties except for information which is required to be disclosed by law to financial institutions for the purpose of funding. However, that clause does not expressly prohibit disclosure of the contracts themselves. The mining legislation does not include any specific restrictions on the public disclosure of contracts and licenses by the government.

Actual practice: In practice, oil and gas contracts are confidential, but an example standard terms and conditions is presented in Annex 12 of the report. A copy of the PSC between MOGE and Total E&P for the Yadana project dated 9 July 1992 is also available on the MOEE website but no other long-form PSCs are publicly available (p.52). A document outlining cash flow in production sharing contracts is linked in 2015-2016 MEITI Report.[76]

For mining, the Department of Geological Survey and Mineral Exploration has made public and updated a sample agreement for prospection, exploration and feasibility study operations.[77] The agreement includes information on fiscal terms and operational commitments, as well as companies' administrative and legal responsibilities.

Accessibility: Aside from the model contracts that have been made publicly available and the PSC between MOGE and Total E&P for the Yadana project dated 9 July 1992 which is available on the MOEE website, it could be inferred from the discussion on contract disclosures in the report that other contracts are not publicly accessible.

Stakeholder views

Stakeholders confirmed that all contracts in the extractive sector were confidential pursuant to confidentiality provisions in these contracts. No laws or other government regulations were cited to support the rules on confidentiality. A SOE representative stated that while model contracts could be disclosed, actual contracts were confidential and none of them had been published to date. Another representative from SOE considered that contracts could be disclosed with authorization from government. A government official said that the DOM was currently discussing contract disclosure with NRGI and representatives from the private sector. Another SOE representative mentioned that the gemstone law was being amended and among the revisions is the requirement to adhere with the EITI's rules on contact disclosure. If the law was enacted, joint venture agreements would be revised according to the new law.

None of the stakeholders expressed objection to contract disclosure although a few expressed challenges when it came to information considered commercially sensitive. Some stakeholders from gemstone

[76] Link is provided in the April 2015-March 2016 MEITI Report. Can be accessed here.
[77] Sample agreement can be accessed here.

companies mentioned that in Myanmar's context, even basic information like the location of the project and companies' earnings could be regarded as sensitive information, as these could pose risks to the safety of company officials. Several company representatives consulted noted that while they saw the benefit of informing the public that companies properly paid their taxes, the risk of being extorted by armed groups because of this information was too high. This concern was shared by many mining industry representatives who said that said that they would need protection from government for unspecified consequences of contract disclosure. A law requiring contract disclosure would be necessary, according to a mining industry representative.

For the petroleum sector, one industry representative said that they support contract disclosure even at the global level. The other oil and gas companies did not provide any comment. When asked to explain the statement in the EITI Report (p.52) (that PSCs do not contain confidentiality clauses although in practice, contracts are confidential), representatives from SOEs and government explained that PSC contracts had confidentiality clauses which were observed in practice. The usual clause was that parties would keep the contract confidential for the entire duration of the contract and five years after it expired. They explained that if the EITI required contract disclosure, this matter would be taken up at higher levels of government. Meanwhile, they provided examples of PSCs to the MEITI secretariat. Some stakeholders noted that the hesitation to disclose contracts was coming from MOEE. Some shared the view that MONREC was supportive of contract disclosure. A government representative noted that the draft gemstone policy included a provision on contract disclosure.

Initial assessment

The International Secretariat's initial assessment is that Myanmar has made satisfactory progress towards meeting this requirement. The report clearly describes the government's policy and actual practices on contract disclosures.

To strengthen EITI implementation, Myanmar may wish to consider fully disclosing all extractive contracts as recommended in their past three EITI Reports. It is also recommended that confidentiality clauses in PSCs and mining contracts be reconsidered.

Beneficial ownership disclosure (#2.5)

Documentation of progress

Government policy: The 2015-2016 MEITI Report states that there are no existing legal requirements for oil, gas and mining companies to disclose their beneficial owners. In addition, there are no specific regulations requiring government officials to disclose their interests, incomes or assets in/from the extractive sector (p.112). The company form[78] for re-registration of companies ask for information on company members and distinguishes between natural persons and legal persons.

Actual practice: In terms of actual disclosure practices, the 2015-2017 MEITI Report attempted to include

[78] DICA's application forms for re-registration of companies can be accessed here.

BO disclosure on a voluntary basis but companies did not submit information. Definitions for beneficial owner and Politically Exposed Person (PEP) are provided in page 113 of the MEITI Report. Beneficial owner is defined as a natural person(s) who, directly or indirectly, ultimately owns or controls a public or private company or corporate entity. The details requested from participating companies, as part of the declaration form, are described on p.114. Moreover, a BO pilot study has been conducted where 21 extractive companies participated. From the 21 companies, 17 disclosed information on their legal and beneficial owners. The BO pilot study lists 31 natural persons who hold not less than 5% of the shares or voting rights and have control over the respective participating companies via other means.

Based on the findings of the pilot study, there are three gaps in the applied BO definition which relates to the following: 1) SOEs, in particular foreign ones, 2) publicly-listed companies, and 3) confidentiality issue. The report on the pilot study lists recommendations on how to improve the BO definition of MEITI in order to meet the BO requirements of the EITI Standard by year 2020.

A Beneficial Ownership Task Force was created by government through Notification Number 60/2018 issued on30 June 2018.[79] The Task Force aims to provide leadership and direction to Myanmar's efforts on beneficial ownership disclosure. It is composed of directors from agencies involved in EITI implementation, as well as other relevant government offices such as the Directorate for Investment and Company Administration (DICA), Central Bank, the Financial Information Unit and the Anti-Corruption Commission.

Legal owners of material companies: Annex 2 of the latest MEITI Report discloses the legal owners of the companies covered by EITI.

Stakeholder views

A government representative noted that DICA is currently not undertaking any reform related to beneficial ownership disclosure. The representative stated that when the new Companies Act was being drafted, DICA considered including some provisions on beneficial ownership and politically exposed persons, but they eventually decided not to do so in the absence of awareness among companies regarding the basic concepts of beneficial ownership. They further considered it a challenge that almost 90% of companies in Myanmar were not engaged in extractive activities. For now, DICA's priority was to raise awareness on beneficial ownership.

A government representative noted that the development of an online company register was ongoing. All companies were required to re-register using the system online starting January 2019. Public access to company information would subsequently be allowed, but with fee requirements for certain types of information. A government representative recognized that DICA could be a platform for BO disclosures in the future. They proposed that the MSG should suggest that DICA ask beneficial ownership information from companies so that DICA could revise its company forms and secure approval from the Myanmar Investment Commission (MIC). They explained that introducing beneficial ownership reforms should not be a problem, considering that the Investment Law clearly provided that all companies must be

[79] MEITI (June 2018), 'Notification Order No. 60/2018', accessed here in September 2018.

transparent and that there were enough transparency provisions within existing laws to support beneficial ownership disclosures. They did not anticipate any objection to these disclosures.

Initial assessment

Implementing countries are not yet required to address beneficial ownership and progress with this requirement does not yet have any implications for a country's EITI status. Nonetheless, Myanmar should be commended for the initial steps taken towards beneficial ownership transparency, including the creation of a beneficial ownership task force and actually disclosing beneficial owners through the pilot report. It is recommended that Myanmar consider exploring the possibility of disclosing beneficial ownership data through the company register.

State participation (#2.6)

Documentation of progress

Materiality: The EITI Report confirms that state participation gives rise to material revenues in the extractive sector but the report does not explain the definition and threshold for selecting material SOEs. The following SOEs have been selected for EITI reporting purposes: MOGE for oil and gas (pp.11,53,55,127,162), MGE for the gems sector (pp.11,73,127,162), and ME1 (pp.11,73,127,162), ME2 (pp.11,73,127,162), ME3 (pp.11,73,127,162) and MPE (pp.11,16,127,162) for the mining sector. The report notes that military companies UMEHL and MEC are not considered SOEs under Myanmar laws. Neither are they considered SOEs by the MSG although the report does not provide an explanation for this conclusion, making the status of UMEHL and MEC ambiguous.

The EITI Report states that two military-affiliated companies, namely UMEHL and MEC, are not considered SOEs under Myanmar's laws, but that UMEHL is jointly owned by two military departments (with 40% owned by the Directorate of Defense Procurement) (p.75) and that MEC is one of the two major holding companies operated by the Burmese military forces operated by the Ministry of Defense's Directorate of Defense Procurement. The report notes that there is no indication that MEC holds any interest in the mining sector (p.76).

Financial relationship with government: The EITI Report describes in detail the prevailing rules and practices regarding the financial relationship between the government and state-owned enterprises (SOEs) MOGE (pp 55-57), and the mining and gems enterprises (p.76-79).

In particular for MOGE, the report describes its role in collecting revenues from oil and gas companies (p.54), its receipt of budget transfers (albeit not in 2015-16) (p.55), its ability to retain earnings (pp.55-56), requirements to pay dividends to government (p.55) and an overview of actual practice in 2015-2016 (p.56). The report also states that there are no rules related to MOGE's ability to seek third-party funding (debt or equity).

For ME 1, ME2, ME3 and MGE, the report states that the same rules governing financial relations with MOGE apply to mining SOEs (p.76) and provides an overview of actual practice in 2015-16 (p.77).

Government ownership: State participation in oil and gas projects is disclosed (p.55), including MOGE's 7.3% and 49% interest in the South East Asia Gas Pipeline Co. (SEAGP) and South East Asia Crude Oil Pipeline (SEACOP) projects respectively (p.55). The SEAGP is a joint venture established by MOGE with CNPC to manage the gas pipeline project. The report does not specify the terms attached to the equity stake, but notes that MOGE's participation in oil and gas projects accounts for its largest share of expenditures (p.53). The report confirms that MOGE is 100% owned by the state, although it is unclear whether its equity is held by MOEE, which oversees it (p.53). The report notes that MOGE has no participation in the equity of oil and gas companies as of March 2016 and lists MOGE's participating interests in oil and gas PSCs (p.55). It does not describe MOGE's responsibilities for covering costs in line with its participation in PSCs.

The report does not provide any specific explanation of the terms associated with MOGE interests. However, the statement that MOGE's participation in oil and gas projects accounts for the largest share of its expenditures (p.53) would seem to imply this is paid-up equity on commercial terms, although this is not explicitly stated.

The report discloses the production split for the mining projects in which ME1 and ME3 are engaged. It notes that MGE did not hold any equity participation in gemstone companies in 2015-2016 (p.73) and ME2 did not hold any participation in the equity of mining companies in 2015-2016 (p.75). ME2's participation in mining JVs are in Annex 21. While the report provides their entitlement to a share (variable) of production in minerals in JVs in which ME1 and ME3 have interests (pp.73-74), the other terms associated with equity in JVs held by ME1, ME2 and ME3 do not seem to be described in the report (e.g. responsibility for covering costs in line with equity interest).

Ownership changes: For oil and gas, the report states that there are no changes in equity in 2015-16 (p.55). For mining, the report states that there were no changes in the percentages detained in the JVs between 2014/15-2015/16 (p.75). For gems, the report notes that in 2015-16, MGE held 25 % equity in all gems and jade JVs listed in Annex 10, which is a reduction from 40% in all licenses in 2014-15 (p.73). However, it is unclear from the report whether any of these changes in MGE interests took place in fiscal year 2015-16. The terms associated with these changes in equity are not described in the report. Based on the information in Annex 10 on MPE pearl JVs, it appears that one of the JVs (Ocean Pearl Co. Ltd) was established in September 2015. However, the terms of that apparent change in MPE participations are not described.

Loans and guarantees: The report discloses loans taken by MOGE and ME3 (p.172), and notes that there were no loans granted to oil, gas and mining companies including military holding companies apart from these loans (p.172, p.79) in the period covered by the report. It should be noted, however, that the report states that government and SOEs were asked to disclose details of loans and guarantees to extractives companies, but that only Treasury responded (p.172), raising questions about the comprehensiveness of reporting of loans and guarantees. While the report provides details of four loans to MOGE from foreign countries, presumably from governments, as confirmed in the case of Japan/JICA (p.172), it is unclear from the report whether there is a sovereign guarantee from the Government of Myanmar on these foreign loans to MOGE.

For mining, the report confirms that ME1 and ME2 did not receive any loans or guarantees from the government, and that ME1, ME2 and ME3 did not provide any loans or guarantees to any mining, oil and gas companies operating in the country (p.79). For ME3, the report provides details of one loan to ME3 from the Japanese government (through JICA) (p.172), although it is unclear whether there is a sovereign guarantee from the Government of Myanmar on this loan to ME3.

Retained earnings: The MEITI report explains that extractive industry revenues are mainly retained by SOEs in their "Other Accounts" as the companies' own funds and for the purpose of its exclusive operations and capital investment. SOEs retained an amount of MMK 953,591m (USD 779m), representing 33% of total net government revenues from extractive sector for the fiscal year 2015-2016. There is no other publicly available information on the rules applicable to how these other accounts are managed and spent as retained earnings of these SOEs.

Stakeholder views

The disclosures in the MEITI Report on state participation were confirmed by government representatives during stakeholder consultations. A SOE representative reiterated that it did not extend nor obtain any loans in 2015-2016. Several SOE representatives confirmed the loans disclosed in the report and explained that MOPF provided sovereign guarantees for these loans. Several SOE representatives mentioned that they have obtained a loan from the Chinese, Indian and Japanese governments but they were uncertain whether there was any sovereign guarantee. Their understanding was that the loan was taken by MOPF from China bank on MOGE's behalf.

With regard to state participation in the extractive sector, SOE officials explained that MGE holds 25% of shares from all its joint ventures. They clarified, however, that Annex 10 of the MEITI Report referred to private blocks, not all of which were JVs, and considered that it would be erroneous to assume that they held a 25% share in all the 22,500 licenses listed in Annex 10. On the changes in MGE participation in extractives projects, they explained that in 2014-2015 their equity participation in JV companies was reduced from 40% to 25% on 21 May 2015.

For oil and gas, SOE and government representatives confirmed that MEE has no equity in their projects. They confirmed that MOGE owned at least 15-25% of all ventures created to manage petroleum projects.

Stakeholders generally agreed that the disclosure of information regarding state participation in EITI Reports could be improved, particularly on how to categorise the two military affiliated companies. Although most stakeholders were in agreement that UMEHL had been converted into a private company, there were concerns that the presence of military influence in the company's management should not be ignored and would merit a different classification for UMEHL and MEC for EITI reporting purposes.

A UMEHL representative explained that they previously had two types of shares. Type A shares were owned by the Ministry of Defense, while Type B shares were owned by army personnel and veterans. UMEHL used to operate under the 1950 Special Company Act, and was exempted from paying income tax prior to 2010.

In March 2015, all type A shares were canceled. UMEHL was thereafter registered as a public company under the 2017 Public Company Act. All shares of UMEHL are now owned by private individuals. It currently has ten directors and 58 subsidiary companies engaged in different sectors, three of which are mining companies, namely, the Myanmar Imperial Jade Company Limited and Myanmar Ruby Enterprise Company Limited and the Mynamar Wanbao Mining Company. All 380,000 shareholders are military personnel, with civilians not allowed to be shareholders.

UMEHL's businesses are categorised into trading, production, services, JV, land and building lease. UMEHL estimated that only 3% of its operations deals with extractives. Myanmar Ruby and Enterprise and Imperial Jade are under trading. However, some civil society members expressed that while it could be true that only 3% of UMEHL's operations deal with extractives, the percentage could be higher when one considers their indirect interests in mining licensing permits. A civil society member stated that as far as he knows, UMEHL has a 29% interest from the Letpadaung copper mine. A document provided to the national secretariat by UMEHL and uploaded on their website also states that UMEHL gets 19% from Wanbao's profits after ME1's 51% share has been deducted.

UMEHL said that they disclosed all the revenues paid to the government in the document[80] that they provided to the national secretariat. Among the revenues they paid were production split, royalties, land lease, income tax and commercial tax. However, it was not clear from the document if the payments were made by MEHL or by its subsidiaries.

UMEHL confirmed that it did not collect any revenues on behalf of the government. It also clarified that contrary to the MEITI Report's statements, it no longer reported to the Directorate of the Defense Services and had severed all ties with the Ministry of Defense. Therefore, it now functions fully as an ordinary company. As such, it had its own mining permits that were issued to it directly. It is audited by a private auditing firm certified by the Auditor General's Office. Its audited reports are circulated to shareholders annually.

When asked why UMEHL was not included in the scope of the EITI Report, government representatives on the MSG said that UMEHL did not meet the materiality threshold for companies. This was confirmed by the IA, further explaining that they based this decision on UMEHL's revenue data provided by government. On its part, UMEHL said that they would cooperate with MEITI when asked, but they did not receive any request to provide information for the last MEITI Report.

Civil society representatives on the MSG considered that the participation of UMEHL and MEC in EITI was highly important because of its huge interest in the mining sector. A development partner mentioned that there were some public criticisms of them not participating after the launch of the first report. Some stakeholders, however, observed that these two companies' participation was only briefly discussed in MSG meetings, where the only agreement was to send them a letter. A stakeholder stated that even CSO representatives were not lobbying enough to engage these companies. This is because of the perception that regulations were not consistently applied to these companies. Several CSOs consulted considered that UMEHL and MECs should still be classified as SOEs for EITI reporting processes because of their

[80] Link is provided in the April 2015-March 2016 MEITI Report. Can be accessed here.

affiliation with the military, especially MEC whose status remained unclear. They considered that the process for awarding gems and jade licenses to the two military-affiliated companies was unclear. Civil society further lamented their lack of access to these companies even if they ask the regional office to intervene.

Many CSOs consulted also demanded the disclosure of the balance sheet of the SOEs but explained that this information had not been disclosed given that other MSG members had not considered this relevant for EITI reporting.

In January 2016, NRGI issued a report on Myanmar's SOE's with particular focus on MOGE and MGE. Among the report's findings were that MOGE paid tax (except corporate income tax) on behalf of its foreign joint venture partners even though it only collected between 15% and 20.45% of the fields' profits. According to the report, MOGE's official revenues included profit petroleum based on PSCS, return on state equity and pipeline income. The study also disclosed MOGE's equity stake in several projects, several of which are not listed in the MEITI Report. It also mentioned that individual PSCs differed significantly from model PSCs and that tax exemptions were granted to some companies, implying that the fiscal regime differed from project to project. The study further found that while MOGE only owned 7.6% of the Shwe Gas Pipeline, it was required to pay 100% of the domestic tariff fees pursuant to its Export Gas Sales and Purchase Agreement with partners. It also disclosed income received by MOGE from foreign companies in the total amount of MMK 2.1bn (USD 1.7m) in 2015-2016 as payment for fees unrelated to production. Other miscellaneous revenues such as returns from loans, as well as interest paid on debts were further disclosed in the NRGI report.

For MGE, the NRGI report noted that, by fiscal year 2014-2015, MGE's inventory of gems was worth MMK 38bn (USD 31m) and raised concerns over the categorisation of this inventory as revenues rather than assets in MGE's accounts. It also disclosed that until 2016-2017, security costs represented the largest expenditure item for MGE as it previously paid two military units based near the gems mine sites. The report further discussed MGE's liabilities that were in the form of a reserve fund worth MMK 144bn (USD 118m) and another liability in the form of MMK 161bn (USD 132m) owed to creditors, which consisted of securities or deposits of private companies held in trust by MGE in case of breach of contract or unexpected costs to be borne by the state. These liabilities were not discussed in the MEITI Report. Lastly, the NRGI report mentioned that, as of January 2017, MGE had savings on MMK 688bn (USD 562m) in its Other Accounts, which would cover 172 years of MGE's operational expenses, at current levels.

During stakeholder consultations, an international CSO stated that they had not yet received official comments from the government on NRGI's SOE report although they were consulted during the drafting of the report.

Initial assessment

The International Secretariat's initial assessment is that Myanmar has made meaningful progress in meeting this requirement. Although the MEITI Report contains substantial information on state participation, sufficient to conclude that significant aspects of the requirement have been met, several data gaps remain. The terms associated with the interests of MOGE, ME 1, 2, and 3 and MGE are not sufficiently described in the report. While the report provides details of four loans to MOGE from foreign countries, it is unclear from the report whether the government provided a sovereign guarantee on MOGE's foreign borrowing. Stakeholders confirmed during consultations that MOPF provided the guarantee for such loans, but it did not appear that the details of this guarantee had been publicly disclosed. On ownership changes, the terms associated with the changes in the equity of MGE are not disclosed. It should also be noted that external sources of information noted additional information regarding state participation in the extractive sector that were not covered in the METI Report, including MOGE's payment of taxes on behalf of its JV partners and its miscellaneous revenues from returns on loans, as well as interest paid on debts. The rules applied to the management and spending of the retained earnings are not disclosed. There is substantial stakeholder interest in the two military-affiliated holding companies, with civil society demands for the two to be considered SOEs for EITI reporting purposes.

In accordance with Requirement 2.6, Myanmar is required to disclose the details regarding the terms attached to the equity stake of all SOEs in extractive projects. It should also disclose the SOE's responsibility to cover expenses at various phases of the project cycle, including the details of payment of taxes in behalf of joint venture partners and miscellaneous revenues in the case of oil and gas. MOPF should also disclose the details of the loan guarantees it provided to SOEs as well as prevailing rules on retained earnings. Finally, Myanmar is required to clarify whether UMEHL and MEC are government-owned corporations. If they are, the MSG is required to engage them in the EITI process in accordance with Requirement 1.2, and include them in the scope of the EITI reporting process and assess the comprehensiveness of its interests in extractive projects as disclosed in the MEITI Report. To strengthen implementation, the MSG is encouraged to consider examining the alleged miscellaneous revenues of MOGE.

Table 2 – Summary initial assessment table: Award of contracts and licenses

EITI provisions	Summary of main findings	International Secretariat's initial assessment of progress with the EITI provisions
Legal framework (#2.1)	The 2015-2016 MEITI Report contains the required disclosures on the legal framework and fiscal regime governing the extractive industries.	Satisfactory progress
License allocations (#2.2)	While the procedures for awarding and transferring of mining, gems and oil and gas licenses are outlined in the 2015-2016 MEITI Report, there is no clear description of technical and financial for mining and gems sector. The report also does not include a discussion of non-trivial deviations from the applicable legal and regulatory framework governing license awards.	Meaningful progress

License registers (#2.3)	While all the data per Requirement 2.3 are compiled and made publicly available for gems and mining licenses, a number of significant information on oil and gas licenses are not disclosed including information on the license holder, application date, expiry date and commodity(ies) covered by each oil and gas license.	Meaningful progress
Contract disclosures (#2.4)	The 2015-2016 MEITI Report clearly describes the government's policy and actual practices on contract disclosures. However, during stakeholder consultations, companies and government agencies noted that there are confidentiality provision in the mining and oil and gas contracts.	Satisfactory progress
Beneficial ownership disclosure (#2.5)	The 2015-2016 MEITI Report discloses the legal owners of the companies covered by the report. In addition, initial steps have been taken towards beneficial ownership transparency including the creation of a beneficial ownership task force and the publication of a BO pilot report.	Encouraged
State-participation (#2.6)	The 2015-2106 MEITI Report contains substantial information on state participation including description of rules and practices regarding financial relationship between the government and SOEs. However, the terms attached to the interests of SOEs are not sufficiently described in the report. While the report provides details of four loans to MOGE from foreign countries, it is unclear from the report whether there is a sovereign guarantee from the Government of Myanmar on these foreign loans to MOGE. On ownership changes, the terms associated with the changes in the equity of MGE are not disclosed as well as rules on retained earnings.	Meaningful progress
Secretariat's recommendations: 1. To strengthen EITI implementation, the government is encouraged to make information about the legal and regulatory framework of the extractive sector, including reforms in Myanmar		

available in public platforms such as government websites, with the same level of detail adopted when this information is discussed in MEITI Reports.

2. In accordance with Requirement 2.2.a.ii of the EITI Standard, Myanmar is required to disclose the technical and financial criteria used in awarding licenses in the mineral and gemstone sector. The MSG should also include a discussion of non-trivial deviations from the applicable legal and regulatory framework governing license awards pursuant to Requirement 2.2.a.iv. Lastly, the MSG should clarify the rules on transfer of licenses, particularly whether it is allowed in the mineral sector. The MSG is encouraged to systematically disclose all information required by Requirement 2.2 of the Standard, in accordance with the level of detail required by the Standard.
3. In accordance with Requirement 2.3 of the EITI Standard, Myanmar is required to publicly disclose the following information that were missing the EITI Report: the coordinates of several ME3 blocks, the dates of application, awards and duration of all oil and gas and mining licenses, and the commodities for each oil and gas block. To strengthen implementation, Myanmar should ensure that license information as required under Requirement 2.3 of the Standard are disclosed through a public register as part of the government's routine and systematic disclosure of information.
4. To strengthen EITI implementation, Myanmar may wish to consider fully disclosing all extractive contracts as recommended in their past three EITI Reports. It is also recommended that confidentiality clauses in PSCs and mining contracts be reconsidered.
5. In accordance with Requirement 2.6, Myanmar is required to disclose the details regarding the terms attached to the equity stake of all SOEs in extractive projects. It should also disclose the SOE's responsibility to cover expenses at various phases of the project cycle, including the details of payment of taxes in behalf of joint venture partners and miscellaneous revenues in the case of oil and gas. MOPF should also disclose the details of the loan guarantees it provided to SOEs as well as prevailing rules on retained earnings. Finally, Myanmar is required to clarify whether UMEHL and MEC are government- owned corporations. If they are, the MSG is required to engage them in the EITI process in accordance with Requirement 1.2 and include them in the scope of the EITI reporting process and assess the comprehensiveness of its interests in extractive projects as disclosed in the MEITI Report. To strengthen implementation, the MSG is encouraged to consider examining the alleged miscellaneous revenues of MOGE.

3. Monitoring and production

3.1 Overview

This section provides details on the implementation of the EITI Requirements related to exploration, production and exports.

3.2 Assessment

Overview of the extractive sector, including exploration activities (#3.1)

Documentation of progress

The 2015-2016 MEITI Report provides a comprehensive overview of the mining (pp. 59-62) and oil and gas sectors (p.36) in Myanmar. Description of major oil and gas projects is provided (pp.39-42) while significant mining exploration and production activities are listed (pp.63-64). Potential reserves are also described (p.36). Annex 10 of the report contains a list of mining projects and oil and gas blocks that are under exploration. A map showing the pipelines of oil and gas fields in the country is also available (p.43).

Stakeholder views

Government and industry representatives stated that they consider the MEITI Report's overview of the extractive industries and significant exploration activities as comprehensive. Other stakeholders did not express any particular views on the comprehensiveness of the discussion on exploration activities in the country.

Initial assessment

The International Secretariat's initial assessment is that Myanmar has made satisfactory progress towards meeting this requirement. In accordance with Requirement 3.1, the report discloses an overview of the extractive sector, including significant exploration activities.

To strengthen implementation, the government might wish to regularly and systematically disclose the details of Myanmar's extractive activities on the websites of relevant government agencies such as MONREC and MEE.

Production data (#3.2)

Documentation of progress

Production volumes: The MEITI Report states that condensate and natural gas were produced in offshore blocks while oil and natural gas were produced in onshore blocks during the year from April 2015 to March 2016 (p.13).

Mining production volumes are provided in Annex 6.c, disaggregated by each of the 24 minerals produced in 2015-2016, sourced from each of the three mining SOEs (p.235).

For gems and jade**,** the MEITI Report provides production volumes, albeit only disaggregated between gems and jade, not between different types of gems (e.g. ruby and sapphire) and jade (e.g. quartzile and amber) (pp.14-15).

For pearls, the report provides sales but not production volumes and values for pearls, based on emporium sales data (p.16).

Production values: Production values for oil and gas onshore, and for condensate and gas offshore are in the MEITI Report (p.13). Production values were calculated using average export prices (p.13).

Mining production values are provided in Annex 6.c, disaggregated by each of the 24 minerals produced in 2015-1206, sourced from each of the three mining SOEs (p.235).

For jade and gems, production values are provided (p.14). The value is based on the assessment of the valuation committee. The commodities are disaggregated by jade and gems, but some commodities within the same category are lumped together i.e. ruby and sapphire under gems, quartzile and amber under jade.

Location: For oil and gas, there is no indication of the location of production aside from making a distinction between onshore and offshore. For production values, information by state is not provided. It should be noted that among the recommendations of the EITI Report is for departments under MONREC to set up their own mechanisms, processes and procedures to collect and control production data because the figures presented in the report were based on the submissions and declarations from the mining companies. MONREC does not have its own procedures and systems to collect and control production data provided by the mining companies.

Stakeholder views

For the gems sector, a SOE representative said that they provided all existing government data to the EITI and considered gems production data in the report to be comprehensive. However, they confirmed that gems production data in the report represented only sales through the gems emporium, not total national production. One SOE representative noted that they were aware of the Global Witness Report published in 2015, which stated that the estimated production of jade in 2014 was worth USD 30.9bn. The report highlighted discrepancies between government data on production volumes and values of gems as compared with Chinese customs data. According to the SOE representative, it is possible that there could be discrepancies between government figures and actual figures, but such discrepancies were not considered to be that high. He explained that there might have been confusion between data on raw commodities and data on processed commodities. While he appreciated that the Global Witness report provided an impetus for reforming their policies and systems, he did not fully agree that the report reflected the current situation in the sector. Several CSOs consulted countered this view, saying that one could not draw a definite conclusion whenit was difficult to trace sales outside of the emporium. A SOE representative mentioned that mechanisms to trace the sales of gems outside the emporium would be included in the gemstone policy that they were in the process of drafting, thereby requiring companies to submit regular reports to MGE.

Industry representatives from the MSG agreed that production data in the EITI Report was correct, but also acknowledged that non-emporium data was not included in the report. Some companies expressed concern that the government was not tracking sales outside of the emporium. Based on the law, companies were allowed to sell gems outside of the emporium, provided it was done within the country. They all agreed that providing an estimate of such production and sales would be difficult. Almost all high-quality gems were sold through the emporium but some companies allegedly keep gems in storage for a certain period of time pending appreciation of their value, or until they can be considered rare.

On the issue of disaggregation, a SOE representative noted that the EITI Report presented production data on gems and jade in the same format as in MGE's accounts, that is, without disaggregation between different types of gems (e.g. ruby and sapphire) and jade (e.g. quartzile and amber). However, they considered that it would be possible to disaggregate this further in the next report after they had adjusted their accounting systems. Regarding the statement in the EITI Report (p.162) that the production figures MGE provided for EITI were different from the figure provided in the Gemstone Sector Review, they explained that the EITI data covers a different period (e.g. April 2015-to March 2016) from the Gemstone Sector Review (April to September 2017). Explaining the inconsistency in data between production based on emporium sales and exports based on data from the Central Statistics Office, a SOE representative said that this was because some commodities were not sold in the same year they were produced.

Some civil society representatives consulted stated the proposal to include production data using sales outside of the emporium as basis was extensively discussed during MSG meetings, but the government had denied that there were sales outside the emporium. They explained that it was likely that companies earned income from other sales that the government was not aware of, considering capacity constraints within MGE (with only one staff for every 100 gems or jade blocks). Several CSOs consulted considered that this raised serious concerns over the credibility of official production data.

Regarding other minerals, some companies expressed that while the production volumes provided in the EITI Report were indeed official data, they still considered that there were gaps in the monitoring of production volumes. Improving the quality of production data is one of the recommendations of the MEITI Report.

Initial assessment

The International Secretariat's initial assessment is that Myanmar has made meaningful progress towards meeting this requirement. While production volumes and values are provided, the data has not been disaggregated by commodity in the case of gems. Moreover, stakeholders have expressed reservations regarding the comprehensiveness and quality of the production data considering external sources of information.

In accordance with Requirement 3.2, Myanmar is required to disclose comprehensive data on production volume and value by commodity for jade and gems. To strengthen implementation, Myanmar could consider including export data from transactions outside of the gems emporium in the scope of EITI reporting. Government is encouraged to systematically disclose this information through government platforms.

Export data (#3.3)

Documentation of progress

Export volumes: The export volume for condensate and gas are provided in the report (p.13). The report does not mention any exports of crude oil in 2015-2016. For mining, the report provides export volumes for each mineral commodity exported in 2015-2016, sourced from ME1, ME2 and ME3 (p.236). The breakdown by mineral of the volumes and values of exports is presented in Annex 6 of the report. Export volumes are not provided for gems and jade. For pearls, while the report provides volumes and values of pearl emporium sales (p.16), 2015-16 export volumes and values of total national pearls exports are not provided.

Export values: The export volume and value for condensate and gas are provided (p.13). There were no oil exports in 2015-2016. For mining, the report provides export values for each mineral commodity exported in 2015-2016, sourced from ME1, ME2 and ME3 (p.236). The export value for other minerals as declared by SOEs amounted to MMK 12,923 million (USD 10.6 million). For gems and jade, the report only provides the aggregate export value in 2015-16 (p.15). Gems were disaggregated from jade, but some commodities were lumped together, e.g. ruby and sapphire under gems. It should also be noted that the export data disclosed for gems only covers sales made in the gems emporium.

Stakeholder views

For oil and gas, several SOE representatives consulted confirmed that there were no exports of crude oil for 2015 and 2016. For the gems sector, a SOE representative explained that export volume was not disclosed in the MEITI Report because the reporting template only asked for export value. The data was, however, available, and could be provided if requested. An industry representative expressed that the export data in the MEITI report was reliable. No other stakeholders expressed concerns about the export data in the report.

Initial assessment

The International Secretariat's initial assessment is that Myanmar has made meaningful progress in meeting this requirement. While there is adequate information on exports for petroleum and minerals, export volumes were not provided for gems, and only aggregate export value for gems and jade were provided. Moreover, only data from the emporium sales were considered, raising questions among stakeholders about the comprehensiveness of the gems data.

In accordance with Requirement 3.3, Myanmar should disclose comprehensive data on export volumes and values for gems and jade, disaggregated by commodity. To strengthen implementation, the MSG could consider including export data from transactions outside of the gems emporium in the scope of the EITI Report. Government is encouraged to systematically disclose this information through government platforms.

Table 3 – Summary initial assessment table: Monitoring and production

EITI provisions	Summary of main findings	International Secretariat's initial assessment of progress with the EITI provisions (to be completed for 'required' provisions)
Overview of the extractive sector, including exploration activities (#3.1)	The 2015-2016 MEITI Report provides an overview of the extractive sector, including significant exploration activities.	Satisfactory progress
Production data (#3.2)	While the 2015-2016 MEITI Report provides production volumes and values, the data on gems sector are not disaggregated by commodity. Moreover, stakeholders have expressed reservations during consultations regarding the comprehensiveness and quality of the production data considering external sources of information.	Meaningful progress
Export data (#3.3)	While the 2015-2016 MEITI Report has some gaps on export volume and value for gems and jade, the report discloses the required export data for mining and oil and gas sectors.	Meaningful progress

Secretariat's recommendations:

1. To strengthen implementation, the government might wish to regularly and systematically disclose the details of Myanmar's extractive activities in the websites of relevant government agencies such as MONREC and MEE.
2. In accordance with Requirement 3.2 of the EITI Standard, Myanmar is required to disclose production volume and value by commodity for jade and gems. To strengthen implementation, the MSG should consider including export data from transactions outside of the gems emporium in the scope of the EITI Report. Government is encouraged to regularly disclose this information through government platforms.
3. In accordance with Requirement 3.3 of the EITI Standard, Myanmar should disclose comprehensive data for export volumes and value for gems and jade, disaggregated by commodity. To strengthen implementation, the MSG should consider including export data from transactions outside of the gems emporium in the scope of the EITI Report. Government is encouraged to regularly disclose this information through government platforms.

4. Revenue collection

4.1 Overview

This section provides details on the implementation of the EITI Requirements related to revenue transparency, including the comprehensiveness, quality and level of detail disclosed. It also considers compliance with the EITI Requirements related to procedures for producing EITI Reports.

4.2 Assessment

Comprehensiveness (#4.1)

Documentation of progress

Materiality threshold for revenue streams: For the 2015-2016 EITI Report, the MSG decided to include all identified tax and non-tax revenue streams (p.120).

Description of material revenue streams: A list of revenue streams for oil, gas, mining, jade and gems sector are provided in the EITI Report (pp.120-122). A description of each revenue stream is in Annex 9 (pp.243-246). All revenue flows listed in Requirement 4.1.b are included in the scope of reconciliation. It should be noted that profit oil is referred to as "production split".

Materiality threshold for companies: For the oil and gas sector, the MSG agreed to include all producing oil and gas operators and all exploration companies, applying a materiality threshold of zero. This led to the selection of 36 oil and gas companies within the reconciliation scope. These companies are listed in the MEITI Report (pp.17,124).

For the oil and gas transportation sector, the MSG agreed to include all operators, applying a materiality threshold of zero. On this basis, five oil and gas transportation companies were included in the reconciliation scope. The list of transportation companies is provided (p.125).

For gems and jade the MSG identified 51 companies to be included in the reconciliation process for the 2015-2016 MEITI Report. The companies listed (p.125-126) met the agreed materiality threshold of MMK 1bn revenues collected in FY 2015-2016. While the report does not provide the materiality threshold for selecting jade and gems companies for reconciliation, there is sufficient information in the report to calculate these figures (p. 128-129, 165-166). The report says that this covers 68% of taxes paid by jade and gems companies (p. 125).

For other minerals, 28 companies were required to report payments to government. These companies met one of the following materiality thresholds: MMK 0.25bn (USD 204,319) of total gross revenues collected by SOEs and Government Agencies in fiscal year 2015-2016; or 17 metric tons of in-kind payments of Tin or Tungsten Mixed Ore collected by ME2 in fiscal year 2015-2016. Further, given the limited number of companies that made in-kind payments of gold to ME2, the MSG decided to include all the operators in the reconciliation scope with a materiality threshold of zero. There is no documentation of the rationale why this threshold was selected. The report does not explain what this coverage means in terms of percentage of revenues covered. There are sufficient justifications for these thresholds in the scoping study.

Material companies: The report lists material companies in oil and gas (p.124), oil and gas transport (p.125), gems and jade (pp.125-126), mining (pp.126-127) and SOEs (p.127). The report does not explain why pearl-producing companies were excluded from the scope of reporting despite discussions on pearls in other parts of the report. MEC was treated as a private company for reporting purposes while UMEHL was not included in the scope of the reporting process.

Material company reporting: There were gaps in company reporting in the 2015-16 EITI Report. The report lists the eight material oil and gas companies that did not report (pp.18, 276), including an overview of the reasons for non-reporting. The value of payments to government from five[81] of the eight non-reporting oil and gas companies is provided and appears non-significant (p. 17). It is confirmed that the government did not report any revenues from the other three (p.17). One oil and gas transportation company did not report, although the government did not report any revenues from this company (p.17).

For mining, gems and jade companies, the report states that all material companies in these sectors reported (p.17). The report does not comment on the completeness of the company templates. Given the scope of material companies, the actual overall reconciliation coverage was 84% of total revenues (p.17). MEC submitted its reporting template and reported its revenues.

Material government entities: The MSG agreed that all government agencies that received extractive-related revenues from companies should be included within the reconciliation scope. The report lists the eight material government entities and SOEs (p.127).

Government reporting: The report confirms that all material government entities reported (p.18). However, the report does not comment on the completeness of the government templates. A look at the summary of payments (pp.128-129) shows that there are instances when there was no corresponding government information for payments made by some companies, e.g. Geopetrol, CNPC, and Bashneft.

Discrepancies: The total discrepancies after reconciliation is 1.9% (p. 20) of total reconciled revenues. The report provides an investigation of discrepancies in oil and gas (pp.131-133), transport (p.151), gems and jade (pp.140-141) and mining (pp.145-148). The nature of discrepancies in the report suggests that companies and agencies did not fully report payments, as some of the discrepancies are due to missing information either from government or company. The IA's assessment of the comprehensiveness of reporting (p.32) implies that these unreconciled discrepancies did not affect the overall comprehensiveness of the reconciliation.

[81] Nippon Oil for which IRD has reported IT amounting to MMK 8,226,969,741; and - Oil India Ltd, CFG Energy Pte.Ltd, Reliance Industries Ltd and Tap Energy Pte. Ltd for which MOGE has reported data fees amounting to MMK 25,514,240, MMK 446,964,138, MMK 1,294,095,997 and MMK 448,441,219 respectively. It was noted that all non-reporting companies (except Jubilant Oil which is in exploration phase) did not continue operations in Myanmar. (p. 17)

Full government disclosure: Payments made by companies not selected in the scope are disclosed unilaterally by government (p. 16). The government's full unilateral disclosure of all revenues is provided for mining, gems and jade, and pearls (pp.165-166). Given the materiality threshold of zero for selecting companies in oil and gas and oil and gas transport, this implies that the government's reporting of revenues for reconciliation amounted to full unilateral disclosure of all revenues.

For jade and gems and other mineral companies that made payments below the materiality thresholds in all the sub-sectors, the MSG decided to include them through unilateral disclosure of government agencies of the combined benefit stream from the companies in accordance with EITI Requirement 4.2.b. (pp. 125).

Stakeholder views

Stakeholders from government and companies expressed satisfaction with the comprehensiveness of the revenue streams and companies covered in the scope of the report for all sectors, even as many of them also expressed concerns about gaps in government systems in terms of data and revenue collection. Despite such gaps, however, they remain confident that all material revenue streams and companies were included in the MEITI Report.

An industry representative clarified that UMEHL was a privately-owned company and not an SOE. When asked why UMEHL was not covered in the scope of the report, the IA, NCS and government representatives in the MSG explained that UMEHL's revenues fell below the materiality threshold for companies.

Government representatives noted that taxpayer compliance was weak in Myanmar. Some taxpayers file tax returns once every three years. IRD's records were still paper-based, so contacting three hundred offices across the country to get revenue data was cumbersome. This partially explained the discrepancies in their books and in the MEITI Report. However, they pointed out that reforms to improve tax systems were ongoing. With regard to some missing IRD data for income tax, withholding tax and commercial tax in the MEITI Report, IRD attributed this to varying cut-off periods for reporting. They explained that there were instances when the company already paid, and therefore recorded such payment to the EITI, but the payment had not been recorded by the IRD due to a different cut-off period for reporting. They noted that several companies still did not have industry codes to this day, causing delays in their reporting of revenues. Another reason for discrepancies was that some companies reported that royalties on sales were payments to IRD when in fact these were payments to the Department of Mines. They also raised the issue of some companies having multiples businesses, which resulted in them not being categorized as extractive companies for income tax purposes. However, these companies made payments for some aspects of their operations related to the extractives, so they were considered as extractive companies in reporting other revenue streams. Consequently, there was no data from these companies for income tax payments even though they were considered material companies.

MSG members from government explained that in determining materiality thresholds, they considered how many company payments could be reconciled given the remaining months to produce the report. When asked whether they thought this approach guaranteed that all material companies were covered, they responded in the affirmative, noting that the threshold was low enough to include all material companies. They considered it was important to balance the number of companies with the amount of time they had to reconcile the data. Companies explained that the threshold was also based on the total revenues, although they did not elaborate further on how the threshold was computed. One mining company representative mentioned that they wanted to include small-scale mining but had recognised that including it would be challenging because of the complexities of the sector. MSG members confirmed that they agreed on the materiality thresholds.

For oil and gas, SOE representatives confirmed that the lists of material companies and the material revenues streams in the MEITI Report were comprehensive and covered all material companies and payments. They explained that MOGE had four offshore and two onshore projects, which were the only projects that generated income. Other companies are still in the exploration phase. They confirmed that exploration companies did not have revenues so these were not included in the scope of the MEITI Report. Representatives from gems companies observed that the latest MEITI report marked an improvement on the first report because of the smaller discrepancies after reconciliation. Some mining companies expressed their satisfaction with the comprehensiveness of the revenue data but cited concerns about the details of "other accounts" of SOEs. They called for the government to explain how it spends the 45% share that goes to these other accounts. When asked about whether the MSG decided to include the pearl sector, government MSG representatives said that the MSG initially decided to include pearl but due to time constraints, the idea was eventually discarded.

Initial assessment

The International Secretariat's assessment is that Myanmar has made satisfactory progress towards meeting this requirement. MSG members confirmed that they agreed on the materiality thresholds. The 84% coverage of all revenues is relatively high, and it does not appear that any significant payments or material companies have been excluded from the scope of the report. Although there were some discrepancies in the reconciliation of payments and revenues, the report provides a clear explanation of the main sources of discrepancies. There is full government disclosure, including on payments made by non-material companies. Despite concerns from some stakeholders over the two military-affiliated companies, the inclusion of MEC and exclusion of UMEHL from the scope of reporting is justified on quantitative materiality grounds. Considering this, the uncertainty as to their nature and ownership are not taken into account in the assessment of this requirement, but addressed under Requirement 2.6.

To strengthen implementation, the government is encouraged to regularly and systematically disclose revenue data through government platforms. The MSG should also consider clearly documenting the considerations for determining the rationale and options considered for the materiality thresholds for revenues and companies.

In-kind revenues (#4.2)

Documentation of progress

Types of in-kind payments and materiality threshold:

Oil and gas: The report lists six types of in-kind revenue flows in oil and gas (p.122), although at least one of them does not represent a form of fiscal payment collected on behalf of the state (MOGE's production entitlement). The EITI Report further provides a table reconciling in-kind payments in volume for each of the six types of in-kind revenue flows expressed in barrels and MSCF (p.134). It should be noted, however, that the EITI Report is unclear whether government collects revenues in-kind for oil and gas. On the one hand, the report lists the revenue streams considered "in-kind" (p.122) and explains that PSCs allow the government to receive in-kind payments from the sale of the state's share of production. However, the report also confirms that MOGE did not actually collect any of these payments in-kind in 2015-2016 (p.106). It explains that the production is sold by the operator on behalf of the parties to the contract, which includes MOGE, and the proceeds from the sale are thereafter apportioned and transferred in cash according to each party's participating interest. The report explains that the State share on production is calculated in volume on the basis of the range of volume produced. The revenues received from selling gas revenues are allocated on cash basis to MOGE and the partners in accordance to the PSCs. While the report provides the volumes of oil and gas reported as paid in-kind to MOGE (pp.23,167), the diagram of oil and gas revenue flows shows that all revenues collected by MOGE aside from the DMO are collected in cash, not in-kind (p.106). It also states that all in-kind gas revenue is sold by "Joint Ventures partners", with proceeds then remitted to MOGE (p.168), although it does not explicitly state whether MOGE collects any oil in kind (p.166). Therefore, when the report states that MOGE received MMK 1,133,624m (USD 926m) from the sale of the State's share of production, it appears that this does not refer to sales effectuated by MOGE, but rather to sales effectuated by the operator on MOGE's behalf.

In addition, it should be noted that domestic market obligations (DMOs) also exist under current arrangements. DMO payments by operators are reported in cash in the report. It is unclear whether this is a "payment" to MOGE for gas that companies then sell in-kind domestically. The volumes sold and proceeds of the sales of in-kind revenues are provided disaggregated by commodity, but not by buyer (p.168).

Considering that there appears to be no in-kind payments for oil and gas, by implication, the materiality threshold for this is the same as the threshold used for other revenue streams, which is zero.

Mining: For mining**,** the diagram of mining revenue flows shows that all payments are made in cash aside from "Production split" collected by the SOEs (p.107). This is however inconsistent with what is stated elsewhere in the report (p.122), namely that there are two in-kind revenues in the mining sector (production split and royalties). The table for reconciled in-kind payments for other minerals also lists these two in-kind revenues (p.147). The only discussion on materiality thresholds for mining is that which applies to companies, i.e. companies that make 17m tons of in-kind payments for tin and tungsten are included in the scope of material companies. It is also evident that gold producers make in-kind payments to ME2, although the report states that there is a limited number of such companies (p.126).

Gems: The diagram of gems and jade revenue flows shows that the only in-kind payments pertain to "production split" collected by MGE (p.107). There is no discussion of materiality threshold for in-kind payments for gems.

*Volumes collected***:**

Oil and gas: It is unclear from the table (p.134) of the MEITI Report whether the figures refer to the cash value of in-kind payments or to the volume of the commodities.

Mining: The Report notes that ME1 and ME3 did not collect any revenues in-kind in 2015-2016, and therefore, they also did not sell any commodity for the said year (p.169). The report provides volumes and values of in-kind revenues collected by SOEs (ME2) disaggregated by each of the five mineral commodities[82] collected in-kind (pp.16, 167), albeit not disaggregated by paying company. The report also provides the reconciliation of in-kind revenues for only three minerals[83] (pp.23, 147), disaggregated by revenue flow but not by paying company. While a separate table presents the reconciliation of in-kind mineral revenues by company (p.148), these are not disaggregated by revenue flow. However, per company data on in-kind payment can be seen in the individual reporting templates in Annex 18.

Gems: The report confirms that MGE collected 4,903kg of jade in-kind in 2015-16 (pp.15, 167), but that it does not sell this and stores it in a museum (p.15). A table (p.140) of the report summarizes the company and MGE disclosures on in-kind payments. The two companies that have made in-kind payments to government are Wai Aung Gabar Gems Co. Ltd. and Linn Lett Win Yadanar Gems. The report notes that according to MGE, the corresponding value of the in-kind collection is equivalent to MMK 1,558.62m (USD 1.3m) (p.168).

Volumes sold and sales proceeds:
Oil and gas: The report states that MOGE collected revenues in the amount of MMK 1,133,624m (USD 926m) collected from the sales of the state's share of production from offshore[84] blocks (p.168). Annex 18 of the report only discloses volume of in-kind payments per company but not the volume of the sales figures in the MEITI Report.

Mining: The report states that the revenues from the sales of in-kind mineral revenues were MMK 35,768m (USD 29m), while in-kind mineral revenues collected by SOEs were valued at MMK 23,567.76m (USD 19m) (p.16). At the same time, the report states that ME1 and ME3 did not collect any revenues in-kind in 2015-2016, and therefore, they also did not sell any commodity for the said year (p.169).

The volumes of in-kind mineral revenues sold by ME2 and the proceeds of those sales are provided, disaggregated by commodity (p.168) and by buyer (p.169). In-kind receipts of gold, tin, copper and limestone are disclosed (pp.148-149) in volumes received by the mining SOEs (ME2).

Gems: MGE's reporting templates show that revenues collected from the sale of its shares in joint ventures (sale split) amount to MMK 74,919m (USD 61m). The report explains that MGE does not sell its in-kind share and instead stores the commodities in the gems museum.

Discrepancies:
Oil and gas: The total unreconciled discrepancies in-kind is 136,353 mscf which is 19% of total in-kind payments reported by government.

Mining: For mining, final discrepancies are in the MEITI Report (p.147) in the amount of 374 troy oz. of

[82] Tin, tungsten, tin/tungsten mixed, tin/tungsten/Scheelite mixed and gold
[83] Gold, tin and copper
[84] Goldpetrol and MPRL

gold, 1887 metric tons of copper, and 269,226 metric tons of limestone between production split reported by companies and ME2.

Gems: Total unreconciled discrepancies for gems amounted to MMK 9,733,039,462 (USD 7.95m). It is unclear from the report what is the corresponding figure for the discrepancy in volume.

Disaggregation:
In-kind payments are disaggregated by type and by company in the reporting templates (Annex 18).

For pearls, the report provides the volumes of pearl and shell collected in-kind by MPE (p.167). It is unclear from the report what MPE does with these in-kind revenues of pearl and shell.

Stakeholder views

Oil and gas: SOE representatives confirmed the list of in-kind payments for oil and gas and the fact that they received such payments in-kind from companies as indicated in the MEITI Report (p.134). They clarified, however, that all offshore projects paid in cash, but MOGE received in-kind payments in the form of crude oil or gas for on-shore projects from Goldpetrol and MPRL, operating under IPR and PCC contracts respectively. They refuted the statement in the EITI Report (p.168) that all JV partners sell gas and thereafter allocate the revenues to MOGE in cash. They explained that the figures (p.168) referred to revenues from onshore projects that they received in-kind.

Companies, on the other hand, maintained that they did not make any payments in-kind, and rather supported the statement in the report (p.168) that the partners sold all gas revenues in accordance with a long-term gas sales contracts and the revenues received were thereafter allocated in cash to MOGE and the partners in accordance with provisions of the PSC. A representative from an oil company stated that the PSC provisions could vary between offshore and onshore projects. He mentioned that in general, there were no in-kind payments for offshore projects except when the company has export sales, in which case MOGE collected their profit share in-kind in the form of Domestic Market Obligations. The national secretariat subsequently sent to the International Secretariat a written clarification based on a meeting with MOGE and Total stating that DMO was considered part of MOGE's revenues, collected in-kind. The IA, however, offered a different explanation. He explained that there was absolutely no in-kind payments or physical transfer of commodities between private companies and MOGE. All payments were made in cash, whether as part of MOGE's production entitlement or in the form of DMO. He said that the confusion arose when MOGE referred to their production entitlement as in-kind payment based on what is stated in the PSCs. While it was true that MOGE's production entitlement in PSCs were expressed in volumes of commodities, the actual practice was that these volumes were only used for the purpose of computing MOGE's share, but these commodities were never transferred to MOGE as payments. Instead, the private companies sold them on behalf of MOGE and then collected the proceeds and paid them to MOGE in cash. The IA said this same arrangement was followed for DMOs where the private companies marketed the commodity to the public at a discounted price. This was however refuted by MOGE and OGPD who stated that MOGE bought the commodity covered by the DMO from the company and sold it to market, that is, to domestic state-owned factories.

With regards to the table of reconciled in-kind payments in the EITI Report, the IA explained that they only listed those payments in barrel terms for reconciliation purposes, meaning that they did ask companies and MOGE to list the actual volumes of commodities used as a basis for MOGE's entitlement, but this did not mean that such volumes of commodities were actually paid to MOGE in kind.

Civil society said that government received in-kind payments for oil and gas but this process was difficult to scrutinize because the government was reluctant to disclose this information.

Gems: A SOE representative explained that the diagram in the MEITI Report (p.110) was erroneous in stating that royalties were paid in kind. They explained that in-kind payments in the gemstone sector represented the production share that companies physically transferred to MGE. Elaborating on this further, they noted that there were two kinds of revenue sharing in gems, namely the sales split and the production split.

A SOE representative explained that MGE collects 20% royalty (in cash) from companies or JVs for all blocks. Thereafter, gems and jade were allocated for the emporium sale. At this point, the special goods tax was paid to IRD and the emporium fee was paid to MGE. The revenues from the emporium sales would be further divided between the company (75%) and MGE (25%). This constituted the sales split. At the same time, after collecting royalty, production in kind would be split equally between state and companies. This was the production split. They noted that this 50-50 production split only occurred if the stone was rare or of high quality, which was decided based on MGE's assessment. They said that MGE did not sell their shares from the production split as they were only stored in the gems museum. They confirmed the statement in the MEITI Report that MGE collected (as part of their share from the production split) 4,903 kg in-kind from gems and jade companies, and that this had not been sold, but kept in the gems museum (p.14). A company representative confirmed this and added that some precious stones were also given as gifts to heads of states.

Mining: For the mining sector, a government representative explained that it received royalties and production share in-kind but the arrangement depended on the commodity. For gold and tin, ME2 collected both the production split and the royalty but they thereafter transferred the royalty to DOM in cash. The royalty for gold was 5% of production and 4% for tin. The arrangement was different for copper and nickel because of the country's need to stock reserves. For these two commodities, DOM directly collected their 4% share in royalty in-kind. ME1 only collected the production split in-kind, the percentage of which depended on the price.

When asked why the report provided volumes and values of in-kind revenues collected by SOEs (ME2) disaggregated by each of the five mineral commodities (pp.16,167) but only reconciled three minerals (pp.23,147), several SOE representatives explained that in practice, there were only three minerals collected in kind, namely, gold, tin and copper. Scheelite and tungsten were natural by-products of other commodities, e.g. scheelite could also be found in tin and tungsten.[85] The mixed commodities were not

[85] Sometimes the mix was tin and tungsten, or tin and scheelite, or tin, tungsten and scheelite.

reconciled because companies and government had different recording systems, in that government noted what commodities were mixed but the companies did not. They also pointed out that limestone was not being collected in-kind and so should not have been included in the MEITI Report (p.23). Furthermore, DOM supplied the data for in-kind collections for copper, subsequently published on MEITI's website.[86]

Initial assessment

The International Secretariat's initial assessment is that Myanmar has made meaningful progress in meeting this requirement. There is no categorical assessment of materiality of in-kind payments. For oil and gas, it remains unclear whether there are in-kind payments because of the conflicting explanations between various stakeholders' views and the EITI Report itself. While it seems from the report that Requirement 4.2 does not apply to oil and gas, SOE and industry stakeholders maintain that in-kind payments exist. In addition, the report states that MOGE collected revenues from the sales of the state's share of production from offshore blocks but there are no corresponding volumes for these sales figures in the MEITI Report. However, it should be noted that there was enough disclosure of information of figures corresponding to MOGE's in-kind shares under the terms of the PSC. In view of this, the Secretariat considers that significant aspects of the requirement are met and the overall objective is in the process of being fulfilled. For mining and gems, the in-kind payments are disaggregated by paying company, although, buying companies are not disclosed in the case of sales of the government's share. Similar to oil and gas, data on volumes and values of in-kind revenues by commodity have been disclosed.

In accordance with Requirement 4.2, Myanmar should assess the materiality of in-kind payments in oil and gas, mining, gems and jade. The sales of the state's share should be disclosed including the volumes sold and revenues received. In-kind payments should be disaggregated by paying company to the SOE, and by buying company in the case of sales of the government's share. To strengthen implementation, the government is encouraged to systematically disclose data on on-kind revenues through government platforms.

Barter and infrastructure transactions (#4.3)

Documentation of progress

SOEs and government agencies were requested to disclose infrastructure provisions and barter arrangements with the companies operating in the extractive sector. None of the material SOEs or government agencies reported any barters or infrastructure (p.173).

Stakeholder views

Government representatives from the MSG as well as stakeholders from companies confirmed that there were no barter or infrastructure transactions in Myanmar for the period covered by the report. No further views were expressed by other stakeholders.

[86] DOM data on in-kind collections for copper can be accessed here.

Initial assessment

The International Secretariat's initial assessment is that this requirement is not applicable to Myanmar. Stakeholders confirmed that as indicated in the report, there are no barter or infrastructure arrangements in Myanmar.

Transport revenues (#4.4)

Documentation of progress

The 2015-2106 MEITI Report includes five oil and gas transportation companies in the scope of reporting. Given the limited number of companies in oil and gas transportation sector, all the operators were included the reconciliation scope with a materiality threshold of zero. All non-tax transport revenues are also included in the reconciliation. These include profit sharing oil and gas transportation, transit fees and road right fees. The report provides a diagram showing the payment flows from transportation companies to government agencies (p.107). Oil and gas transportation revenues are disclosed in the aggregate (p.9), while reconciled transportation payments are disaggregated by company and by revenue stream (pp.150, 151). Finally, the report provides data on volumes of commodities transported by each oil and gas transportation company and the average tariff applied in the fiscal year covered by the report (p.168). Disaggregated data per month can also be found in Annex 13.

Stakeholder views

The stakeholders did not express any particular views on the MEITI Reports' coverage of transportation revenues. Industry and government representatives confirmed that all material companies and revenue streams, including those related to oil and gas transportation, were covered by the report.

Initial assessment

The International Secretariat's initial assessment is that Myanmar has made satisfactory progress in meeting this requirement. Material oil and gas transportation revenues are disclosed and reconciled by company and by revenue stream.

Transactions between SOEs and government (#4.5)

Documentation of progress

Payments from companies to SOEs: The EITI Report confirms that all SOEs collect substantial revenues from the oil, gas and mining sectors on behalf of the government. The MSG did not set a separate materiality threshold for SOE transactions. While it appears that there were discussions on including pearls in the scope of the report, payments to MPE were not disclosed in the report.

Oil and gas: The detailed reporting templates (Annex 18), shows that the payments by private companies to SOEs are adequately reported and reconciled. Annex 18 also provides the detailed reconciliation of oil and gas transport companies' payments to MOGE, with 14 revenue streams reconciled. In-kind payments made by companies to MOGE are disclosed in the aggregate in the MEITI Report (p.134).

Gems and jade: Annex 18 provides the detailed reconciliation per company of Production Split payments from gems and jade companies to MGE, which shows that this payment stream has been reconciled.

Mining: Annex 18 provides the detailed reconciliation per company of eight payment flows to DOM and ME1, ME2 and ME3, although without distinguishing the revenues that are collected separately by each SOE. However, based on the diagram of mining revenue flows in the report (p.108), it is possible to identify that only production split, signature bonus and royalties are paid to SOEs. Thus, company payments to the three MEs have been reconciled. Some significant discrepancies in the tables of payments and receipts involving the SOEs (Annex 8) raise concerns about the comprehensiveness of the reconciliation.

Pearls: It is unclear from the report whether MPE collects any payments from pearl companies. Payments to MPE have not been disclosed in the report.

SOE transfers to government:
Oil and gas: MOGE's transfers to MOPF and DOM are reconciled, in aggregate (pp.27, 152) and disaggregated by SOE, revenue flow and government beneficiary (p.238). The report illustrates that MOGE pays customs duty, CIT and state-contribution to the government. The amounts are disclosed and are reconciled in Annex 8.

Gems and jade: MGE's transfers to MOPF and DOM are reconciled in aggregate (pp.27, 152) and disaggregated by SOE, revenue flow and government beneficiary (p.239). The SOEs in the gems sector pay CIT and state-contribution to the government. The amounts are disclosed and are reconciled in Annex 8.

Mining: ME1, ME2 and ME3's transfers to MOPF and DOM are reconciled in aggregate (pp.27, 152) and disaggregated by SOE, revenue flow and government beneficiary (pp.240-242). The SOEs in the mining sector pay CIT and state-contribution to the government. The amounts are disclosed and are reconciled in Annex 8.

Pearls: MPE's transfers to government (IRD/Customs and State contributions) are disclosed in aggregate (p.11), and disaggregated by revenue stream (p.78), although MPE payments to government have not been reconciled.

Transfers from government to SOEs: The Report discusses the transfers made by government to SOEs. For MOGE, the report confirms the lack of budget transfers to MOGE in 2015-16 (p.55). For MGE, Annex 8 provides an attempt at reconciling budget transfers (from MOPF) to MGE (p.239), although the MOPF did not disclose any transfer and there is thus a large discrepancy. Similarly for ME1, ME2 and ME3**,** Annex 8 provides an attempt at reconciling budget transfers (from MOPF) to ME1 (p.240), although the MOPF did not disclose any transfer and there is thus a large discrepancy. With regard to MPE, while there is no evidence of MPE receiving budget transfers in the overview of MPE's accounts for 2015-16 (p.78), the report does not explicitly state whether MPE received any transfer from budget in 2015-16. It should be noted that the MEITI Report mentions that SOEs maintain Other Accounts where 33% of extractive sector revenues are retained. There is no discussion whether there transfers from these Other Accounts to other entities and whether these are material.

Stakeholder views

The SOEs and other government stakeholders recognized during consultations that the huge discrepancy in the figures for budget transfers was due to lack of information from MOPF which did not disclose the corresponding information for these transfers. Government representatives explained that this information was not requested in the reporting template, but it was disclosed in the Citizen's Budget[87] published annually. A perusal of the Citizen's Budget provided to the International Secretariat, however, only showed aggregated data on transfers. The NCS provided to the International Secretariat a copy of the income and expenditure report of SOEs indicating these transfers. However, it is unclear whether this information was publicly available at the commencement of Validation.

The 2018 NRGI[88] report on SOEs in Myanmar disclosed that MOGE earned revenues from 13 smaller onshore producing fields, of which only two were recorded in MOGE's financial statements. The said report further claims that some of MOGE's other revenues seem to be off the books. It is unclear whether these other revenues were included in the MEITI Report. In addition, the NRGI report discloses that in 2015-2016, MOGE received fees in the total amount of MMK 597m from four foreign oil and gas companies for services rendered unrelated to production. The NRGI report further mentions returns from loans, as well as interest paid on debts. It is also unclear how or whether these revenues were included in the MEITI Report.

Initial assessment

The International Secretariat's initial assessment is that Myanmar has made meaningful progress in meeting this requirement. The 2015-2016 EITI Report reconciled company payments to SOEs and SOE transfers to government in all sectors aside from pearls despite the inclusion of MPE as a material SOE (see Requirement 2.6). While the report only reconciles some of the government transfers to SOEs, additional information on these transfers is available through SOEs' statements of income and expenditures. However, independent research from NRGI raises significant questions over the comprehensiveness of the reconciliation of SOE transactions in the EITI Report, given its reference to additional payments from companies to the SOEs. There is also a lack of clarity surrounding potential payments from SOEs' "other accounts" to other government entities. Thus, while significant aspects of the requirement have been addressed and the broader objective is in the process of being met, it cannot be concluded that all aspects have been satisfactorily addressed.

In accordance with Requirement 4.5, Myanmar should ensure that all material company payments to SOEs and transfers between SOEs and government are comprehensively disclosed and reconciled. Myanmar should review the comprehensiveness of information disclosed regarding SOE transactions in view of what is revealed from other sources of information.

[87] Citizen's budget can be accessed here.
[88] NRGI (January 2018), 'State-Owned Economic Enterprise Reform in Myanmar: The Case of Natural Resource Enterprises', accessed here on November 2018.

Subnational direct payments (#4.6)

Documentation of progress

The 2015-2016 EITI Report[89] confirms that there are no direct subnational payments in Myanmar. Under the 2008 Constitution, subnational involvement in natural resource management and revenue collection is limited to certain legislative areas and administrative responsibilities of state and regional governments. The oil, gas and mining sectors are not included in the list of sectors where subnational government may be involved (p.102).

Stakeholder views

All stakeholders confirmed that there were no subnational direct payments in Myanmar related to the extractives in 2015-2016. The Department of Mines mentioned that in 2018, new laws were enacted for small-scale mining granting local governments the authority to award small-scale licenses. This implied that some payments would be collected at subnational levels in connection with license applications in future.

Initial assessment

The International Secretariat's initial assessment is that this requirement was not applicable to Myanmar in the period under review. It is clear from evidence and confirmed by stakeholders that Myanmar adheres to a system of centralised revenue collection process.

Level of disaggregation (#4.7)

Documentation of progress

The MEITI Report presents reconciled data disaggregated by individual company, government entity, and revenue stream (Annex 18). Revenues that are disclosed in the aggregate only pertain to payments from companies that are not included in the reconciliation scope and thus unilaterally disclosed by government agencies (pp.165-166). These disclosures for non-material companies are presented on a per government agency and per revenue stream basis. All payments that are deemed material are disclosed to the levels required by the Standard.

Stakeholder views

Stakeholders consulted did not raise any concern regarding the level of disaggregation of revenue data in 2015-2016 MEITI Report.

Initial assessment

The International Secretariat's initial assessment is that Myanmar has made satisfactory progress in meeting this requirement. In accordance with Requirement 4.7, the data disclosed in the MEITI Report is disaggregated by individual company, revenue stream and government entity.

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[89] MEITI (March 2018), 'April 2015-March 2016 MEITI Report', accessed here in September 2018.

Myanmar is encouraged to adopt project-level reporting for its next report. MEITI might wish to consider the extent to which it can make progress in implementing project-level reporting ahead of the deadline of EITI implementing countries to report on a per project basis by 31 December 2020. The MSG can start by doing a scoping of revenues streams that are levied on licenses and can be disclosed per project.

Data timeliness (#4.8)

Documentation of progress

Myanmar's fiscal year is from April to March. The EITI Report that is the subject of this Validation covers fiscal year April 2015 to March 2016 and was published on 30 March 2018. It is therefore within the two-year period allowed under Requirement #4.8 of the EITI Standard. The MSG approved the period covered in the report (p.16).

Stakeholder views

None of the stakeholders expressed particular views on data timeliness.

Initial assessment

The International Secretariat's initial assessment is that Myanmar has made satisfactory progress towards meeting this requirement. The period covered in the report is in accordance with the period required under Requirement 4.8 of the EITI Standard.

To strengthen implementation, Myanmar is encouraged to regularly and systematically disclose up-to date data in government platforms and require companies to do the same.

Data quality (#4.9)

Documentation of progress

Terms of Reference for the Independent Administrator: The ToR for the 2015-2016 Report adheres to the standard ToR for EITI Reports and the agreed upon procedure endorsed by the EITI Board. There were a few modifications in order to add details on the scope of the report.[90] The Request for Expression of Interest was published sometime in March 2017 in accordance with the procurement procedures of the Ministry of Planning and Finance. Minutes of the MSG meetings show that the ToR was approved by the MSG on 30 March 2017[91] following extensive discussions by the Technical Sub-committee.

Agreement on the reporting templates: The MSG discussed the ToR of the IA during its first meeting on 15

[90] Such as clarifying that the scope of the gemstone sector should include data outside of the gems emporium, that there should be information on revenue management, specifically on the Other Accounts and revenue flows for UMEHL and MEC, reconciliation of production data, discretionary social expenditures, beneficial ownership and contract disclosure.
[91] MEITI (March 2017), 'Minutes of the 22nd MSG meeting', accessed here in July 2018.

March 2017. The contract for the appointment of the IA was then signed on 21 July 2017. Minutes of MSG meetings[92] show that workshops on the reporting templates were conducted by the Independent Administrator with reporting agencies and companies on 11 September 2017. The templates were further discussed and approved by the MSG on 2 October 2017.[93]

Review of audit practices: The report provides a review of audit procedures and practices in 2015-16 in Myanmar for companies and government agencies. It explains that companies apply the Myanmar Financial Reporting Standards which is identical to the 2010 International Financial Reporting Standards (p.115). It further states that all companies that had their 2015-2016 financial statements audited were requested to provide copies of their AFS to the IA (p.31). Annex 1 provides an overview of material companies that had audited FS and the names of their auditors (pp.203-210).

Government data is audited by the Office of the Auditor General of Myanmar consistent with generally accepted auditing standards comparable with International Organisation of Supreme Audit Institutions (INTOSAI) audit standards. The annual audit includes all tax and non-tax payments made by all partners to the extractive industries sector project (p.116). Annex 14 lists companies within the reconciliation scope that have no audited report, amounting to 26 all in all. It states (p.116) that OAG communicated to the IA the audit reports of the government agencies and SOEs involved in EITI reporting for the fiscal years 2014-2015 and 2015-2016. However, these reports are not publicly available. The report confirms that all five material SOEs (not MPE) had audited financial statements for 2015-2016 (p.136). The report does not provide guidance on accessing audited financial statements of companies.

Assurance methodology: Quality assurances are described (pp.18, 30-31). For companies, this included a sign-off from company management (Chief Financial Officer or Chief Executive Officer/Director) although the content of the sign-off is unclear (pp.18, 30). For government, this included sign-off from authorized person from the government agency, accompanied by the details of payments and certification from the Office of the Auditor-General (pp.18, 31). All selected companies whose accounts were audited were also requested to provide a copy of their audited financial statements (pp.30-31). The minutes of the MSG meeting held on 2 October 2017 show that the assurance procedures were discussed and approved by the MSG.[94] The report confirms the application of international professional standards (p.30).

Confidentiality: Confidentiality provisions are discussed (pp.32-33). The report explains how data collected from reporting entities were protected and managed to ensure confidentiality.

Reconciliation coverage: The report provides the target reconciliation coverage given the materiality threshold for selecting companies, both per sub-sector and in terms of total extractives revenues (p.17). The final reconciliation coverage appears to be 82.46% (p.19). The percentage of coverage is calculated on the basis of reconciled revenues over total revenues excluding the social payments and revenues from the

[92] Minutes of MSG meetings can be accessed here.
[93] MEITI (October 2017), 'Minutes of the 7th MSG meeting', accessed here in July 2018.
[94] Ibid.

sale of State's share of production (see footnote 18 on p.17).

All companies included in the reconciliation scope have submitted their reporting templates according to the reporting instructions approved by MSG, with the exception of eight oil and gas companies.[95]

All government agencies included in the reconciliation scope submitted their reporting templates according to the reporting instructions approved by MSG (p.18). The EITI Report provides the value of payment from non-reporting companies (p.17).

Assurance omissions: The report confirms that reporting templates of all but one reporting company were signed by an authorised officer. (p.18). The report notes that the non-complying company (Gail JJ India Ltd) is a partner on the Shwe project and has a 5-year tax exemption (p.18), implying that there were no payments from this non-complying company. The report confirms that all material government entities and SOEs provided the requested quality assurance (p.18).

86% of the companies that submitted reporting templates gave a management assurance letter or have confirmed that their financial statements for the fiscal year 2015/16 have been audited. While the report does not explicitly provide an assessment of the materiality of payments from non-reporting companies, it is possible to calculate this based on information from the report (Annexes 18-19). Annex 1 provides the details on the confirmations received by the IA. The report (p.31) explains that submission of both the reporting template and audited report was one of the main criteria applied in assessing the company's level of assurance. From the 111 companies that participated, 96 companies covering 99.8% of revenue streams were assessed to be within high range of assurance (p.31). Annex 14 lists the names of companies that submitted their reporting template and audited report.

Data reliability assessment: The IA concluded that the final assessment of the overall comprehensiveness and reliability of reconciled financial data from the companies, SOEs and government entities is satisfactory. (pp.18, 32). However, it notes that there remains room for significant improvement in the level of assurance generally on SOEs figures, with some gaps between the EITI figures and SOEs accounts figures in the EITI Report (p.32). There also remains room for significant improvement of the level of assurances on company figures, with some gaps in the assurance information provided by the extractive companies in the EITI Report (p.18).

When compared with other sources of data**,** the report notes that the total revenues collected in the oil and gas, gems and jade and other minerals sectors as recorded in the EITI reporting templates exceeds the total revenues according to SOEs' annual statements of revenues and expenditures. Regarding the pearl sector, the total revenues according to the annual statements of revenues and expenditures exceeds the total revenues according to the EITI reporting templates. Therefore, the report observes that there are material discrepancies between the various information sources published and SOEs' reporting to EITI. These material differences highlight a risk regarding the accuracy of the reported data (p.152, 162).

[95] Nippon Oil, Jubilant Oil and Gas Pte.Ltd, Asia Orient International Ltd, Petrovietnam Exploration Production Corporation, Oil India Ltd, CFG Energy Pte.Ltd, Reliance Industries Ltd and Tap Energy Pte. Ltd.

Sourcing of information: The report cites references for its sources of information. The report was written entirely by the IA.

Recommendations: The status of the previous recommendations are discussed (pp.188-201). It includes the responses of and actions taken by government agency for each recommendation as well as next steps. Recommendations on improving governance of the sector and EITI reporting are provided (pp. 182-187).

Stakeholder views

Stakeholders consulted did not express any concern regarding the approvals of the ToR for the EITI Report and of reporting templates, confirming that all of these had been duly discussed by the MSG. Other stakeholders from government lamented that the procurement process for the IA took around three months because Moore Stephens was not registered in Myanmar and therefore had to get an approval from the Office of the Auditor General. The IA and secretariat staff explained that it was the national secretariat that was responsible for collecting the reporting templates from companies. The stakeholders did not express any concern regarding this procedure. The IA, however, lamented that it was difficult to get data from some government agencies.

There were mixed views regarding the performance of the IA. While some mining companies complained about instances when the additional data they provided were not considered by the IA, gems companies were generally satisfied with the IA's performance. Civil society did not express any concern about the IA's performance. They mentioned that the IA involved them in drafting the reporting template and considered some of their suggestions.

Some gems companies complained that the training on the reporting templates was not well conducted and resulted in errors being committed by new participating companies.

According to industry stakeholders, there were also issues during the data collection process because of the reluctance of some gems companies to disclose their audited financial reports as demanded by civil society representatives. These companies insisted on submitting only the first page of their financial statements containing the attestation of their independent auditors that the records of the companies have been audited. Gems companies maintained that audit reports could not be disclosed according to law. However, they gave the IA copies of their license, receipts, banks statements and corporate books. When seven companies were late in sending the first page of their audit report, both the leading committee and the IA agreed to accept their submission overcoming/over-ruling MATA's concerns.

The IA stated that several companies did not provide their audited financial reports. When asked whether it was necessary to see the audited reports in order to undertake a proper reconciliation the IA responded that these reports were needed to check the company's tax payments, their income and social expenditures. For companies without audited reports, they simply compared what the government reported and what the companies reported. With regard to the audited financial reports of SOEs, the SOEs confirmed that these were not publicly available. Although there was no policy against disclosure, they explained that the decision to disclose rested with the MOPF. Without audited reports, the IA simply compared what the government reported and what the companies reported.

A SOE representative explained that their accounts were audited by the Auditor General's Office but the audit report was not made available to the public. The report went to Parliament and could be disclosed by the Auditor General Office with consent from the President or from Parliament. The IA said that they saw MOGE and MGE's audited reports, but these were not publicly available.

Regarding confidentiality agreements, the IA explained that as agreed with companies, they kept the submitted information confidential until they had been properly processed and discussed with the companies. Companies were required to submit data through a CD in a sealed envelope and hard copies. One oil company, however, complained that there were instances when the IA sent their follow-up questions to companies by copying all material companies in the email.

While there were issues raised by companies regarding some of the procedures adopted by the IA, none of the stakeholders consulted raised any concern regarding the IA's competence and credibility. There were also no serious concerns about the reliability and comprehensiveness of the data provided in the MEITI Report.

Initial assessment

The International Secretariat's initial assessment is that Myanmar has made satisfactory progress towards meeting this requirement. The report provides a clear overview of quality assurances and the IA's assessment of the reliability and comprehensiveness of the data. The reconciliation process was undertaken applying international professional standards, and there were no grave concerns about the credibility, competence and trustworthiness of the IA.

To strengthen implementation, the government might wish to consider publishing the audited financial statements of government entities, including SOEs to provide additional assurance regarding the reliability of government data. Considering the IA's observation that there remains room for significant improvement to improve the level of assurance generally on SOE and company figures, the MSG is encouraged to revisit their agreed upon data quality assurance mechanisms and consider other options that would enhance data quality.

Table 4 – Summary initial assessment table: Revenue collection

EITI provisions	Summary of main findings	International Secretariat's initial assessment of progress with the EITI provisions
Comprehensiveness (#4.1)	All material companies submitted reporting templates for the 2015-2016 MEITI Report. Although there are some missing information from government and company templates, these have been sufficiently explained. There is	Satisfactory progress

	also full government disclosure on payments made by non-material companies.	
In-kind revenues (#4.2)	While there is no categorical assessment of materiality of in-kind payments, the 2015-2016 MEITI Report provides significant data on volume and value of in-kind payments to government. However, it is not clear whether Requirement 4.2 applies for oil and gas since there are conflicting explanations of the stakeholders and what is stated in the MEITI Report. Nevertheless, significant information regarding MOGE's in-kind shares under the terms of the PSC are disclosed in the report.	Meaningful progress
Barter and infrastructure transactions (#4.3)	Stakeholder views confirm that there are no barter and infrastructure transactions in Myanmar for the period covered by the report.	
Transport revenues (#4.4)	The 2015-2016 MEITI Report covers all material oil and gas transportation companies including relevant revenue streams.	Satisfactory progress
Transactions between SOEs and government (#4.5)	The 2015-2016 MEITI Report provides information on transactions related to SOEs, disclosing all material company payments to SOEs, and transfers from SOEs to government. However, there is evidence to suggest that disclosures on transfers between SOEs and government were not comprehensive.	Meaningful progress
Subnational direct payments (#4.6)	The 2015-2016 MEITI Report confirms that subnational direct payments are not applicable to Myanmar.	
Level of disaggregation (#4.7)	In accordance with Requirement 4.7, the data disclosed in the 2015-2016 MEITI Report is disaggregated by individual company, revenue stream and government entity.	Satisfactory progress
Data timeliness (#4.8)	Data covering financial year 2015-2016 was published in March 2018, which is the publication date approved by the EITI Board.	Satisfactory progress
Data quality (#4.9)	The 2015-2106 MEITI Report provides a clear overview of quality assurances and the IA's assessment of the reliability and comprehensiveness of the data. The reconciliation process was undertaken applying	Satisfactory progress

	international professional standards, and there were no grave concerns about the credibility, competence and trustworthiness of the IA.	

Secretariat's recommendations:

1. To strengthen implementation, the government is encouraged to regularly and systematically disclose revenue data through government platforms. The MSG should also consider clearly documenting the considerations for determining the rationale and the options considered for the materiality thresholds for revenues and companies.
2. In accordance with Requirement 4.2, Myanmar should categorically assess the materiality of in-kind payments for the three sectors. It should also be clarified in the next report whether there are in-kind payments for oil and gas. The sales of the state's share for oil and gas should be disclosed including the volumes sold and revenues received. For mining and gems, in-kind payments should be disaggregated by paying company to the SOE, and by buying company in the case of sales of the government's share. To strengthen implementation, the government is encouraged to systematically disclose data on on-kind revenues through government platforms.
3. In accordance with Requirement 4.5, government should ensure that all transfers from government to SOEs are comprehensively and publicly disclosed in government platforms. Myanmar should review the comprehensiveness of information disclosed regarding SOE transactions in view of what is revealed from other sources of information, including whether there are material transfers made between the SOE's other accounts to other entities.
4. Myanmar is encouraged to adopt project-level reporting for its next report. MEITI might wish to consider the extent to which it can make progress in implementing project-level reporting ahead of the deadline of EITI implementing countries to report on a per project basis by 31 December 2020. The MSG can start by doing a scoping of revenues streams that are levied on licenses and can be disclosed per project.
5. To strengthen implementation, Myanmar is encouraged to regularly and systematically disclose up-to date data in government platforms and require companies to do the same.
6. To strengthen implementation, the government might want to consider publishing the audited financial statements of government entities, including SOEs to provide additional assurance regarding the reliability of government data. Considering the IA's observation that there remains room for significant improvement to improve the level of assurance generally on SOE and company figures, the MSG is encouraged to revisit their agreed upon data quality assurance mechanisms and consider other options that would remove enhance data quality.

5. Revenue management and distribution

5.1 Overview

This section provides details on the implementation of the EITI Requirements related to revenue management and distribution.

5.2 Assessment

Distribution of revenues (#5.1)

Documentation of progress

The EITI Report (pp.106-111) illustrates revenue flows and identifies which payments are transferred to state accounts and SOE accounts. The report explains that extractive industry revenues are mainly retained by SOEs in their "Other Accounts" as the companies' own funds and for the purpose of its exclusive operations and capital investment. SOEs retained an amount of MMK 953.591bn (USD 779m) representing 33% of the total revenues-net receipts from extractive sector for the fiscal year 2015-2016 (p.11). The SOEs contribute to the Union Government's budget through two main fiscal instruments. The first is the profit tax applicable to all enterprises (both public and private) at a 25% rate. The second instrument is a form of Union dividend, consisting in a direct transfer of 20% of the profits of SOEs to the government budget. The remaining share is either used to self-finance investment or is transferred to the Union (p.106). Payment flows for each revenue stream, from companies to government agencies are illustrated (pp.104-106).

The budget process is described (pp.90-91). The report explains that the accounting system is on a cash basis, and that budget is financed by four primary sources: tax revenues, revenues from natural resources, income from state-owned enterprises and other non-tax revenues. Although SOE budget is included in the state budget, some portions of the SOE's budgets rely on their own funds. The MEITI Report notes that based on their consultations with MOPF, it appears that all the receipts and expenditures of the SOEs including those carried from their "Other Accounts" are consolidated under the union budget.

The MEITI Report (p.11) further states that the total revenues collected by oil, gas and mining SOE's for the fiscal year 2015-2016 amounted to MMK 2,688,634 million.[96] During the same fiscal year, the six-upstream extractive SOEs transferred MMK 953,691 million into the "Other Accounts" while the total extractive revenues collected by the Government amounted to MMK 2,869,992 million (USD 2.3 billion). These revenues are mainly retained by SOEs in their "Other Accounts" as the company's own funds and for the purpose of its exclusive operations and capital investment. SOEs retained an amount of MMK 953,591 million (USD 779 million) representing 33% of the total net receipts from extractive sector for the fiscal year 2015-2016."

[96] MMK 847,128 million was transferred to MoPF (IRD, Customs and Treasury Department), MMK 343,072 million to OGDP (formerly EPD), MMK 4,343 million to Central Committee and MMK 20,643 to DoM.

Further explaining the distribution of revenues for oil and gas, the MEITI Report (p.55) states that SOEs receive budget allocation each year, which covers all running costs except for raw materials purchases. These raw materials costs are to be paid from the SOE's accounts, which can carry a balance from one year to the next. The MEITI Report observes that this scheme appears to allow profitable SOEs to keep large revenues in their "Other Accounts", without clear limitations on what they can do with those funds. The report (p.56) further notes that the amount from these "Other Accounts" is not transferred to any other government entity. In 2015-2016, the sums retained by MOGE net of the payment of transfers to the central government equalled 37% and 4% of total oil and gas revenues and public expenditure respectively. MOGE deposited approximately USD 644.7m (MMK 788.8bn) into its "Other Accounts" that year and the six leading upstream SOEs taken together deposited USD 762.5m (MMK 932.9bn) into these accounts. For mining, the figures in the MEITI Report (p.73) for the year 2015-2016 indicate that upstream SOEs under MONREC taken together deposited approximately USD 105.95m (MMK 129.6bn) into its "Other Accounts." In another section of the report (p.76) it is noted that the amounts retained by mining SOEs covers 71% and 3% of total mining revenues and public expenditure, respectively. Mining sector SOEs deposited approximately USD 560 billion (557 billion kyat) into its "Other Accounts."

The MEITI Report (p.109) adds that over 79% of extractive revenues are collected by SOEs through "Other Accounts" that are opened at Myanmar Economic Bank which include all incomes and revenues including expenditures related to these contracts while calculating the profits and losses. The report also expounds that according to the MOPF, SOEs' "Other Accounts" are part of the Union Fund and therefore are part of the Union Budget. The SOEs' "Other Accounts" are therefore consolidated with the budget accounts and are used for budget deficit financing. In contradiction to this statement, however, the illustrations in the MEITI Report (pp.110-111) show that the SOE's "Other Accounts" are separate and distinct from the Union Fund Account.

There is no reference to international revenue classification system.

Stakeholder views

A SOE representative pointed out inconsistencies in the MEITI Report when it comes to flows of in-kind revenues from private companies to government. For instance, the diagram on p.106 states that the only in-kind payments received by MOGE are the DMO and gas and fuel subsidies. However, elsewhere in the report (p.54), it is stated that MOGE collects and markets the state's share of profit oil. On the other hand, elsewhere in the report (p.122) lists six types of in-kind payments for oil and gas, whereas the in-kind reconciliation for oil and gas (p.134), lists seven types of in-kind payments that were reconciled. A SOE representative explained that the illustration of revenue flows in the MEITI Report (p.110) was misleading because only production split was paid in kind, while royalty was paid in cash.

When asked to comment on the statement in the MEITI report that 71% of total mining revenues were transferred to other accounts of SOEs, representatives from SOEs explained that they followed the MOPF's directives in determining how much they should transfer to these "Other Accounts."
Development partners stated that the issue of "Other Accounts" as described in the EITI Report had generated interest among media after a parliamentarian asked a question about the way revenues from SOEs were being managed through these "Other Accounts." A lawmaker called for these revenues to be removed from "Other Accounts" and be transferred instead to the national budget.

Several CSOs consulted opined that clarification of these broader issues on revenue distribution and "Other Accounts" required more political commitment than what they currently saw. They said that they did not see a lot of opportunities for debate on this topic. For instance, they considered that there should be a debate in parliament regarding these "Other Accounts". The issue also needed to be debated within the MSG, but that had not yet happened according to them.

Initial assessment

The International Secretariat's initial assessment is that Myanmar has made inadequate progress in meeting this requirement. Requirement 5.1 mandates that the distribution of extractive sector revenues be explained. It appears that a substantial portion of these revenues go to "Other Accounts", but there is insufficient clarity on whether they are recorded in the national budget and insufficient explanation of how these funds are allocated., Neither is there any publicly-accessible report describing the SOE's management of these funds.

In accordance with requirement 5.1, Myanmar is required to provide further explanation regarding the extractive revenues that are not recorded in the national budget. To strengthen implementation, the MSG could consider expanding the scope of EITI reporting to further examine the details of these "Other Accounts", such as tracing the exact extractive sector revenues that go to these accounts and how these revenues are spent, as well as explaining the rules in the maintenance and management of these accounts.

Sub-national transfers (#5.2)

Documentation of progress

The EITI Report confirms that subnational transfers are not applicable in Myanmar (pp.104-105).

Stakeholder views

All stakeholders confirmed that there are no transfers of extractives revenues between central government and local governments.

Initial assessment

The International Secretariat's initial assessment is that this requirement was not applicable to Myanmar in the period under review. Both the report and the stakeholders confirm the lack of subnational transfers in Myanmar.

Additional information on revenue management and expenditures (#5.3)

Documentation of progress

Earmarked revenues: The allocation of expenditures from EI revenues are illustrated (pp.107-108). Based on the diagrams of revenue flows (pp.107-108), it does not appear that any revenues are earmarked for particular uses. By definition, all revenues collected by IRD or Treasury go to the common budget. It is unclear whether any extractives revenues transferred to "Other accounts" are earmarked for specific purposes – e.g. projects in a certain region.

Budget process: The 2015-2016 MEITI Report provides a brief overview of the budget process in Myanmar. A link to where the Union Budget Law are being published (pp.91-95) is provided in the report. The report notes that the Union Budget Law includes information on fund transfers from the Union to states and regions. The report also summarizes ongoing public finance management (PFM) reforms in Myanmar. The report explains that the PFM modernization will be done in five areas: 1) Revenue mobilization; 2) Budget preparation and planning; 3) Budget execution; 4) External oversight; and 5) Capacity building.

Stakeholder views

Stakeholders consulted did not express any particular views on the EITI Reports' coverage of revenue management and budget process. Government stakeholders mentioned that the Citizen's Budget, including quarterly and annual financial reports, were published on government websites. A CSO representative noted that there was growing appetite in the country for public information regarding the national budget, and that access to this information had improved in recent years, enabling them to undertake budget analysis.

Initial assessment

Implementing countries are not yet required to address revenue management, and progress with this requirement does not yet have any implications for a country's EITI status. It is encouraging that the MSG has made some attempt to including information on the budget-making process, as well as ongoing reforms on public finance and revenue management, in the EITI Report.

Table 5 – Summary initial assessment table: Revenue management and distribution

EITI provisions	Summary of main findings	International Secretariat's initial assessment of progress with the EITI provisions
Distribution of revenues (#5.1)	While the 2015-2016 MEITI Report notes that a substantial portion of revenues from extractive activities go to "Other Accounts", there is no sufficient clarity on whether these "Other Accounts" are recorded on the national budget and insufficient explanation for how these funds are allocated, nor are there any publicly accessible reports describing the SOE's management of these funds.	Inadequate progress
Sub-national transfers (#5.2)	The 2015-2016 MEITI Report and stakeholder views confirm that subnational transfers are not applicable to Myanmar.	Not applicable

Information on revenue management and expenditures (#5.3)	It is encouraging that the MSG has made some attempt to including information on the budget-making process, as well as ongoing reforms on public finance and revenue management, in the 2015-2016 MEITI Report.	
Secretariat's recommendations: 1. Myanmar is required to provide further explanation regarding the extractive revenues that are not recorded in the national budget. The MSG should consider expanding the scope of EITI reporting to further examine the details of these "Other Accounts", such as tracing the exact extractive sector revenues that go to these accounts and how these revenues are spent, as well as explaining the rules in the maintenance.		

6. Social and economic spending

6.1 Overview

This section provides details on the implementation of the EITI Requirements related to social and economic spending (SOE quasi-fiscal expenditures, social expenditures and contribution of the extractive sector to the economy).

6.2 Assessment

Social expenditures (#6.1)

Documentation of progress

Oil and gas: The EITI Report explains that mandatory social expenditures are required under PSCs, but the contracts do not set a minimum amount nor define the nature of expenditures required (p.57). According to the new PSCs, contractors are required to make the following contributions: Training Fund (USD 25,000 per annum during exploration, USD 50,000 per annum during production) and Research and Development Fund (0.5% of the contractor's share of profit on petroleum). The model PSC does not require a social investment programme but there is an ongoing discussion within the Myanmar Investment Commission of strongly encouraging all investors to put aside 1-3% of their pre-tax profits as budget for CSR programmes, and to take decisions on spending this in cooperation with local communities and authorities (p.57).

Mining: The report explains that there is no specific law relating to social expenditures for mining companies in Myanmar. Some extractives companies are engaged in quite substantive CSR initiatives on a voluntary basis. In the absence of any kind of legal requirement or framework for community development, companies are merely required to mitigate negative impacts around the extractive industries (as per the Environmental Conservation Law, 2012).

Actual figures for voluntary social expenditures for all sub-sectors are provided (p.170). The amounts were declared unilaterally by the companies and were not included in the scope of reconciliation. Annex 15 lists the disclosures of voluntary social expenditures of each company. Descriptions of projects were included by a few companies.

Stakeholder views

Stakeholders from the mining and gems industry confirmed that there were no mandatory social expenditures in their sector, as all social projects were undertaken on a voluntary basis. A government representative explained that the only requirement under environmental conservation law was for companies to adopt an environmental management plan. The voluntary CSR activities of companies were recorded on the DOM's website.

When it comes to the oil and gas sector, however, there were inconsistent information from the MEITI Report, SOE/government representatives, and companies. The MEITI Report explains that social expenditures are required under PSCs, which means that they are mandatory. SOE/government representatives confirmed that social expenditures were mandatory under the PSCs but that the amount was left to the discretion of companies. Oil companies, however, said that the obligation to conduct social projects existed only in some contracts. The oil and gas companies consulted stated that they did not undertake mandatory social expenditures. Rather, all of their social projects were voluntary. One company related his understanding that PSCs for offshore projects required social expenditures, but expressed uncertainty about onshore projects. One company noted the lack of clarity in reporting templates over whether material entities were expected to report mandatory or voluntary social expenditures, or both.

Stakeholders from civil society not on the MSG mentioned that social expenditures for oil and gas were voluntary. For mining, it was becoming a practice for mining companies to include social projects in contracts. They stressed the need to disaggregate the reporting of social expenditures by project because these projects could be used for corrupt practices by recording alleged bribes as forms of social expenditures.

The local IA explained that the reason for the MEITI Report only listing voluntary social expenditures was that the companies reported these as voluntary. However, it acknowledged that this could only be verified if the PSCs had been disclosed.

Initial assessment

The International Secretariat's initial assessment is that Myanmar has made inadequate progress towards meeting this requirement. The EITI Report confirms that social expenditures are required under oil and gas PSCs although the level of expenditures is left to the companies' discretion. However, the list in the report (p.170) only covers voluntary social expenditures for oil and gas. Furthermore, there are gaps on information regarding beneficiaries and nature of expenditures. Mandatory social expenditures are not applicable to the mining and gems sector.

In accordance with Requirement 6.1, companies are required to disclose social expenditures when mandated by law or contract. Where such benefits are provided in-kind, it is required that companies disclose the nature and deemed value of the in-kind transactions. The beneficiaries and their functions should also be disclosed. Where possible, these payments should be reconciled. Material companies are further encouraged to disclose discretionary social expenditures where material. Myanmar is encouraged to develop a reporting process with a view to achieving a level of transparency commensurate with the disclosure of other payments.

SOE quasi fiscal expenditures (#6.2)

Documentation of progress

According to the MEITI Report, only MOGE disclosed a contribution of MMK 3,995m (USD 3.27m) in quasi-fiscal expenditures for education, health and social projects (p.169). The other SOEs did not disclose any quasi-fiscal expenditures despite being asked in the reporting template.

Stakeholder views

Aside from MOGE, the other SOEs confirmed that they did not undertake social expenditures or quasi-fiscal expenditures. SOE/government representatives consulted confirmed the amount of quasi-fiscal expenditures disclosed in the MEITI Report but said that this was sourced from the national budget and was therefore not a quasi-fiscal expenditure. When asked whether they had other QFEs aside from this amount, they said that since MOGE was a JV partner of private companies in oil and gas projects, they necessarily had a share in the social projects undertaken by companies under these joint ventures. However, they said they do not have information about this so the data should come from the companies.

According to the 2018 NRGI report on SOEs (p.61), MOGE spent some MMK 200bn in 2015-2016 in tax and non-tax payments on behalf of foreign joint venture partners in connection with the four offshore operating contracts. If not recorded in the national budget, these expenditures on tax payments on behalf of private companies could be considered quasi-fiscal expenditures in the form of subsidies for private companies which were not disclosed in the MEITI Report. In addition, the NRGI report (p.21) mentions "socio-economic expenses" funded by MOGE's "Other Accounts." It is unclear how or whether these have been considered in the MEITI Report.

Initial assessment

The International Secretariat's initial assessment is that Myanmar has made inadequate progress towards meeting this requirement. The information on quasi-fiscal expenditures disclosed by MOGE suffers from the following gaps: Government stakeholders refuted that the amount of quasi-fiscal expenditures in the report were indeed quasi-fiscal expenditures because they said these were not off-budget. Stakeholder consultations highlighted that MOGE spends on social projects together with their JV partners, although the extent of MOGE's contribution to such expenditures is unclear as is their categorization either as social or quasi-fiscal expenditures. It is also unclear whether the tax payments made by MOGE on behalf of companies in their JVs are recorded in the budget, raising the question of whether they could be considered quasi-fiscal. In view of these gaps, it can be said that significant aspects of the requirement have not been implemented and the broader objective of the requirement is far from fulfilled.

In accordance with Requirement 6.2, Myanmar is required to include disclosures from SOE(s) on their quasi-fiscal expenditures including SOE(s) payments for social services, public infrastructure, fuel subsidies and national debt servicing, etc. outside of the national budgetary process. Myanmar is required to develop a reporting process with a view to achieving a level of transparency commensurate with other payments and revenue streams, and should include SOE subsidiaries and joint ventures.

Contribution of the extractive sector to the economy (#6.3)

Documentation of progress

Share of GDP: The 2015-2016 MEITI Report discloses the extractive industries' contribution to GDP both in absolute terms and as a percentage of GDP (pp.12, 117). However, the GDP contribution of the extractive sector in relative terms is not consistent in the report. It is stated in one place (pp.12,117) that the extractive industries' contribution to GDP in 2015-2016 was 6%, based on data from the Central Statistical Organization, but it is noted elsewhere (p.34) that it accounted for only 4%, based on data from the

MEITI Report 2013-2014. Data on GDP contribution disaggregated by extractive sector is not provided in the report. The report also includes a brief overview of artisanal mining in the country, but no information on estimated value of the sector in terms of production and contribution to GDP.

Government revenues: The report provides, in absolute and relative terms, the contribution of the extractive sector to government revenues (p.12). Disaggregated data on total revenues from oil and gas, gems and jade, pearl and other minerals is provided (p.117). The report explains that the IA was not able to obtain information on the actual executed Union revenues for the FY 2015-2016. Therefore, the extractive sector's contribution to revenues was calculated based on the budgeted revenues according to Union Budget Law 2015-2016 (pp.12, 117). However, the percentage contribution to state revenue in some places of the report (pp.12, 117) is different from the figures presented elsewhere (pp.34, 175).

Exports: The report includes the contribution of extractive industries to the total export of the country in both absolute and relative terms (p.12). Export data disaggregated by sector is provided (p.118). However, similar to data on contributions to GDP and government revenues, the report (p.34) presents a different figure on the extractive sector's contribution to total exports.

Employment: The report explains that the IA was unable to get employment data specific to the extractive industries. Thus, employment figures disclosed in the reporting templates of covered companies and SOEs were used to provide an estimate of extractives sector's contribution to total employment in 2015-2016 (p.12). The only statistics available from the Central Statistical Organization is the overall employment in Myanmar for the period covered (p.118).

Location: The report provides a discussion on major oil and gas (pp.39-42) and mining (pp.63-64) projects including their location. A list of gems and jade production per region is provided (p.14).

Stakeholder views

Stakeholders did not express any particular views on the 2015-2016 MEITI Report's coverage of the extractive industries' contribution to the national economy. Several government officials consulted noted that they submitted additional employment data to the national secretariat after the publication of the report.[97] Other government representatives explained that they only compiled the employment data submitted by the companies.

An industry representative noted that the contribution of the extractive sector to total employment should be higher than 0.2%, if data of companies below the materiality threshold had also been included.

Initial assessment

The International Secretariat's initial assessment is that Myanmar has made satisfactory progress towards meeting this requirement. In accordance with Requirement 6.3, the 2015-2016 MEITI Report provides details about the contribution, in absolute and relative terms, of the extractive industries to the economy in terms of GDP, government revenue, exports, employment as well as the location of major extractives

[97] Link is provided in the April 2015-March 2016 MEITI Report. Can be accessed here.

activities. While employment data provided is not comprehensive, the report is transparent about the unavailability of disaggregated employment data by sector. Moreover, relevant government agencies also made efforts to provide more complete data by asking companies, including those that are outside the scope of EITI, to submit their number of employees.

To strengthen implementation, the government is encouraged to regularly and systematically disclose the extractive sector's contribution to the economy, including official employment data, through government platforms.

Table 6 – Summary initial assessment table: Social and economic spending

EITI provisions	Summary of main findings	International Secretariat's initial assessment of progress with the EITI provisions
Social expenditures (#6.1)	While the 2015-2016 MEITI Report notes that social expenditures are required under PSCs of oil and gas companies, the report only covers voluntary social expenditures. Furthermore, there are gaps on information regarding beneficiaries and nature of expenditures. It appears that social expenditures are not applicable to the mining sector.	Inadequate progress
SOE quasi fiscal expenditures (#6.2)	Stakeholder views confirm that SOEs in the mining and gems sector do not have social expenditures or QFEs. For oil and gas, while the 2015-2016 MEITI report provides information on quasi-fiscal expenditures of MOGE, there are stakeholder views that the figures in the report are not considered QFEs since these pertain to social expenditures that are not off-budget. The report also lacks information on other possible QFEs of MOGE such as the tax payments that they make on behalf of companies in their JVs. In view of these gaps, it can be said that significant aspects of the requirement have not been implemented and the broader objective of the requirement is far from fulfilled.	Inadequate progress
Contribution of the extractive sector to the economy (#6.3)	The 2015-2016 MEITI Report discloses details about the contribution of the extractive sector to the economy in terms of GDP, total government revenue, employment, and exports. The report also provides the location	Satisfactory progress

	of major extractives activities in the country. While employment data provided is not comprehensive, the report is transparent about the unavailability of disaggregated employment data by sector.	

Secretariat's recommendations:

1. In accordance with Requirement 6.1 of the EITI Standard, companies are required to disclose social expenditures when mandated by law or contract. Where such benefits are provided in-kind, it is required that companies disclose the nature and deemed value of the in-kind transaction. The beneficiaries and their functions should also be disclosed. Where possible, these payments should be reconciled. The companies are further encouraged to disclose discretionary social expenditures where material. The MSG is encouraged to develop a reporting process with a view to achieving a level of transparency commensurate with the disclosure of other payments.
2. In accordance with Requirement 6.2, Myanmar is required to include disclosures from SOE(s) on their quasi-fiscal expenditures including SOE(s) payments for social services, public infrastructure, fuel subsidies and national debt servicing, etc. outside of the national budgetary process. The multi-stakeholder group is required to develop a reporting process with a view to achieving a level of transparency commensurate with other payments and revenue streams, and should include SOE subsidiaries and joint ventures.
3. To strengthen implementation, the government is encouraged to regularly and systematically disclose the extractive sector's contribution to the economy including official employment data through government platforms.

Part III – Outcomes and Impact

7. Outcomes and Impact

7.1 Overview

This section assesses implementation of the EITI Requirements related to the outcomes and impact of the EITI process.

7.2 Assessment

Public debate (#7.1)

Documentation of progress

Communications: MEITI maintains a website,[98] which serves as its main channel of communication to the public. The MEITI Reports and other EITI-related documents are regularly published on the website. The MEITI MSG has also published a Communication Strategy[99] detailing plans to effectively communicate EITI to a wider audience through engagement with print and broadcast media, publishing brochures, handouts and infographic materials. Copies of MEITI Reports, summary reports and materials on beneficial ownership are distributed during outreach activities. The MSG is still in the process of translating the second and third EITI Reports into the Myanmar language. The MSG published an Open Data Policy[100] in 2017 which describes the body's agreed policy guidelines on the access, release and reuse of EITI data.

Outreach: There are no specific details on the conduct of outreach activities in the 2018 annual progress report (p.16). The 2015-2016 MEITI Report published in March 2018 was yet to be launched at the start of Validation (July 2018), although a press conference announcing its publication has been held on 28 June 2018. The press conference was attended by 41 members of the media including national and international broadcasting channel.

The MSG also held a two-day consultation workshop on 26-27 February 2018 in Dawei, Thaninthayi region, on the creation of EITI sub-national units (SNU), attended by around 60 participants from relevant regional ministers, regional members of parliament, government officials from concerned departments, CSOs, private companies and media.[101] The main objectives of the workshop were to increase awareness about the EITI process and formation of SNU. One significant outcome of the workshop was the formation of a sub-coordination committee in Thaninthayi region.

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[98] MEITI website can be accessed here.
[99] MEITI, 'Communication Strategy', accessed here in August 2018.
[100] MEITI (2017), 'Open Data Policy', accessed here in August 2018.
[101] MEITI (February 2018), 'Sub-National Coordination Unit Formation Workshop Report', accessed here in September 2018.

Contribution to public debate: There has been significant coverage of both EITI activities and EITI data in local and international press articles. Numerous articles have been published citing data from MEITI Reports[102] and discussing the MEITI Report.[103] Several published news articles have noted that EITI is being implemented by the government as part of the country's democratic reform process, especially in improving governance in the extractive sector.[104] In some of the articles, it is noted that the EITI process and implementation have yielded important platform and avenue for the government and civil society to have regular dialogue about natural resource governance.[105] The publication of the first MEITI Report, despite public concerns over the reliability of the data, has been seen by many transparency advocates as a major milestone given that the EITI was considered the first platform bringing together different stakeholders to discuss extractives issues.[106] These are clear indications that EITI Reports are contributing to public debate.

Stakeholder views

The general sentiment of stakeholders consulted was that the EITI in Myanmar was contributing to public debate in the extractive sector, albeit within limited circles rather than the public at large. Government representatives on the MSG recognized that the revision of the gemstone sector policy had been heavily influenced by the discussions within the MSG and by some of the recommendations of MEITI Report. Some development partners expressed the view that discussions on the extractive industries were still mostly confined within the EITI circle, although broader discussions on SOE's "Other Accounts" have been stimulated by the MEITI Report especially following the press conference where the report was launched. The press conference conducted by MEITI to launch the recent EITI Report had resulted in some media coverage, mainly regarding the participation of military affiliated companies UMEHL and MEC in extractive projects.

All stakeholders observed that the EITI was generating more public debate at the subnational level. A development partner opined that the formation of MATA itself had an enormous impact on understanding extractives and transparency issues at the subnational level.

A development partner commented that more could be done in terms of developing MEITI's communication strategy in order to contribute to public debate. The national secretariat mentioned their plans to engage the media more through talk shows, as well as plans to publish more information materials, but all of these were still in the planning stages. The NCS however had conducted communications workshops but had yet to implement the strategy that was agreed in that workshop.

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[102] Myanmar Times (January 2016), 'Extractive Industries Transparency Initiatives Shines Light on Resource Sector', accessed here in September 2018.

[103] Myanmar Times (June 2016), 'Parsing Myanmar's First EITI Report', accessed here in September 2018. See also Forest Trends (January 2018), 'The Potential for the EITI to Bring Transparency to the Forestry Sector in Myanmar', accessed here in September 2018, and Myanmar Times (September 2018), 'Shining a Light on Myanmar's Wealth', accessed here in September 2018.

[104] News Security Beat (May 2018), 'Mining Transparency in Myanmar: Can the Extractive Industries Transparency Initiative Lead to a More Sustainable Democracy?', accessed here in September 2018. See also The Nation (June 2018), 'Bid to Boost Good Governance in Myanmar's Extractive Industries', accessed here in September 2018, and Myanmar Times (July 2018), 'Myanmar Takes Small Steps to Improve Transparency in Extractive Sector', accessed here in September 2018.

[105] The World Bank (April 2016), 'Myanmar Launches First Report on Extractive Industries Revenue', accessed here in September 2018. See also Devex (May 2016), 'What to know about Myanmar's first EITI Report', accessed here in September 2018.

[106] Ibid.

With regards to the dissemination of 2015-2016 MEITI Report, secretariat staff explained that printed copies of the report were given to media representatives during MEITI's latest press conference. It was noted that 2500 copies of the EITI Report had also been distributed to government agencies, development partners and local stakeholders. Secretariat staff also mentioned that MEITI's open data policy was already being implemented.

A number of journalists were following the progress of EITI in Myanmar and had been drawing information from MEITI Reports, specifically on oil and gas. A journalist commented that the EITI had been a good source of information as most of the data from the report could not be easily secured from other government sources. MEITI Reports were also seen as more detailed and disaggregated than what the government released. They observed, however, that it was challenging to find any interesting angle from these highly technical EITI Reports, especially since the numbers were usually just presented without additional context or explanation.

Civil society representatives on the MSG acknowledged that MSG meetings had been a platform for debates with government and companies, although they were not sure to what extent their views were being considered. They also mentioned that they used EITI data in some of their advocacies outside of the EITI. Industry representatives expressed that the EITI process had been useful for them when it came to engaging the public in discussions about their contribution to the economy and their social projects. MSG members agreed that, to some extent, the EITI had been a catalyst for some of the public discussions on the extractive sector, specifically on issues related to the revision of the gems policy and the status of SOEs' "Other Accounts."

Initial assessment

The International Secretariat's initial assessment is that Myanmar has made satisfactory progress in meeting this requirement. Despite some stakeholders' concerns that EITI-related discussions were still confined to a relatively small circle in Myanmar, it is evident that the EITI in Myanmar has contributed to public debate and has opened up discussion on issues of natural resource governance such as other accounts and the need to revise the gemstone sector policy. The MSG has also extended its outreach to subnational units, and there is evidence that the platform for discussion created by the EITI in the local areas has helped towards a better understanding of the extractive sector. Media coverage, although not as broad, has also been consistent, as seen from the fact that several journalists are following the developments on EITI implementation and are using EITI data for their publications.

To strengthen implementation, Myanmar is encouraged to fully implement its EITI communication strategy and improve the comprehensibility of EITI reports through publication of less technical summaries. It could also increase the use of EITI data by enhancing its regular outreach to policy makers, Parliament, and other individuals in key positions of influence in Myanmar.

Data Accessibility (#7.2)

Documentation of progress

All three MEITI Reports were published in machine-readable format on the MEITI website. The MSG also published corresponding summary data tables for the last two EITI Reports. In addition, revenue data in MEITI Reports are being uploaded in a data portal[107] that is linked to the MEITI website. The portal features a data tool that shows an interactive visualisation of the flow of revenues from the extractives sector into the national budget. Other tools include Extractives License Explorer which allows the public to explore all licenses awarded to extractives companies in Myanmar and the Beneficial Ownership Explorer containing data from the BO pilot study of the MEITI MSG. The latest annual progress report notes that summary reports of 2014-2015 and 2015-2016 EITI Reports were produced, although these are not uploaded in the MEITI website. With regards to referencing national revenue classification systems and international standards, the report does not provide an explanation on how reconciled revenue streams correspond to the referencing system being followed by the government.

Stakeholder views

None of the stakeholders consulted expressed any concerns about the availability of MEITI information in machine-readable format. During stakeholder consultations, NCS provided a copy of the updated MEITI's capacity building plan which included conduct of workshops on data/report analysis. Majority of stakeholders consulted considered that there should be more capacity-building efforts to increase understanding and use of EITI data.

Initial assessment

Requirement 7.2 encourages the MSGs to make EITI reports accessible to public in open data formats. Such efforts are encouraged but not required and are not assessed in determining compliance with the EITI Standard. Data in MEITI reports are available through the MEITI website and data portal.

To strengthen implementation, Myanmar is encouraged to do an analysis of the report aimed at improving public understanding of the EITI data and information. Myanmar might also wish to tag EITI Reports and data files so as to enable EITI data to be compared with other publicly available data.

Lessons Learned and follow-up on recommendations (#7.3)

Documentation of progress

The three MEITI Reports[108] contain a list of recommendations approved by the MSG to improve revenue management and governance of the extractive sector.

MSG follow-up: There is evidence that these recommendations are being acted upon and prioritised by the MSG and the relevant government agencies. The progress of implementation of report recommendations is being monitored by the MSG through the national secretariat. During the MSG's 28 July 2017 meeting, [109] it was reported that a letter requesting for updates on the implementation of MEITI

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[107] Data portal can be accessed here.
[108] See MEITI Reports section of MEITI website, accessed here in August 2018.
[109] MEITI (July 2017), 'Minutes of the 5th MSG Meeting', accessed here in August 2018.

Report recommendations was sent to relevant government departments and stakeholders. At MSG meetings in January 2018[110], February 2018[111] and March 2018[112], the MSG also discussed the implementation status of the recommendations as well as next steps to ensure implementation. The Technical and Reporting Sub-Committee was tasked to establish a timeline and action plan for implementation.

A recommendation consultation workshop[113] was conducted on 9 June 2018 where the MSG discussed priorities and concrete actions. The workshop also aimed to secure the commitments of agencies to act on the recommendations. Chapter 4 of the 2018 annual progress report narrates the progress in implementing the report recommendations. In summary two of the 14 recommendation of the report have been addressed, six are on-going implementation, four have been partially addressed, while two have not been implemented.[114] The MEITI Report also includes a detailed explanation of the progress made on each recommendation including the responses and clarifications of agencies.

Discrepancies: The MSG has made efforts to investigate unreconciled discrepancies ahead of publication of the second and third MEITI Reports. During the MSG meeting on 14-15 February 2018, the IA and the reporting entities examined the reasons for the discrepancies and identified additional information and supporting documents needed. The reasons for discrepancies are enumerated in the 2015-2016 MEITI Report. There is no documentation of how the MSG will address these reasons to minimize discrepancies in future EITI reports.

Stakeholder views

All stakeholders confirmed that recommendations in the MEITI Report were being acted on by the MSG with due follow-up. CSO representatives consulted confirmed that the government had acknowledged the importance of implementing the recommendations, although some CSOs were of the view that government still needed to show a stronger political commitment to ensure implementation of all recommendations. A CSO representative distinguished between two types of recommendations: those that could be implemented internally within the agencies and those that required political will and long-term solutions that could necessitate involvement from Parliament. They said that while there seemed to be progress on the former, steps on the latter remained to be seen. CSO stakeholders consulted added that the institutionalization of EITI through a dedicated law was necessary to ensure implementation of EITI recommendations in light of government changes.

[110] MEITI (January 2018), 'Minutes of the 10th MSG Meeting', accessed here in August 2018.
[111] MEITI (February 2018), 'Minutes of the 11th MSG Meeting', accessed here in August 2018.
[112] MEITI (March 2018), 'Minutes of the 12th MSG Meeting', accessed here in August 2018.
[113] MEITI (June 2018), 'Recommendation Consultation Workshop Report', accessed here in September 2018.
[114] The annual progress report notes that implementation of the following recommendations of the MEITI Report are currently ongoing: 1) implementation of unified Mineral Cadastre System; 2) improvement of government accounting systems that involves digitization of IRD's taxation system and issuance of TIN to companies; 3) addressing issues related to delays on issuance of CIT payment receipt; 4) inclusion of MEC and UMEHL in the EITI report; 5) review of the current mining legislation to clearly state the process for awarding licenses, including change of awarding procedure from first come first served basis to awarding of license to the highest bidder; and 6) review of the mining regulation to ensure a fair revenue sharing mechanism of extractive revenues between national and local governments. Recommendations that have been fully addressed includes disclosure of oil and gas data despite confidentiality provision in PSCs and adjusting the deadline of reporting template submission for the reporting entities to have ample time completing the templates.

During stakeholder consultations with the EITI Working Committee, government representatives mentioned updates on the recommendations pertaining to their respective agencies. One government official mentioned that with regard to the recommendation to strengthen their institutional capacity, the process of establishing a digital taxation system, including issuance of TIN number to companies, had already started. Indicators such as population, area, GDP and income were considered in computing support funds. Acting on the recommendations in the MEITI report, the government was taking steps to make this process transparent.

On the recommendation related to SOE transparency, government representatives explained that SOE budget information was now part of the publications on Citizen's Budget, which were regularly published online. With respect to recommendations to improve the governance of the gemstone sector, several SOE and government stakeholders confirmed that the Gems Supporting Committee was already working on a gemstone policy requiring companies to report to MGE every six months their production and sales data, including sales outside the emporium. EITI stakeholders were consulted in drafting of the gemstone policy.

Initial assessment

The International Secretariat's initial assessment is that Myanmar has made satisfactory progress in meeting this requirement. There is evidence to show that recommendations from MEITI Reports are being acted on by the MSG and the government. Action plans have been drafted and updates are regularly given to the MSG. The MSG Chair also appears to be monitoring progress as seen from the discussions during stakeholder consultations. Although there are concerns from a few stakeholders that the implementation of recommendations is selective and seems to be limited to less contentious recommendations, it appears that substantial recommendations are also being implemented and prioritised, such as the formulation of a new gemstone policy, and the disclosure of information on SOEs.

To strengthen implementation, Myanmar is encouraged strengthen mechanisms for following up and monitoring the progress of implementing the recommendations. It might also want to consider undertaking a stakeholder mapping to identify the key stakeholders whose support would support the successful follow-up on recommendations linked to broader reforms. Myanmar is also encouraged to identify the technical and financial resources needed to implement these recommendations.

Outcomes and impact of implementation (#7.4)

Documentation of progress

MEITI's annual progress report highlights the accomplishments and outcomes of EITI implementation in the country and the MSG's efforts in producing these outcomes. The 2018 annual progress report [115] covering July 2017 to June 2018, was published on the MEITI website on 14 July 2018. However, there is

[115] MEITI (July 2018), 'Myanmar Annual Progress Report: July 2017-June 2018', accessed here in August 2018.

no documentation on when the annual progress report was approved by the MSG.

Chapter 1 of the annual progress report includes a narrative summarizing the activities covered by the report (pp. 11-19).[116]

An assessment of progress in meeting individual requirements of the EITI Standard (pp.46-5) is also provided. Although there is minimal detail of the outcomes and impact of implementation in this section, discussion of progress on the technical requirements gives an overview of the additional information that were disclosed through EITI. Activities that are related to reforms on SOEs are also highlighted.[117]

The annual progress report also provides a table summarizing the recommendations in the MEITI Reports including progress made in addressing these recommendations (pp. 51-70). The table includes a detailed description of action being undertaken by the relevant government agencies to address each of the recommendations. From the 14 recommendations in the first MEITI Report, four (4) have been partially addressed[118], six (6) are on-going implementation[119], two (2) were already addressed[120] and two (2) have not been implemented[121]. One of the recommendations with no progress is related to the drafting of an EITI law.

The annual progress report also includes an assessment of performance against activities set out in the MEITI work plan (pp. 20-45). A matrix summarizing the activities in both the old and updated versions of the work plan is provided in the annual progress report including a description of implementation progress.

Although the minutes of the MSG meeting on 1 June 2018[122] suggests that each constituency group were requested to provide their inputs on the annual progress report, there is no documentation of whether the sectors sought feedback from their constituencies outside the MSG. Discussions of plans to evaluate the impact of EITI implementation in the country are not documented in the minutes of MSG meetings. The current work plan does not include plans for an impact study.

Stakeholder views

The NCS confirmed that the annual progress report was approved during the sub-committee's meeting held on 8 June 2018 after the MSG delegated the task of approval to them. Industry and civil society

[116] Some of the accomplishments highlighted in the summary of activities include the preparations for the second and third MEITI Report, production of a separate reconciliation report on the forestry sector, development of Mineral and Gemstone Cadastre System, outreach activities, as well as preparations for Validation.
[117] Activities include the launching of the Myanmar Public Expenditure Review (PER) 2017 to analyse the net fiscal impact of SOEs.
[118] Review of OAG's regulation to make audit reports publicly available, expand the scope of the MEITI Report to cover more information, disclosure of BO data and disclosure of more information on "other accounts" in the budget.
[119] Issuance of CIT payment receipts upon receiving transfers from companies to avoid cut-off errors in reconciliation, address issues whether UMEHL and MEC should be treated as SOEs and disclose information from these two companies, develop an online cadastre system, improve government accounting systems through use of online system or recording tax and revenue data, review of the current mining legislation to clearly state the process for awarding licenses, and review of the mining regulation to include revenue sharing mechanism of extractive revenues between national and local governments.
[120] Adjust reporting deadlines to provide sufficient time for reporting entities to complete the templates and address confidentiality provision in PSCs preventing disclosure of information relating to oil and gas operations.
[121] NCS and relevant government agencies to publish contextual information related to the extractives sector and drafting of an EITI law.
[122] MEITI (June 2018), 'Minutes of the 14th MSG Meeting', accessed here in August 2018.

stakeholders confirmed that they requested their constituencies outside the MSG to provide comments on the annual progress report.

There were discussions to commission an impact study, but this did not proceed due to the period of inactivity during the transition period to the new government. Despite the lack of explicit assessment of impact in the annual progress report, the detailed review of outcomes of the follow-up and implementation of recommendations of past EITI Reports reflects tangible impacts of the relatively short implementation of EITI to date.

All stakeholders agreed that EITI implementation had created impact in Myanmar, especially in terms of making information about extractive sector publicly available and in making the government more transparent and open to reforms. As a result, stakeholders have seen some improvement in policies and internal systems. Government representatives emphasized that the EITI has helped them recognize the need to reform their budget and financial management, taxation process and bidding system. Consequently, the government has embarked on a budget transparency reform, which includes publication of citizen's budget newsletters. One stakeholder mentioned that before the EITI was implemented there were no budget documents available online, as compared to the present scenario where around seven key budget documents have been made public. The increase in the accessibility of government data was confirmed by some civil society representatives.

The government representatives confirmed that the new gemstone policy was drafted in response to the recommendations of the MEITI Report and that the details of the policy drew a lot from the gaps identified in previous MEITI Reports. A development partner noted that even the multi-stakeholder approach of the Gemstone Working Committee that drafted the policy was very much patterned after the MSG model. Industry and development partner representatives likewise attributed the development of the mining cadastre to the EITI and noted that this reform was heavily influenced by the recommendations in the first MEITI Report. Industry representatives observed that Myanmar's attractiveness to foreign investors increased because of the reforms brought about by EITI implementation, as they can see that the perceptions regarding Myanmar's fight against corruption have improved because of EITI.

Some civil society representatives expressed that the EITI could do more in terms of creating impact. They lamented that military affiliated companies are still not engaged in the process. Another impact that they hope to see is that MOGE and MGE will stop performing commercial and regulatory roles at the same time, as this creates conflict of interest. There was a consensus among all stakeholders that EITI helps build trust among government, industry and civil society.

Initial assessment

The International Secretariat's initial assessment is that Myanmar has made satisfactory progress in meeting this requirement. The annual progress report and the MEITI Report document in detail the MSG's activities and includes an assessment of progress in meeting individual requirements of the EITI Standard, a summary of the recommendations in the MEITI Reports including progress made in addressing these recommendations, and an assessment of performance against activities set out in the MEITI work plan. All of these discussions constitute sufficient evaluation of impact and of the progress of EITI implementation. There is evidence that the annual progress report has undergone a wide consultation among the constituencies. Although the MSG's approval of the annual progress report is not documented and it appears that this task was delegated to the MSG's sub-committee, it was established during consultations that the MSG discussed and provided comments to the annual progress report without any concerns expressed over its development or approval.

It is highly evident that EITI implementation has produced outcomes and impact in Myanmar in terms of building trust, enhancing the citizens' understanding of the extractive sector and improving government policies and systems. Although some stakeholders expressed that the EITI implementation could still improve in shedding light to more contentious issues, such as SOEs and military-affiliated companies, there is a common understanding that in general, the level of transparency and accessibility of government information in the country has vastly improved as a result of EITI implementation.

To strengthen implementation, Myanmar is encouraged to commission a formal study to evaluate EITI impact in Myanmar and assess how such impact could be increased both at the national and subnational level through concrete measures. Myanmar could also consider investigating other issues and areas where it could potentially create impact.

Table 7 – Summary initial assessment table: Outcomes and impact

EITI provisions	Summary of main findings	Validator's recommendation on compliance with the EITI provisions
Public debate (#7.1)	The MEITI Reports are comprehensible, publicly accessible and have contributed to public debate on the extractive industries, specifically in terms of opening up the discussions on issues on natural resource governance such as other accounts and the need to revise the gemstone sector policy. Members of the MSG have also extended its outreach to subnational units, and have also exerted efforts to engage the media to promote EITI.	Satisfactory progress
Data accessibility (#7.2)	While the MEITI Reports and summary data templates are regularly published in machine readable format, there are no efforts to analyse the data in the report.	Encouraged
Lessons learned and follow up on recommendations (7.3)	There is evidence to show that there is progress in the implementation of significant recommendations such as the formulation of a new gemstone policy, and the disclosure of information on SOEs.	Satisfactory progress
Outcomes and impact of implementation	The MSG has reviewed progress and outcomes of EITI implementation on a regular basis, including by publishing annual progress reports following broad consultations among the constituencies. There is evidence that EITI	Satisfactory progress

(#7.4)	implementation has produced outcomes and impact in the country, specifically in terms of improving systems and policies of government agencies relevant to extractive industries.	

Secretariat's recommendations:

1. To strengthen implementation, the MSG is encouraged to fully implement their communication strategy and improve the comprehensibility of EITI reports through publication of less technical summary reports. It could also increase the use of EITI data by extending its regular outreach to policy makers, parliament, and other individuals in key positions of influence in Myanmar.
2. To strengthen implementation, Myanmar is encouraged to do an analysis of the report aimed at improving public understanding of the EITI data and information. Myanmar might also wish to tag EITI Reports and data files so as to enable EITI data to be compared with other publicly available data.
3. To strengthen implementation, the MSG is encouraged to adopt a mechanism for following up and monitoring the progress of implementing the recommendations. It might also want to consider doing a stakeholder mapping to identify the key people whose support they need to secure to ensure political commitment especially for the long-term recommendations that would require political backing. The MSG is also encouraged to identify the technical and financial resources needed to implement these recommendations.
4. To strengthen implementation, the MSG is encouraged to evaluate EITI impact in Myanmar and assess how such impact could be increased both at the national and subnational level through concrete measures. The MSG could also consider investigating other issues and areas where it could potentially create impact.

8. Impact analysis (not to be considered in assessing compliance with the EITI provisions)

Documentation of progress

Impact

EITI implementation is central to Myanmar's reform process in the extractive sector and public financial management. After four years of implementation, a number of different impacts of implementation have become evident.

Improved levels of transparency: The EITI process in Myanmar has made possible the disclosure of extractives data that had not been previously disclosed to the public. For the first time, revenues are published in a disaggregated manner, enabling the public to know the payments made by each company to government, the value of commodities that SOEs collect in-kind from companies and the revenues from sales of these commodities. License information has also been disclosed for the first time. The EITI has also contributed significantly to the public disclosure of SOE information such as changes in ownerships, retained earnings, and quasi-fiscal expenditures. Although there remain gaps in EITI reporting for SOEs, considerable information on state participation, financial relationships between SOE and government, and loans obtained and extended by SOEs have been disclosed in MEIT Reports. The EITI process in Myanmar has been instrumental in explaining the flows of extractive revenues from companies to treasury. Related to this, the MEITI Report has highlighted the issue of "SOE Other Accounts" where 33% of extractives revenues are retained by SOEs without explanation as to how they are managed and spent.

Constructive engagement: The EITI has helped create opportunities for dialogue and constructive engagement on issues of extractive sector governance. Through the EITI process, civil society, industry and government are able to engage in a constructive dialogue that has resulted in agreements on some report recommendations that would have otherwise been contentious, such as contract disclosure, reforming SOE governance, and disclosing beneficial owners of companies. The MSG has been instrumental in formulating these recommendations so that they can be translated into government reforms. Through the MSG, there is now a growing willingness from companies and government to disclose key information to meet the demands of civil society, particularly with regards to social expenditures, licensing, and revenue flows. The subnational outreach activities have also provided a platform for local communities to put forward their grievances on the way natural resources are managed. EITI serves as channel for these grievances to be heard at the national level.

Public understanding: The EITI is the key source of information on extractives data in Myanmar. There is evidence to suggest that the MEITI Report has helped civil society in further understanding legal and fiscal regime of the extractive sector, enabling them to participate in policy discussions. For example, the discussions on the revision of the gemstone policy were influenced by the discussions of the EITI MSG regarding data gaps in the sector, specifically on the lack of credible and comprehensive data on production and revenues in the sector. The EITI also plays a role in explaining the complicated structures and rules governing the operations of SOEs in Myanmar. EITI Reports have provided opportunities to explain the financial relations and transactions between the various extractives SOEs and their subsidiaries. All this information enables the public to appreciate the need for more transparent SOEs and the corruption risks that might arise if SOEs are vested with both regulatory and commercial functions. Finally, the EITI is helping stakeholders understand what information should be publicly disclosed on license allocation procedures and beneficial owners in order to address corruption risks.

Strengthening government systems: Myanmar's EITI Reports have served as a diagnostic tool for government systems related to oversight of the mining, oil and gas sectors as well as broader public finance management. Recommendations from EITI Reports have led to implementation of or discussion of significant reforms including implementation of unified Mineral Cadastre System, digitization of IRD's taxation system and issuance of TIN and addressing issues related to delays on issuance of CIT payment receipt. The MSG recommendations also resulted to the review of relevant laws such as the mining legislation in order to clearly state the process for awarding licenses. The mining regulation was also reviewed to ensure a fair revenue sharing mechanism of extractive revenues between national and local governments. Other outcomes of EITI implementation in the country include drafting of a gemstone policy and institutionalization of reforms on beneficial ownership transparency.

Sustainability

Funding: The EITI process in Myanmar is funded by the Myanmar Partnership Multi-Donor Trust Fund under a three-year grant in the amount of USD 3.1m. Government is providing financial support by shouldering the salaries of an EITI staff within the Ministry of Planning and Finance. DFID has provided funding for beneficial ownership activities through the International Secretariat.

Institutionalisation: Currently, EITI implementation is mandated by a Government Notification but the MSG has discussed the drafting of legislation institutionalising the EITI in Myanmar. Pending enactment of dedicated EITI legislation, the MSG has worked with key government agencies, like IRD, to remove constraints on EITI reporting. There is also Government Notification issued for the purpose of institutionalizing beneficial ownership reform.

Annexes

Annex A - List of MSG members and contact details

Name	Position	Organization	Contact details
GOVERNMENT			
U Maung Maung Win	Deputy Minister/MSG Chairman	Ministry of Planning and Finance	maungmaungwin58@gmail.com
U Win Htein	DG (Retd.) /MSG Vice Chairman	Ministry of Natural Resources and Environmental Conservation	Uwinhtein58@gmail.com
U Tin Myint	Director General	General Administration Department	gad.office.gov@gmail.com 067412401
U Kyaw Thet	Deputy Director General	Department of Mining	k.that2011@gmail.com 09420701206
U Than Htay Aung	Advisor	Myanmar Oil and Gas Enterprise	thanhtay3000@gmail.com 0949217823
Daw Htar Ye	Director	Office of the Auditor General	0673-407285 09444035546
U Min Thu	General Manager	Myanmar Gems Enterprise	minthu2091962@gmail.com 9964626154
U Kyaw Thein	Director	Internal Revenue Department	kyawthein.ird2018@gmail.com 0943088931
U Soe Yee	Assistant General Manager	Myanmar Timber Enterprise	soeyee.mte@gmail.com 095132242
INDUSTRY			
U Khin Maung Han	Chairman	Myanmar Federation of Mining Association	khinmghan@gmail.com 09973008617
Mr. Dong Yunfei	Director	Myanmar Yang Tse Copper Ltd.	
U Zaw Bo Khant	Vice Chairman	Myanmar Gems and Jewellery Enterprise Association	kobobo001@gmail.com 095527999
U Nan Win	Secretary	Myanmar Gems and Jewellery Enterprise Association	nanwinhk@gmail.com 09797664938
Dr. Sein Win	Chairman	Myanmar Forest Products Merchants Federation	drseinwin.sw@gmail.com 09450015476
Mr. Romaric Roignan	General Manager	Total E&P Myanmar	
U Myo Zaw Oo	SSEO	MPRL E&P Pte Ltd.	myo.z.oo@gmail.com 095195595
CIVIL SOCIETY ORGANIZATIONS			
U Win Myo Thu	Yangon Region	MATA	womyothu@gmail.com 095132280

U Kyaw Thu	Yangon Region	MATA	kyawthutiger@gmail.com 092043709
Daw Moe Moe Tun	Mandalay Region	MATA	moe2tun@gmail.com 095077640
U Aung Phyo Kyaw		MATA	caspa007@gmail.com 9968366030
U Thant Zin	Tanintharyi Region	MATA	mgthantzindawei@gmail.com 09422190691
U Aung Kyaw Moe	Shan State	MATA	komoe.akm@gmail.com 095228446
U Saw Mi Bway Doh Htun	Kayin State	MATA	mebwaydoh@gmail.com 09425002451
U Naing Lin Htut	Ayarwaddy Region	MATA	linlin751245@gmail.com 09422500088
U Maung Dan	Kachin State	MATA	mangoesdam@gmail.com 09259460630

Annex B – MSG meeting attendance

Name	Organization	MSG MEETINGS													
		1	2	3	4	5	6	7	8	9	10	11	12	13	14
GOVERNMENT															
U Maung Maung Win	MOPF	✓	✓		✓	✓	✓			✓	✓	✓	✓	✓	✓
U Win Htein	MONREC	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
U Tin Myint	GAD														✓
U Kyaw Thet	DOM	✓	✓	✓	✓	✓		✓	✓	✓	✓	✓	✓	✓	✓
U Myo Myint Oo/ U Than Htay Aung	MOGE	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Daw Khin Than Kyi/ Daw Htar Ye	OAG		✓	✓		✓		✓	✓		✓	✓			✓
U Myo Naing/ U Min Thu	MGE	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	
U Aung Soe Naing/ U Nay Lin Soe/ U Kyaw Thein	IRD	✓	✓		✓	✓	✓	✓	✓	✓	✓		✓	✓	
U Soe Yee	MTE		✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
INDUSTRY															
U Khin Maung Han	MFMA	✓	✓	✓	✓	✓	✓				✓	✓			✓
Mr. Dong Yunfei	Myanmar Yang Tse Copper Ltd.	✓		✓			✓								
U Zaw Bo Khant	MGJEA		✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
U Nan Win	MGJEA	✓		✓		✓			✓		✓	✓	✓		✓
Dr. Sein Win	MFPMF	✓	✓	✓	✓	✓	✓			✓		✓	✓	✓	✓
Mr. Xavier Preel/ Mr. Romaric Roignan	Total E&P Myanmar						✓								
U Myo Tin/ U Myo Zaw Oo	MPRL E&P Pte Ltd.		✓	✓	✓	✓	✓	✓	✓		✓	✓		✓	✓
CIVIL SOCIETY ORGANIZATIONS															
U Win Myo Thu	MATA	✓	✓						✓	✓	✓	✓		✓	✓
U Kyaw Thu	MATA	✓	✓	✓			✓			✓	✓	✓	✓	✓	✓
Daw Moe Moe Tun	MATA	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Daw Su Hlaing Myint/ U Aung Phyo Kyaw	MATA	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	
U Thant Zin	MATA	✓		✓		✓				✓	✓	✓	✓		
U Aung Kyaw Moe	MATA	✓			✓		✓	✓	✓	✓	✓	✓	✓	✓	
U Saw Mi Bway Doh Htun	MATA	✓	✓	✓	✓	✓		✓		✓	✓		✓	✓	
U Naing Lin Htut	MATA	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓		✓	
U Maung Dan	MATA	✓	✓	✓		✓	✓				✓	✓			

* Based on the minutes of MSG meetings and annual progress reports

Annex C – Cost of EITI Reports

Year of Publication	EITI Report	Cost (USD)
2018	April 2015 - March 2016 MEITI Report	276,850
	April 2014 - March 2015 MEITI Report	

Source: MEITI Annual Progress Report: July 2017 to June 2018

Annex D - List of stakeholders consulted

Government

MAUNG MAUNG WIN, Deputy Minister, MOPF
U WIN HTEIN, DG (Retd.), DOM
U KHIN LATT GYI, Director General, DOM
U KYAW THET, Deputy Director General, DOM
U TIN HTUN WIN, Director, DOM
U AHNT SOE YIN, Deputy Director, DOM
DAW SOE SANDAR MG, Assistant Director, DOM
U THEIN HTUN, Geologist, DOM
U KYAW ZAW HTUN, Assistant Geologist, DOM
U MIN HTUT, Director General, IRD
U THAN ZAW WIN, Deputy Director General, IRD
DAW MYA MYA OO, Deputy Director General, IRD
U KYAW THEIN, Director, IRD
U NE LIN AYE, Deputy Director, IRD
U NYAN SHEIN PHYO, Assistant Director, IRD
DAW NWE YIN KYI, Assistant Director, IRD
DAW THANDAR MOE, Assistant Director, IRD
DAW AYE AYE KHINE, Assistant Director, IRD
DAW MYINT MYIND SEIN, Assistant Director, IRD
DAW MI MI KHAING, Assistant Director, IRD
DAW MYAT THEINGI, Staff Officer, IRD
U AUNG LWIN, Assistant Director, IRD
DAW EI EI KHAING, Deputy Staff Officer, IRD
DAW EI NI TAY, IRD
U ZAW MOE KYAW, IRD
DAW NAY CHI KHINE, IRD
DAW NANT HLA AKAYI AUNG, IRD
DAW SANDAR LIN, IRD
AUNG MYAT KYAW, Director, Budget Department
DAW KHIN KHIN LWIN, Director, MOBD
NAN HLA HLA MIN, Deputy Director, MOBD
CHAW SU KHINE, Assistant Director, MOBD
THIN THIN AUNG, Assistant Director, MOBD
PHYU PHYU THANT, Assistant Director, MOBD
KHIN PA PA KHEING, Assistant Director, MOBD
DAW HTAR YE, Director, OAG
U SOE YEE, Assistant General Manager, MTE
U NYI NYI TUN, MTE
DAW MI MI WIN, Director, GAD
DAW NI NI THAN, Director, Treasury Department
LWIN LWIN KHINE, Deputy Director, Treasury Department

SHWE YEE WIN, MOBD
U AUNG NAING OO, Director General, DICA
U MIN LAW OO, Director, DICA
U LIN HTUT, Director, DICA
DAW THIN THIN MYAT, Deputy Director, DICA
DAW KHAING THANDA WIN, Assistant Director, DICA
U AUNG NYUNT THEIN, Managing Director, MGE
U MIN THU, General Manager, MGE
U THAN ZAW OO, General Manager, MGE
U THET KHAING, Deputy General Manager, MGE
U KHUN HTAY KYAW, Deputy General Manager, MGE
U NAING ZAW OO, Deputy General Manager, MGE
U KYAW OO KWIN, Assistant General Manager, MGE
U HLA AUNG, Assistant General Manager, MGE
DAW MYINT MYINT MAO, Assistant General Manager, MGE
DAW KYU KYU WIN, Manager, MGE
U SHWE WIN, Manager, MGE
U HTUN HTUN ZAW, Manager, MGE
DAW KYAWT SU THEIN, Supervisor, MGE
DAW MYO PA PA, Supervisor, MGE
U KHUN HTAY AUNG, Planning, MGE
U THET NAING, Records, MGE
DAW HTEIH TIN NAING, Finance, MGE
DAW KHWAR NYO HTAY KO, Gem Sorter, MGE
ZAN MYAT NOE WAI, MGE
U ZAW AUNG, Director General, OGPD
U WIN MAW, Deputy Director General, OGPD
U TIN ZAW MYINT, Director, OGPD
DAW KHIN KHIN AYE, Director, OGPD
DAW SU SU SOE, Deputy Director, OGPD
DAW WIN WIN KYU, Deputy Director, OGPD
DAW NU NU YI, Deputy General Manager, MOGE
U MYO MYINT OO, Managing Director, MOGE
U KYAW NYAN TUN, Director, MOGE
U THAN ZAW, Director, MOGE
DAW KYI KYI PYONE, Deputy Director, MOGE
MYINT ICHEONG, Manager, MOGE
U KYAW SWAR SOE, Manager, MOGE
U NAY AUNG, Manager, MOGE
U KYAW THU YA, Geologist, MOGE
U THAN HTAY AUNG, Advisor, MOGE
TINT LWIN OO, Director, MOEE
YEE MON WIN, Assistant Director, MOEE
U MIN MIN OO, Assistant Secretary, MOEE
U KYAW HSAN, Managing Director, ME1
U TUN TUN LWIN, General Manager, ME1

DAW MI MI KYAWAT, Manager, ME1
U HLA WIN, Assistant Manager, ME1
DAW THEINGI, Assistant Manager, ME1
U AYE ZAW, General Manager, ME2
U WIN MYINT NAING, Manager, ME2
U YE MYO MIN, Manager, ME2

Industry

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ZUNG TINGI, EMP Consultant, MGJEA
THAUNG TUN, Secretary, MGJEA
PHYU PHYU MYINT, Treasurer, MGJEA
U THET WIN HTUN, MGJEA
U SAI LON, MGJEA
KO ZAWLAY MYINT, MGJEA
DAW SAR SAR TOE, MGJEA
U KHIN MAUNG HAN, Chairman, MFMA
U THET NAING WIN, Secretary, MFMA
U HLAING WIN AUNG, MFMA
U THET HLAING HTWE, MFMA
U MYO MIN, Advisor, MFPTMA
U KYAW SOE WIN, Consultant, MWMCL
U KHIN MG SWE, Head of Department, MYTCL
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NANG HSENG NOON, Accountant, MPRL E&P
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U WIN TIN, Head of Contractual and Commercial Support, TOTAL E&P Myanmar
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SANDAR SOE, Assistant Manager, Woodside
PHIL GER MAIN, Finance Manager, Woodside
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GELMETTI ALESSANDRO, Managing Director, ENI Myanmar
CAVANNA GIORGIO, Exploration Manager, ENI Myanmar
MAY THU THU ZAW, Accountant, ENI Myanmar
SARINYA PICHAIKARN, Head of Accounting, PTTEP
NATTANAN JAMVEHA, Sale and Commercial Contract Manager, PTTEP
U HLA MYO, General Manager, MEHL
U THAN LIN, Translator, MEHL

Civil Society

AUNG PHYOE KYAW, MATA
THANT SIM, MATA
SAW ME BWAY DOH HTUN, MATA
NAING LIN HTUT, MATA

AUNG KYAW MOE, MATA
THANT ZIN, MATA
MOE MOE TUN, MATA
WIN MYO THU, MATA
HTOO AUNG, MATA
MAW HTUN AUNG, Manager, NRGI
HOSANA CHOY, Associate, NRGI
AUNG KYAW SOE, Manager, MCRB
NAW SHOW EI EI TUN, Deputy Director, Nathan Associates
NI NI WIN, Deputy Team Leader, IPE Global Limited
SALAI CUNG LIAN THAWNG, Team Leader, Sone Sie (formerly Pyoe Pin)

Independent administrators

CHO CHO TOE, Auditor, CCTA (local counterpart of Moore Stephens)
KARIM LOURIMI, Moore Stephens

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